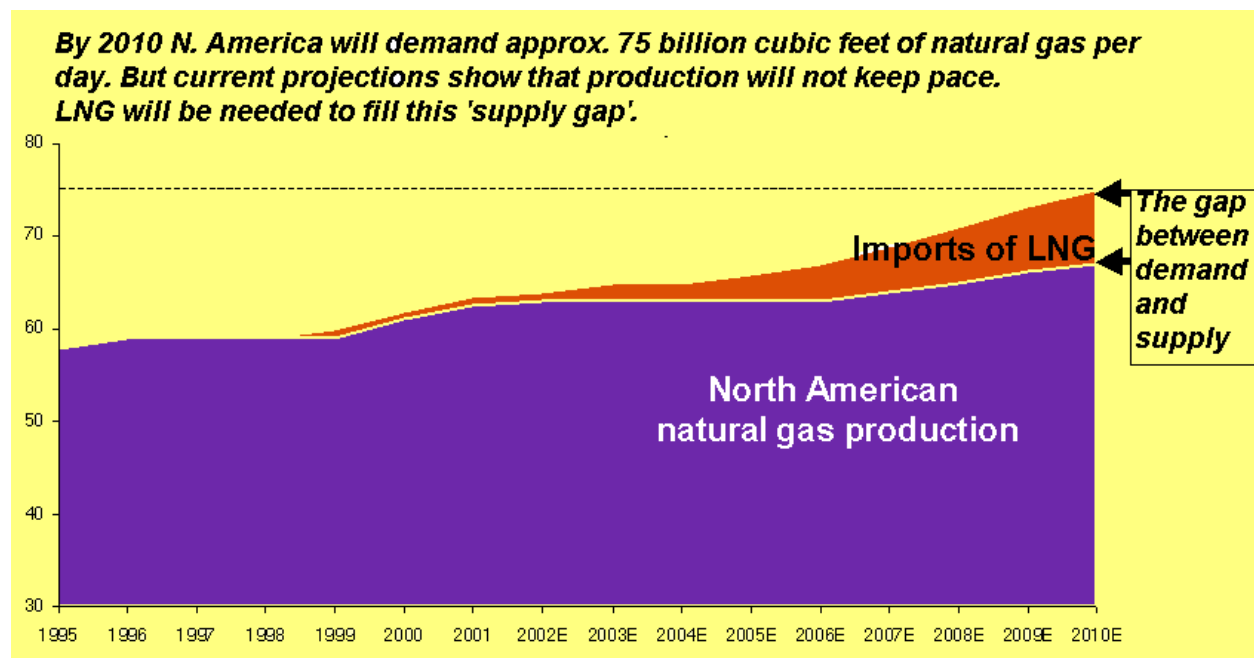


Meeting the demand growth challenge for cleaner burning natural gas

The United States today faces a growing demand for natural gas. It is clean burning – so it helps the environment; and it is readily available – the world has more natural gas than oil.

However, our domestic production across the US and Canada is not keeping up with this demand growth. Homeowners prefer natural gas for its convenience and businesses need natural gas for their industrial processes. But most of all power generators are turning to natural gas as the fuel of choice to make electricity.

BP is a major producer of natural gas in North America. Going forward we see North American demand, which is dominated by the US, outstripping supply by some 8 billion cubic feet a day (bcf/d). That is nearly as much as the five state area – New Jersey, Pennsylvania, New York, Delaware and Maryland - consumes today.



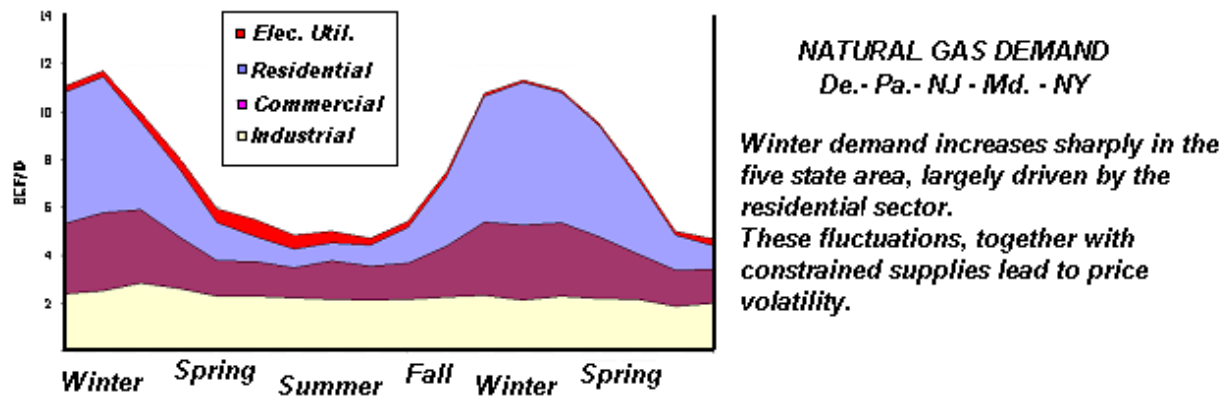
The Crown Landing Market

The Northeast and Mid-Atlantic market, encompassing the five state area, has one of the highest projected consumption growths in demand for natural gas across the nation.

