CO₂ Pipelines Segment Overview (a)

CO₂ Contribution to 2005 KMP Segment DCF (a)

Estimated breakout of CO₂ DCF (b)

(a) 2005 budgeted distributable cash flow before G&A and interest.
(b) Own use CO₂ margin has not been eliminated.
## 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>35+ 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>1,150</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>98%</td>
<td>McCamey to Snyder</td>
<td>275</td>
<td>KM</td>
</tr>
<tr>
<td>CLPL</td>
<td>100%</td>
<td>Denver City to Snyder</td>
<td>300</td>
<td>KM</td>
</tr>
<tr>
<td>Wink</td>
<td>100%</td>
<td>McCamey &amp; Snyder to El Paso</td>
<td>459</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>
CO2 Business – View from the top

Excited about this business!

- We operate and own significant interests in two oil fields with over 5 Billion barrels remaining in place
- We operate the premier CO2 Source and Transportation assets in the industry
- We have the capability and resources to develop and produce over 300 million barrels based on existing technologies.
  - SACROC ~10+% of 1.9 Billion barrels target oil in place
  - Yates ~ 2+% of 5.0 Billion barrels target oil in place

Challenges

- Expeditiously execute development 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 acquisition opportunities and EOR customers in existing and new markets

$0 $100 $200 $300 $400 $500

DCF - MM$

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

Plan for each Year

Note: CO₂ Sales and Transportation includes YOGS, CO₂ Sales profit on own use has not been eliminated.
## 2004 High Level Results

<table>
<thead>
<tr>
<th>Target:</th>
<th>Result:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Distributable Cash: $317 MM</td>
<td>2004 Actual: $350 MM</td>
</tr>
<tr>
<td>S&amp;T: $88</td>
<td>$122 MM</td>
</tr>
<tr>
<td>O&amp;G: $229</td>
<td>$228</td>
</tr>
<tr>
<td>CO2 Sales/Transport business flat</td>
<td>2003 Deliveries: 192 BCF</td>
</tr>
<tr>
<td></td>
<td>2004 Deliveries: 215 BCF</td>
</tr>
</tbody>
</table>

### Oil Production

- **SACROC**: 30,000 BOPD
  - 2004 average: 28,300 BOPD
- **Yates**: 20,000 BOPD
  - 2004 average: 19,500 BOPD
- **Oil & Gas OPEX**: $4.71 $/Boe
  - 2004 average: $5.76/Boe

### CO2 Development Opportunities continue to grow

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>SACROC DCF MM$</td>
<td>69.4</td>
<td>111.0</td>
</tr>
<tr>
<td>Yates** DCF MM$</td>
<td>12.2</td>
<td>70.8</td>
</tr>
</tbody>
</table>

* Opex excludes Expensed CO2 and Toti, HC Gas 6 MCF/Boe
** Post MKM Dissolution
U.S. CO₂ Enhanced Oil Recovery
Actual vs Prediction

Actual CO₂ Flood Oil Production
vs. 1984 NPC Study MBbl/d

NYMEX WTI Midland Oil Prices, $/Bbl

Average $/BBL 1987 – 2000: $19.28
Average $/BBL 2000 – 2004: $28.50

Source: Oil and Gas Journal, 1984 NPC EOR Study
Permian Basin CO₂ Purchases and Oil Production

**CO₂ Deliveries – BCFD**

- Val Verde
- Sheep Mtn
- BravoDome
- McElmo Dome

- KM estimates, Oil and Gas Journal, EIA

**Oil Production - MBOPD**

Cum: 847 MMB

**CO₂ Flood Production % of Permian**

KM estimates, Oil and Gas Journal, EIA
Permian Basin ’03, ’04, ’05 CO₂ Consumption

2003
- Total 2003 Supply: 1,142 MMcf/d
  - Oxy 45%
  - XOM 16%
  - KM 17%
  - Others 21%

2004
- Total 2004 Supply: 1,309 MMcf/d
  - Oxy 41%
  - XOM 17%
  - KM 26%
  - Others 16%

2005
- Total 2005 Supply: 1,164 MMcf/d
  - Oxy 43%
  - XOM 16%
  - KM 23%
  - Others 18%

Estimates by Kinder Morgan CO₂ Company based on deliveries made from McElmo Dome and entitled production from other sources.
SACROC Long Term Potential

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 28,340 BOPD
- Average CO2 Injection 681 MMCF/D
- SACROC EBITDA* 112 MM$

2005 - Average oil production 36,500 BOPD
- Average CO2 Injection 611 MMCF/D
- SACROC EBITDA* 253 MM$

2005-2010+- Depending upon pace & extent of development: Oil Rate may increase to 36 - 50 MBOPD, EBITDA $250-300 MM at $30/B unhedged oil price

* Note: CO2 Margin has not been eliminated
SACROC Injection and Production Performance

2004 – Recap

The Challenge: injection rates in mature patterns exceeded expectations.

