CO₂ Pipelines Segment Overview (a)

CO₂ Contribution to 2004 KMP Segment DCF (a)

- Natural Gas Pipelines: 26%
- Products Pipelines: 33%
- Terminals: 17%
- CO₂ Pipelines: 24%
- Other CO₂ Flood Properties: <1%

Estimated breakout of CO₂ DCF (b)

- SACROC: 54%
- CO₂ Sales/PL: 26%
- Yates: 17%
- Oil Pipelines: 2%

(a) 2004 budgeted distributable cash flow before allocation of G&A and interest.
(b) Own use CO₂ margin has not been eliminated.
CO2 Business – View from the top

Excited about this business!

- McElmo Dome averaged 1 BCF/D during December 2003
- SACROC continues to increase cash flow and yield profitable investments
- Yates affords long stable production profile

Challenges

- Expeditiously execute infrastructure projects at SACROC to facilitate oil production and cash flow growth
- Work with Yates field co-owners to fully exploit its potential
- Pursue new CO2 customers in existing and new markets
Kinder Morgan CO₂ Operations

<table>
<thead>
<tr>
<th>CO₂ Reserves</th>
<th>Company Ownership</th>
<th>Location</th>
<th>Remaining Deliverability</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>McElmo Dome</td>
<td>45%</td>
<td>SW Colorado</td>
<td>40+ years</td>
<td>KM</td>
</tr>
<tr>
<td>Bravo Dome</td>
<td>11%</td>
<td>NE New Mexico</td>
<td>14 years</td>
<td>Oxy</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pipelines</th>
<th>Company Ownership</th>
<th>Location</th>
<th>Capacity (MMcf/d)</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cortez</td>
<td>50%</td>
<td>McElmo Dome to Denver City</td>
<td>1,050</td>
<td>KM</td>
</tr>
<tr>
<td>Bravo</td>
<td>13%</td>
<td>Bravo Dome to Denver City</td>
<td>375</td>
<td>BP Amoco</td>
</tr>
<tr>
<td>Central Basin</td>
<td>100%</td>
<td>Denver City to McCamey</td>
<td>600</td>
<td>KM</td>
</tr>
<tr>
<td>CRC</td>
<td>90%</td>
<td>McCamey to Snyder</td>
<td>200</td>
<td>KM</td>
</tr>
<tr>
<td>CLPL</td>
<td>100%</td>
<td>Denver City to Snyder</td>
<td>290</td>
<td>KM</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Oil Reserves</th>
<th>Company Ownership</th>
<th>Location</th>
<th>Remaining Life</th>
<th>Operator</th>
</tr>
</thead>
<tbody>
<tr>
<td>SACROC</td>
<td>97%</td>
<td>W Texas</td>
<td>20+ years</td>
<td>KM</td>
</tr>
<tr>
<td>Yates</td>
<td>49.5%</td>
<td>W Texas</td>
<td>30+ years</td>
<td>KM</td>
</tr>
</tbody>
</table>
## Promises Made, Promises Delivered

<table>
<thead>
<tr>
<th>Promise Made:</th>
<th>Promise Delivered:</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 Sales/Transport business flat</td>
<td>2002 Deliveries: 152 BCF</td>
</tr>
<tr>
<td></td>
<td>2003 Deliveries: 174 BCF</td>
</tr>
<tr>
<td>CO2 Flood Development opportunities are growing</td>
<td>2003 SACROC Plan DCF: 56.6 MM$*</td>
</tr>
<tr>
<td></td>
<td>2003 SACROC DCF: 72.5 MM$*</td>
</tr>
<tr>
<td>SACROCC Development (Gross):</td>
<td></td>
</tr>
<tr>
<td>- Produce 20,000 BOPD</td>
<td>2003 average: 20,056 BOPD</td>
</tr>
<tr>
<td>- Invest 228 MM$</td>
<td>2003 investment: 244 MM$**</td>
</tr>
<tr>
<td>- Reduce Unit Opex to $6.50/Boe</td>
<td>2003 Opex: $5.51/Boe</td>
</tr>
<tr>
<td>• Basis: CO2 profit on own use has not been eliminated from Sales and Use business</td>
<td></td>
</tr>
<tr>
<td>• * 84% Interest for SACROC in 2003 Plan and 97% interest actual year end</td>
<td></td>
</tr>
<tr>
<td>• ** Costs on track, expanded scope</td>
<td></td>
</tr>
</tbody>
</table>

CO₂ Sales and Transportation - steady growth
CO₂ Flood Development Opportunities - growing faster

Note: CO2 Sales and Transportation includes YOGS, CO2 Sales profit on own use has not been eliminated.
Permian Basin Market Share

McElmo Dome is the premier source – Market Share continues to grow
Kinder Morgan remains the leading supplier

2003 Deliveries

Total 2003 Supply: 1,142 MMcf/d

Estimates by Kinder Morgan CO₂ Company for 2003 through November based on deliveries made from McElmo Dome and entitled production from other sources
Kinder Morgan CO₂ Deliveries

SACROC deliveries are an increasing percent of Kinder Morgan CO₂ deliveries

Customer Base 2003 – 503 MMCF/d

Customer Base 2004 – 521 MMCF/d
Centerline Pipeline Project Overview

**Project Summary**

- **Started construction**: 12/1/02
- **Planned In Service**: 8/01/2003
- **In Service**: 5/13/2003
- **AFE Budget**: $39.5 MM
- **Total Cost**: $28.5MM
- **Design Flow**: 250 MMSCF/D
- **Actual Maximum**: 295 MMSCF/D
Gas production has run higher than forecast resulting in lower purchases and temporary curtailments in oil production.