Currently this area consumes about 7.7 bcf/day. During peak months consumption can quickly jump to 12 bcf/day. Such sharp ups and downs in consumption lead to similar price volatility - and increasing challenges to meet such sudden surges in demand.

Currently the area receives the majority of its supplies of natural gas from the Gulf of Mexico. As demand grows, constraints in this long distance pipeline system will become a critical

challenge and choke point for the region. Without a solution, it could impact the area's economic competitiveness.



A solution to the challenge, both for the region and the country, is to increase imports of natural gas into the United States. It provides access to supplies of natural gas from other parts of the world and prevents us being so reliant on just one source – namely, North America itself, as we are today. And providing a dedicated supply can ease constraints that contribute to recent wholesale price volatility.

Federal Reserve Chairman Alan Greenspan has predicted that the country's economic growth could be negatively impacted if the natural gas challenge remains unsolved.

Natural gas is imported from distant sources by liquefying it at the point of production, so that it can be transported safely by specially designed ships to where it is needed.

Crown Landing will be a natural gas importation terminal designed to receive and store liquefied natural gas (LNG). It will serve the region, providing 1.2bcf/d of natural gas into the region's pipeline network – enough to supply the average daily needs of approximately five million homes.

Frequently Asked Questions:

Why liquefy natural gas?

Liquefying natural gas is a way of safely importing natural gas long distances without using pipelines. Liquefied Natural Gas (LNG) brings new supplies to help meet growing demand.

How does the US benefit from LNG?

The nation has a growing need for natural gas, and given the domestic supply constraints, LNG can help meet this need. According to the government's Energy Information Administration (EIA), costs of liquefying, transporting and regasifying LNG have fallen significantly during the past 20 years, promoting growth in the market.

What role does it play in the nation's energy portfolio?

Natural gas imported as a liquid makes up 2 percent (1.4 bcf/day) of our energy portfolio. An EIA study projects that US imports of natural gas as LNG are expected to increase to more than 2.2 TCF or 8 percent of US natural gas consumption, in 2010. Even by the most optimistic projections, it is forecast that it would comprise only 17 percent of our energy portfolio by 2020. This means that LNG has a very important role to play in ensuring we can meet seasonal demand swings, but does not provide a significant portion of our 'base' demand needs.

Would LNG make us economically vulnerable?

The world's supply of natural gas is more abundant and more evenly distributed throughout the world than oil supplies. World natural gas reserves are estimated at about 5,500 trillion cubic feet, or 60 times the volume of natural gas used in 2003. Much of this gas is in regions distant to the US. Natural gas is fast becoming a global commodity. Importation terminals provide the ability to access these supplies and to be able to respond to demand fluctuations. Without them the US will remain heavily dependent upon constrained supplies in North America.

Why New Jersey? Why this region?

The five state region – New Jersey, Pennsylvania, Maryland, New York and Delaware - is dominated by winter heating demand, and therefore experiences seasonal price ups and downs. Given that over 64% of the natural gas used is by residential and commercial segments this is a community that is most exposed to the increasing price volatility due to supply constraints.

A dedicated supply of natural gas as a result of a LNG import terminal will provide secure, stable supply thus reducing volatility in gas pricing and ensuring a more immediate response to the energy needs of the community. The increased stability in natural gas supply should also serve to attract other clean energy industry to the area.

Why Logan Township?

The Delaware River allows shipping access into a critical gas region and this location has access to 3 of the 4 main pipelines (TETCO, Transco, Columbia) that service New Jersey and this region. This location also allows for supply to reach consumers without significant construction and disruption of pipeline expansion projects with a 'takeaway' of 1.2 billion cubic feet of natural gas a day.

Would this project ultimately lower fuel costs for consumers?

Market conditions of supply and demand set prices. This project will add significant supply directly into the region and, as a result, should help the region increase the reliability of its gas supply. While we cannot make any accurate predictions about future prices, additional, stable volumes of natural gas in New Jersey should result in more stable pricing.