Positive: Results in accelerated cash flows
Negative: Production outruns facilities capacities

Our Reaction: delay pattern activations until planned capacity is on line.

Injectivity: water lower than CO2 in certain areas

Injection volumes dropped below target, oil followed

Result: Oil production stalled until injection volumes increased.

Injection well stimulations and re-starting pattern activations brought injection and production back on plan.
Unit Operating Costs up in ’04 due to higher power costs (volumes, $/kw), and reducing repair well backlog from 2003. Expect improvement in both categories in 2005.
SACROC Development Activities

2004 Accomplishments

1. Added 225 MMCF/D Gas Handling Capacity
2. Drilled/re-activated 84 wells
3. Added 23 patterns in the Bullseye project and 38 patterns in CR I Project

2005 Plans

1. Add 225 MMCF/D Gas Handling Capacity
2. Activate 42 patterns in Center Ring I & II projects
3. Start Power Plant in June
4. Prepare definitive plans for next expansion project (SBE, GI)
5. Prepare formative plans for Platform development
SACROC CO2 Project Oil Production and Injection

Oil Production 2002-2005

- Actual
- Budget

Total Injection 2004-2005

- Actual
- Budget

Note: CO2 Injection Project area only – excludes waterflood

Water injection increases from 34% of total injection in 2004 to 54% in 2005
North Platform reservoir is substantially thicker and more prolific than the Centerline area. Oil recoveries may be a lower % of targeted oil in place due to geologic complexity.
SACROC CO₂ Flood – Long Term outlook

Platform Development Planning

2002-2003  3D Seismic, Geologic Modeling

2004-2005  Core analysis, evaluate smart well technology, initiate reservoir simulation of various development schemes. Re-pressure with water injection.

2006       Finalize Development Plans, initiate field work

2007       Commence CO₂ Injection

2008       Initial oil response
Future SACROC Development Economics

Projects following Center Ring II are resilient to much lower oil prices and diverse Geologic settings.

Unlevered IRR %

0%  20%  40%  60%  80%  100%

$10 $15 $20 $25 $30 $35 $40 $45

Flat Oil Price

- Green: Good
- Black: Most Likely
- Red: Poor

Note: Good = Low Gas, High Oil, 1.00 Inj, Most Likely = Mid Gas, Mid Oil, 0.97 Inj, Poor = High Gas, Low Oil, 0.97 Inj

CO2 cost @ Contract Prices
Yates Field Historical Overview

Pre-2000
- Field discovery 1926; unitized 1976
- CO2 injection 1988-93; N2 injection 1993-2004

2001
- Kinder Morgan acquires 7.49% interest
- Cum. oil production 1.4 billion barrels, 27.4% of OOIP

2002
- Average oil production 18,296 BOPD
- HDH program initiated

2003
- Average oil production 18,943 BOPD
- Kinder Morgan increases ownership to 49.9% and becomes Unit Operator

2004
- Average oil production 19,489 BOPD
- Commenced CO2 injection on March 1st
- Commenced first gas sales in 4th qtr
- Yates EBITDA 71.5 MM$

2005
- Average Oil production 19,100 BOPD
- Commence N2 rejection April
- Drill 97 HDH wells
- Increase gas sales to 3.7 MMCF/D
- Yates EBITDA 53.3 MM$

2005-2010+
- Oil rate should remain flat or even increase slightly for many years dependent on impact of CO2 on gravity drainage, and timing of N2 rejection
Yates Field - 2005 Production Forecast

Forecast vs Actual for Yates Field:
- Base
- CO2
- Other zones
- Horizontal Drain Holes

Bar graph showing production in BOEPD from 2003 to 2005.
Yates Field - Base + HDH Production

- Base Production Lower, HDH Interference ~15%
- HDH Program on Track
Yates Field - CO2 Injection Results