Oil reserves and production continue to track expectations.
SACROC CO₂ Flood – Cost Performance

Unit Operating Costs have remained in check despite 30% cost per Kw increase.

Capex has been within 2% of Plan.
CenterLine III Project Development

Project Performance and Learnings

**Capex [$/BOE]:**
- **Wells**
  - Orig: $0.95
  - Curr: $1.18
- **Field Facilities**
  - Orig: $0.35
  - Curr: $0.47
- **Infrastructure**
  - Orig: $1.16
  - Curr: $1.36

**Opex [$/BOE]:**
- **Gas Handling**
  - Orig: $4.67
  - Curr: $2.56
- **All Else**
  - Orig: $1.65
  - Curr: $1.39

**Oil Price Assumption**

**Unlevered IRR %**
- 24% Curr
- 53% Orig

**Production/Pattern [MBOE] -**
- 1,257 Curr
- 973 Orig

**CO2 Injected [BCF] -**
- 202 Curr
- 76 Orig
SACROC CO₂ Flood – CenterLine III Project Development

Cash Flow Analysis - CL III

Capex = 39.8 MM$
Cum. NCF = 44.8 MM$
PV NCF = 17.9 MM$
IRR = 53%

Revenue
Opex
CO₂ Inj. Expense
CO₂ Inj. Capex
Sus. Capex
Field/Facilities Capex
Cumulative Cash
SACROC CO₂ Flood – Phased Project Development

Full Field Development (2002 Forward):

1. Capex:
   - Wells - $ .78/BOE
   - Field Facilities - $ .89/BOE
   - Infrastructure - $ .62/BOE
   - Purchased CO₂ - $1.48/BOE
   - Subtotal - $3.77/BOE

2. Opex
   - Gas Handling - $2.40/BOE
   - All Else - $2.50/BOE
   - Subtotal - $4.90/BOE

   Total - $8.67/BOE

Volumetric Specs:

1. Production - 266 MMBOE
2. CO₂ Injected - 2,132 BCF
3. % CO₂ Purchased - 29.0%
Future SACROC Development Economics

- Projects are resilient in low price environment

Unlevered IRR
(CO$_2$ Cost @ contract price)

- Initial Projects (Fully Burdened by Infrastructure Investment)
- Future Incremental Projects (Limited Infrastructure Investment)

Basis: 660 Case, 2002 actual cash flows, flat oil prices without hedges beyond 2002
SACROC Long Term Potential

Daily Oil Production 1980-2010

- Pre-2000 - Cumulative oil production 1.25 Billion barrels, 44.5 % OOIP, Production 8500 BOPD

2002  
- Average oil production 13,052 BOPD  
- Average CO2 injection 212 MMCF/D  
- SACROC EBITDA* 31.3 MM$ (EOR Operations)

2003  
- Average oil production 20,056 BOPD  
- Average CO2 Injection 395 MMCF/D  
- SACROC EBITDA* 73 MM$

2004  
- Average oil production 30,000 BOPD  
- Average CO2 Injection 620 MMCF/D  
- SACROC EBITDA* 141 MM$  

2004-2010+- Depending upon pace & extent of development:  
Oil Rate may increase to 33 - 50 MBOPD,  
EBITDA 140 – 200 MM$/Year

* Note: CO2 Margin has not been eliminated
North Platform reservoir is substantially thicker and more prolific than the Centerline area. Bullseye project may give early clues to optimize Platform region development.
2004 Expansion Capital Budget – 309 MM$
Power Generation Project Summary

Off Spec Gas and Existing Agreements Provide Unique Opportunity

- Pipeline Spec 3% Nitrogen, Current concentration 12% Nitrogen
- If gas is sold then 14% royalty and 7.5% tax paid; If burned on lease then no royalty and tax paid

Disposal Options for Gas ........

- Developed additional markets for high Nitrogen gas
- Install nitrogen rejection unit
- Burn gas on lease, generate own power – own consumption expected to be > 100 MW

Plan:

- Install 2 LM 6000 Units, 100 MW Combined Cycle Power Plant – Operational 2nd qtr 2005
- Use power, sell excess if needed
- IRR 20% unlevered, improves with higher gas prices
Yates Field Historical Overview

Daily Oil Production 1975 - Present

Pre-2000
- Field Discovery 1926. Unitized 1976

2001
- MKM Joint Venture formed, Kinder Morgan acquires 7.49% interest
- Cumulative oil production 1.37 Billion barrels, 27.4% of OOIP

2002
- Average oil production 19,085 BOPD
HDH program initiated.

