CO$_2$

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Kinder Morgan CO₂ Asset Map
History of CO₂ Group and Looking Forward

Track Record – Consistently very close to budget despite inherent volatility

- Shell CO₂ formed in 1998, KM share 20%
- Acquired remaining 80% in April 2000
- Acquired SACROC interests June 2000
- Acquired Yates interests in 2001 and 2003
- Ramped up developments at SACROC 2003+
  - Constructed Centerline pipeline in 2003
  - Constructed power plant in 2005
  - Increased oil production 3X+
- Acquired Wink pipeline in 2004
- Acquired Katz field 2006
- Increased SW Colorado CO₂ capacity 30% 2008
- Katz CO₂ project: CO₂ injection commenced Dec-2010
- Doe Canyon expansion announced 2012

Our assets, resources and technologies provide us with growth opportunities

- Strong growth in CO₂ demand – new developments are underway
- Continued developments at SACROC, Yates, and Katz
- Emerging oil and gas opportunities

(a) CO₂ Sales and Transportation includes Yates Oil Gathering System (YOGS), CO₂ sales profit on own use has not been eliminated
2012 Performance Recap
Beat plan operationally; NGL prices hurt

SACROC (a)
- DCF $706MM vs. $747MM plan
- Oil: 28,968 Bbl/d vs. 27,868 Bbl/d
- NGLs: 18,825 Bbl/d vs. 17,361 Bbl/d
- NGL Price 22% below plan: $59 MM impact

2012 DCF:
$1,365MM plan
$1,315MM actual
-$59 MM price impact

CO₂ Source and Transportation
- DCF $358MM vs. $350MM plan
- CO₂ Production: 1212 MMCF/d vs 1264 MMCF/d

Yates
- DCF $240MM vs. $240MM plan
- 20,839 Bbl/d vs. 20,986 Bbl/d

Katz
- DCF $9.8MM vs $27.6 MM plan
- 1,722 Bbl/d vs 2,267 Bbl/d

Capex
- Capex $443MM actual vs. $437MM plan
- CO₂ Purchases slightly higher

(a) Including SACROC Services and remaining oil and gas assets
2012 and 2013 DCF by Asset Group (a)

2012 DCF
= $1,315 MM

SACROC Complex 54%
S&T 27%
Yates 18%
Katz 1%

2013 DCF
= $1,380 MM

SACROC Complex 54%
S&T 27%
Yates 17%
Katz 2%

(a) Segments shown without elimination
2013 Expansion Capital Budget - $632 Million

Staff overhead and CO₂ purchases – aggregated

CO₂ purchases and staff overhead allocated to assets

Note: ES refers to Eastern Shelf properties including Katz field development and Residual Oil Zone (ROZ) development.
**2013 Executive Summary**

**Capex Program $632 MM** (a)

**CO₂ S&T – $241 MM**
- Drill 6 new wells, 6 Re-Completion and Seismic
- Order Additional Compression (70,000 horsepower)
- Produce 1,275 MMcf/d
- St Johns Unit and Lobos PL Pre-Development
- Increase Oil Transportation Capacity to 145 BOPD

**SACROC Complex – $170 MM** (b,c)
- Activate 24 patterns
- Continue Infill, Harvest and Beyond Tertiary Efforts
- Initiate work for Platform 3 North
- Purchase 120 MMcf/d CO₂, Produce 30.7 MBbl/d oil, 19.2 MBbl/d NGL

**Yates – $21 MM** (c)
- Drill 30 wells (15 East, 15 West)
- Add 10 CO₂ injectors
- Purchase 115 MMcf/d CO₂, Produce 20.2 MBbl/d oil

**Eastern Shelf – $32 MM** (c)
- Activate 22 patterns
- Purchase 89 MMcf/d CO₂, Produce 2,850 Bbl/d oil

**Total 464 MM capex (exc overhead / CO₂ purchases)** (a) **Total $1,380MM DCF**

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(a) Included in $632 million total capex program are overhead and CO₂ purchases, in the aggregate, of approximately $168 million
(b) Includes minor properties, unallocated costs
(c) Includes secondary objectives
## Impact of Oil Price / Volume Variance on 2013 DCF