- Started CO2 Injection March 2004
- Responding Well Count Continues to Increase
- Oil Rate Increase appears Sustainable, originally expected response in 2006
- Oil Column not yet Thickening

![Diagram of Yates Field showing CO2 injection results with areas of response and early CO2 response chart.](image-url)
Yates Field - Feeling After 1 Year

All Indications Point to a Very Successful Acquisition:

**Production**
- 2004 Oil Production Within 2.6% of Forecast Despite Slow Start (HDH Interference)
- Experiencing CO2 Response Earlier Than Forecasted
- Identified and Implementing Numerous Un-Forecasted Opportunities

**Costs - Financials**
- Base OPEX Running Lower Than Acquisition Forecast
- Projected CAPEX Less Than Acquisition Forecast
- All Acquisition Financial Expectations for 2004 Were Exceeded

Safety and Environmental Performance is meeting expectations
Comparison of SACROC and Yates Operating Cost Structure
2005 Plan

Chart showing the comparison of SACROC and Yates operating cost structure for 2005. The chart displays various cost components such as Toti, Other, CO2 Purchase Capitalized, CO2 Purchase Expense, Gas Handling, and Labor, with SACROC and Yates categories.
2005 Expansion Capital Budget – 232 MM$

- SACROC Wells
- SACROC Gas
- SACROC Field Fac.
- SACROC CO2 Inj
- SACROC Power Gen.
- Yates Field Facilities
- Yates HDH
- Yates N2 Rej
- Staff OVHD
- Gas Plants
- Source/Trans.
Comparison of SACROOC and Yates Gross CAPEX*

*Note: Represents 8/8, Yates CO2 injection expensed, excl cap staff
SACROCS and Yates – Hedge Position
Approved Plus Identified Potential Projects

<table>
<thead>
<tr>
<th>Year</th>
<th>WTI&amp;WTS</th>
<th>$28.11</th>
<th>$27.77</th>
<th>$27.75</th>
<th>$28.89</th>
<th>$32.36</th>
<th>$34.61</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>Swaps</td>
<td>95%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2006</td>
<td>Puts</td>
<td>72%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2007</td>
<td>Unhedged</td>
<td>58%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2009</td>
<td></td>
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<td></td>
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<tr>
<td>2010</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

1 Incorporates swaps and puts-at strike price net of put premium, WTI/WTS spread @ $5/bbl
2 Includes Heavier NGL Components
## Impact of Oil Price/Volume Variance on 2005 DCF

<table>
<thead>
<tr>
<th>Description</th>
<th>Impact in MM$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005 Budget:</td>
<td>464.0</td>
</tr>
<tr>
<td>+/- 1000 BOPD</td>
<td></td>
</tr>
<tr>
<td>SACROC</td>
<td>12.8</td>
</tr>
<tr>
<td>Yates</td>
<td>6.1</td>
</tr>
<tr>
<td>+/- 1 $/B WTI</td>
<td>4.8</td>
</tr>
<tr>
<td>3rd Party CO2 Deliveries</td>
<td></td>
</tr>
<tr>
<td>+/- 50 MMCF/D</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Unhedged WTI price presumed to average $43.15/b, WTI-WTS spread = $5
SACROC plus Yates Long Term Potential

Current Status

SACROC Producing ~34,000 BOPD
Yates Producing ~23,000 BOPD

Development Plans

1. SACROC Full Field, Most Likely Development
   - 237 MMBOE Gross*, ~20,200 Acres, 592 MM$*
   *2005 forward, gross capital required includes 211 MM$ cap. CO2

2. Yates CO2 injection – With N2 Rejection
   - 129 MMBOE Gross, 248 MM$ Gross Capex*
   *2005 -2021 period only, assuming CO2 purchases capitalized 2006+

Further work:

SACROC: Reservoir Modeling of Platform, Surveillance of Recent Bullseye and Center Ring projects, Field Test Alternate Development Strategies

Yates: Monitor performance of HDH program; Evaluate Nitrogen Rejection Opportunity

Oil Production, B/D

DCF, MM$/Yr

Unhedged WTI oil price - $30/b
2004 Achievements, 2005 Goals

2004

Exceeded plan
- CO2 Volumes up, Oil Volumes just under, costs mixed, price helped

Continued aggressive development plans
- SACROC reservoir performance tracks close to expectations
- Yates – CO2 injection response and HDH programs performing well

Closed Kaston (Wink PL) Acquisition

2005

SACROC Development program – Stay the course
Commence N2 rejection 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