2003
- Average oil production 19,411 BOPD
- Kinder Morgan acquires remaining Marathon interest (42.45%) and becomes Unit Operator

2004
- Average oil production 20,000 BOPD
- Will commence CO2 injection on March 1st

2004-2010+- Depending on impact of CO2 on gravity drainage, and timing of N2 rejection, Oil Rate may remain flat or even increase slightly for many years.
Yates Original Oil in Place, Recovery

<table>
<thead>
<tr>
<th>Gross BBO</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7Rv/Qn/Gbg</td>
<td>0.5</td>
</tr>
<tr>
<td>SA (above 1,050’)</td>
<td>2.8</td>
</tr>
<tr>
<td>SA (950’ – 1,050’)</td>
<td>1.4</td>
</tr>
<tr>
<td>Total SA (above 950’)</td>
<td>4.2</td>
</tr>
<tr>
<td>SA (below 950’)</td>
<td>0.3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>5.0</td>
</tr>
<tr>
<td>Cum Production</td>
<td>1.4</td>
</tr>
</tbody>
</table>
Yates Animation
LACK OF CONNECTIVITY LEADS TO COMPARTMENTALIZATION

Horizontal Workovers & Fracture Connectivity

At this elevation and column thickness, the fractures form a continuous connected pathway between the two wells.

At a lower elevation and thinner column, the fracture connectivity within the oil column is reduced.
Base Case Profiles

Net Capex * $15 mm

MBOE per Day

Base HDH CO2
Base Case Profiles, with N2 Rejection

Net Capex* $15 mm

Net Capex* $56 mm

* Expansion capital
Comparison of SACROC and Yates Operating Cost Structure 2004 Plan

- SACROC
  - Toti
  - Other
  - CO2 Purchase Capitalized
  - CO2 Purchase Expense
  - Gas Handling
  - Labor

- Yates
  - Toti
  - Other
  - CO2 Purchase Capitalized
  - CO2 Purchase Expense
  - Gas Handling
  - Labor
Comparison of SACROC and Yates Operating Cost Structure 2004 Forward
Comparison of SACROC and Yates Gross CAPEX*

*Note: Represents 8/8
SACROC and Yates – Hedge Position

<table>
<thead>
<tr>
<th>Average Hedge Price</th>
<th>WTI</th>
<th>$23.79</th>
<th>$23.53</th>
<th>$23.28</th>
<th>$23.27</th>
<th>$23.88</th>
<th>$24.95</th>
</tr>
</thead>
</table>

Net Equity Production* (BOPD)

Approved Plus Potential Projects

* Includes Heavier NGL Components
Impact of Oil Price/Volume Variance on 2004 DCF

2004 Budget: 317.2 MM$

SACROC

+/- 1000 BOPD 8.2 MM$
+/- $1/BBL vs $27.45 WTI 0.6 MM$

Yates

+/- 1000 BOPD 3.8 MM$
+/- $1/BBL vs $23.81 WTS 1.6 MM$

3rd Party CO2 Deliveries

+ 50 MMCF/D 6.0 MM$
SACROC plus Yates Long Term Potential

Current Status

SACROC Producing ~24,000 BOPD
Yates Producing ~18,000 BOPD

Development Plans

1. SACROC Full Field, Accelerated Development
   - 266 MMBOE Gross, ~20,200 Acres, 1015 MM*$
   *2004 forward gross capital required including 536 MM$ capitalized CO2 and including power generation
2. Yates CO2 injection – With N2 Rejection
   - 197 MMBOE Gross, 143 MM$ Gross Capex

Further work:

SACROC: Reservoir Modeling of Platform, Surveillance of Recent Bullseye Project, Field Test Alternate Development Strategies
Yates: Monitor performance of HDH program; Evaluate Nitrogen Rejection Opportunity
Kaston Pipeline Acquisition Opportunity
2003 Achievements, 2004 Goals

2003

- **Exceeded plan**
  - Volumes on, costs improved, price helped
- **Secured significant cost improvements**
  - SACROC unit costs down
- **Closed Key Acquisition**
  - Increased SACROC ownership to 97%, Yates to nearly 50%

2004

- SACROC Development program – Stay the course
- Commence CO2 injection at Yates, Continue HDH Program
- Continue aggressive CO2 Marketing
Domestic oil reserve replacement costs are increasing

- CO₂ flooding provides an attractive cost structure and a proven track record to add new reserves

Kinder Morgan will leverage infrastructure in Permian Basin

- Lowest cost CO₂ supply combined with largest reserves, infrastructure
- Own significant interest in and operate two world class reservoirs
- Remain patient and poised to selectively acquire strategic EOR target fields – and only at the right price

Use CO₂ assets and technology to maintain leadership in emerging U.S. CO₂ market

- Monitor emerging U.S. interest in CO₂ sequestration