2013 Budget: $1,380MM

<table>
<thead>
<tr>
<th>Volume +/– 1,000 Bbl/d</th>
<th>$26.4MM</th>
</tr>
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<tbody>
<tr>
<td>SACROC / Katz</td>
<td></td>
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<tr>
<td>Yates</td>
<td>$13.8MM</td>
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| CO₂ Volume +/– 50 MMCF/d | $9.8MM |

<table>
<thead>
<tr>
<th>Oil Price +/– $1/Bbl WTI</th>
<th>$5.9MM</th>
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<tbody>
<tr>
<td>NGL</td>
<td>$2.1MM</td>
</tr>
<tr>
<td>CO₂</td>
<td>$2.0MM</td>
</tr>
<tr>
<td>Crude</td>
<td>$1.8MM</td>
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</tbody>
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| NGL Price +/– $1/Bbl      | $3.9 MM |

Notes:
- Unhedged WTI price presumed to average $91.67/b; WTI-WTS spread = $1.42/Bbl / Midland-Cushing spread = $2.70 (total spread for WTS = $4.12)
- NGL price presumed to be $47.67 (52% WTI)
CO₂ S&T Growth Opportunities
Demand is strong and continues to increase

We have a simple plan:

1. Sign Contracts securing the demand
2. Develop the supply to meet those contracts
   - Options: 400-600 MMcf/d for $1-2 Billion

Domestic EOR Projected CO₂ Demand

(a) Source: AEO 2011 Forecast
CO₂ Source & Transportation
Growing Business Opportunities

**Permian Basin**
- 2012 supplies were at capacity, customers were being pro-rated
- Permian Basin demand is growing via new projects, extensions of existing projects, and ROZ projects

**Domestic EOR**
- Industry CO₂ EOR activity is increasing
- Naturally occurring sources are being expanded to ultimate capacity
- Several regions have potential
  - Gulf Coast, California, Mid-continent, Canada

Sources: KM estimates, Oil and Gas Journal, EIA, XOM, Dakota Gasification, DRI
CO₂ Entitlement Volumes
Produced and Sold to our Customers

**Significant growth since 2005:**
- CAGR: volumes +5.2%, price +13.1%
- 2013 vs 2012: volumes +5.2%, price +3.1%

**And, just to be clear:**
- Although our customer deliveries often have and will exceed our entitlement, sales revenues are based on our working interest entitlement and not deliveries
- KM share of EOR demand consumes ~37% of our entitled production in 2013
- Elimination: consolidation results in eliminating profit on sales to ourselves, however we view our S&T and O&G businesses independently, and price sales to ourselves at market prices
High oil prices have increased long-term demand for CO₂

Total contract quantities signed in 2006-2012 represents 3.4 times our entitled production during that period
- Weighted average contract life with 3rd parties is 10.3 years

High CO₂ demand has improved contract terms
- Higher floor prices
- Increased upside to oil price
- Higher take-or-pay (T.O.P.) requirements

(a) 2010-2012 relative to 2006-2009
Doe Canyon Field Expansion
$255 MM, 65 MMcf/d CO₂ increase

- 170 MMcf/d (from 105 MMcf/d)
  - Adds 750 Bcf reserves

- Timing: 2nd Quarter 2014
  - Drilling underway
  - Parallel Compression Q4 2013
  - 170 MMCFD YE 2013
  - Booster Compression Q2 2014

- Project delivers attractive returns based on contracts recently executed and currently being negotiated
McElmo Dome Field Expansion

Yellow Jacket Area – 1.23Bcf/d CO₂ Targeted McElmo Production

- Target Rate of 1.23 Bcf/d Extended for ~2 yrs
  - Add 1.7 TCF reserves
- Timing: 4th Quarter 2014
- Project Costs $243 MM
  - Compression: $141 MM
  - Facilities: $68 MM
  - SWD Wells: $15 MM
  - 2013 Drilling: $19 MM
- Proposed to Partners in 4th Qtr
- Project delivers attractive returns based on contracts recently executed and currently being negotiated
St. John’s CO₂ Source Opportunity
Assessment drilling and testing ongoing

- Evaluating pipeline & field development options
  - 200 MMCFD ~$0.6 B
  - 450 MMCFD ~$1.3 B
- Drilled/Recompleted 14 wells
- Established good deliverability in Granite Wash
- Deliverability in Amos Wash is being evaluated
  - Testing completion strategies
- Core analysis, log evaluation, geological/reservoir characterization and mapping is ongoing
- Target in service date 2016-17
Oil and Gas Segment
Production and DCF

Original oil in place (billion Bbls)
- SACROC: 2.8
- Yates: 5.0
- ES: 0.23

Gross production (Bbl/d) (b) 2012 2013
- SACROC oil: 28,998 30,726
- SGP NGLs: 18,825 19,233
- Yates: 20,839 20,212
- ES: 1,722 2,846

DCF ($MM) 2012 2013
- SACROC Group (a,b): 706 743
- Yates (b): 240 236
- ES (b): 10 22

Notes:
- Yates DCF does not include contribution from MKM
- Boe: Oil and NGL = 1:1. Residue gas sales = 6:1
- Gas Processing includes net Boe attributable to our plant interests and processing agreements but excluded from reserve report
- (a) Includes other minor oil and gas properties near SACROC
- (b) Includes Secondary Objectives
Oil & Gas
Margins and Cost Structure

O&G cost structure has strong correlation to energy prices

- Power is tied to gas prices
- High activity levels have increased staffing and other service costs
- Well-work and rig contracts now being tied to oil prices
- Purchased CO₂ and TOTI (b) are strongly correlated to oil prices

Oil & Gas All-in Cost Structure (a) ($/Net Boe)

- Costs and Revenue per net Boe, including hedges where applicable; includes acquisition and all development costs
- Taxes other than income taxes
Oil and Gas Segment

*Over past 5 years, capex 6% below plan, oil production 0.5% below plan*

Note: Capex includes CO2 purchases and capitalized overhead
SACROC Production & Operations Highlights

2012 – Review

- Oil production 3.9% above plan
  - Harvest better than expected
  - Good results from infill program
  - Platform 2 meeting oil expectations
  - GOR under control
  - Sub Pump and Compressor performance on target

- Costs above plan
  - Opex/sustaining capex: $6MM above plan
    - Increased power congestion charges
  - Expansion capex: $14.5MM above plan
    - Harvest project – capital and opex (well count)

2013 – Focus

- Evaluate additional harvest opportunities
- Continue infill / Green Zone lateral program
- Evaluate Cisco / Wolfcamp / Cline opportunities
- Add Platform 2 and Platform 3 patterns at the right pace – manage gas volumes
SACROC Unit Harvest Project:
3,000 b/d of incremental oil and ~40MMCF of additional recycled CO₂ to inject

Harvest Production – older projects
- Pump upsizes and reactivations

CR 1 and CR2 Primary Areas of Wellwork
Canyon Reef (SACROC Unit)
- Horizontal producing and injection wells
- West end development
- Middle Canyon re-development
- Infill Drilling – pinchouts and mounds

Other Horizons – (20,000+ acres of base leases)
- Currently testing Cisco Sands
  - 2 wells recompleted to date
- Analyzing cores cut in the Wolfcamp/Cline shales
- Noodle Creek test – A.E. Dennis #6 (92-6)
- Horizontal well proposed for “Cisco Sand”
- Evaluating seismic for deep opportunities
- Plan includes 470 bopd
Yates Production

Steady

Yates oil slightly below plan in 2012 (0.7%)
- Oil column thinned at half rate (0.8’) of previous year.
- Stable production
- Renewed East Side drilling
  - Deeper/polymer gel to control gas
- West Side Horizontals waning, fewer in 2013
  - Waterflooding West Side to augment Horizontals

Strategies to add long-term reserves include:
- Continuing to raise reservoir pressure to increase CO₂ solubility: this will increase swelling and reduce oil viscosity
- Expand use of CO₂ injectors to increase CO₂ / Oil contact
- Expand East Side deep drilling
Katz CO₂ Project
The Second Year

Investment
- $202MM project total, $158MM thru 2012

Oil Response
- Oil Rate up from 1104 to 1806 Bbl/d (Dec to Dec)
- 2012 plan 2,267 vs. Actual 1,722 Bbl/d
- Phase 1 Underperforming
- Effect was 417 Bbl/d (77% of short fall)

Recent Operation Challenges
- Asphaltene, Scale, Pump failures
- Effect was 84 Bbl/d (15% of short fall)

2013 Expected Production – 2,850 Bbl/d
- Phase 2 & 3 response on track
- Increase pattern activations by 96% (23-45)
- Increase CO₂ purchases by 44% (62-89 MMcf/d)
**Katz CO₂ Project**

*Solid oil response but Phase 1 Stalled*

**Phase 1 Poor Performance in 6 Wells**

- Near wellbore cleanouts had mixed results, Moving to fracture stimulate
- Total Phase Productivity 43% Low

**Good Indicators**

- Petrophysics, oil cut, pressure and containment continue to encourage
- Sub-pump redesign has improved failure rate
  - Flow and gas assist more wells
Oil and Gas Segment Production Forecasts

Production expectations tend to grow over time

We have replaced 105% of our Hydrocarbon production (net Boe) with new proved reserves for the past 3 years.

We expect production to exceed our reserve report over the long-term
- Higher recoveries and additional targets added to inventory at SACROC and Katz

Current challenge: slow the decline
- More efficient operations
- New opportunities

(a) Forecasts based on independent consultant NSAI Reserve Report. Excludes minor properties
Oil & Gas, and Business Unit IRR

All-in O&G IRR (2000-2022) ~22.7%
- Required disclosures in 10-K plus proved reserves cash flows: 15.6%
  - With unhedged prices, IRR would have been 40.2%
- Adding in Gas Processing excluded from disclosures increases IRR to 16.8%
- Adding in reserves discounted to P2 by NSAI, and using planned development costs increases return to 22.7%

Total business IRR (2000-2022) ~30%
- Includes S&T assuming volumes increase with higher capacity, valued at market prices

As of 12/31/12, CO2 Segment cumulative free cash flow is $2.6B+ (net of cumulative invested capital)
- As of 12/31/13 expect cumulative FCF of $3.4B

Note: Segments shown without elimination
KM CO₂ Current Outlook

Development Plans 2013-2022

1. SACROC Group Forecast
   - 55 MMBoe net (a), $1,210MM KM-share capex ($258MM Capitalized CO₂)
     - 5 Year Capex $606MM
   - Continue platform development plan; production forecast is based on existing recovery expectations
   - Forecast assumes deteriorating inlet gas quality impacting NGL production volumes

2. Yates Base Case
   - 29 MMBoe net (a), $335MM KM-share capex ($85MM Capitalized CO₂)
     - 5 Year Capex $97MM
   - Continue HDH programs and gravity drainage depletion plan; no upside potential included from infill or surfactant

3. Eastern Shelf / Other
   - 30MMBoe net (a), $870MM KM-share capex ($538MM Capitalized CO₂)
     - 5 Year Capex $228MM
   - Continue development plans at Katz
   - Claytonville CO₂ project not included

4. CO₂ S&T
   - $1,842MM KM-share capex, 1.84 Bcf/d capacity
     - 5 Year Capex $1,446MM
   - Maintain aggressive CO₂ sales program and increase facilities capacity (production sustained by in-fill drilling and inlet compression

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(a) Net Boe = Net Crude plus NGLs plus Residue Gas sold divided by 6.
(b) 2013 = Budget, 2014+ at $95/Bbl; cost metrics based on 2012 run rate; development plans may change in different price scenarios
(c) CO₂ profits not eliminated from S&T
Historical Long-term Outlook
The best is yet to come

CO₂ segment outlook has continued to grow over past 5 years

- Oil prices have decreased from $100 to $95/Bbl
  - Increased costs but also opportunities
- Higher CO₂ volumes and prices
  - Increased demand, improved contract terms
- Higher ultimate recoveries being achieved
  - Improved operating practices, new areas to exploit