

MAYER • BROWN

Mayer Brown's 9th Annual Global Energy Conference

PANEL I: NORTH AMERICAN ENERGY ABUNDANCE AND INNOVATION





the Energy to Lead

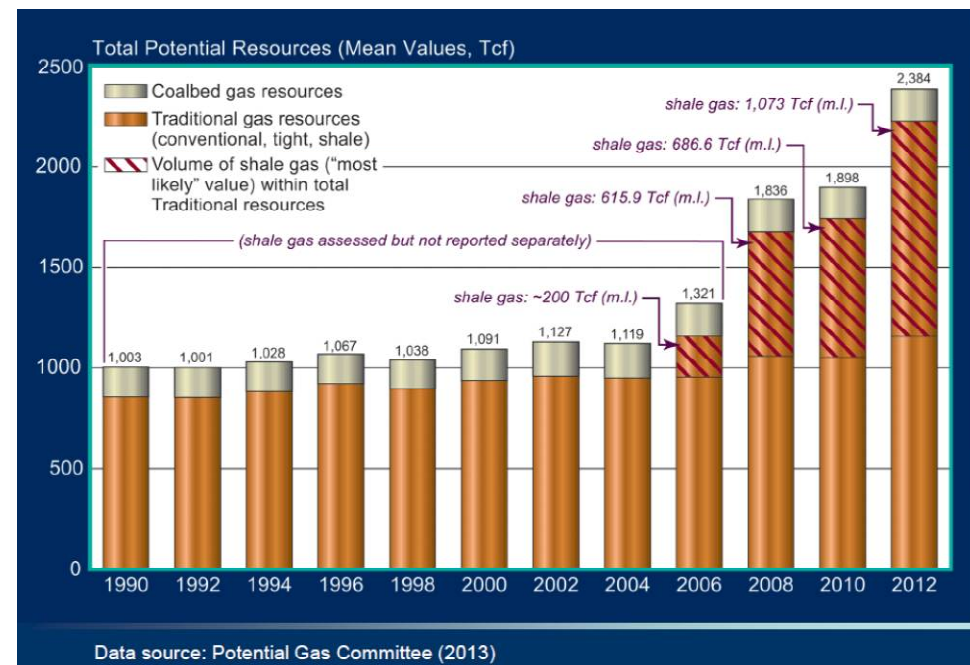
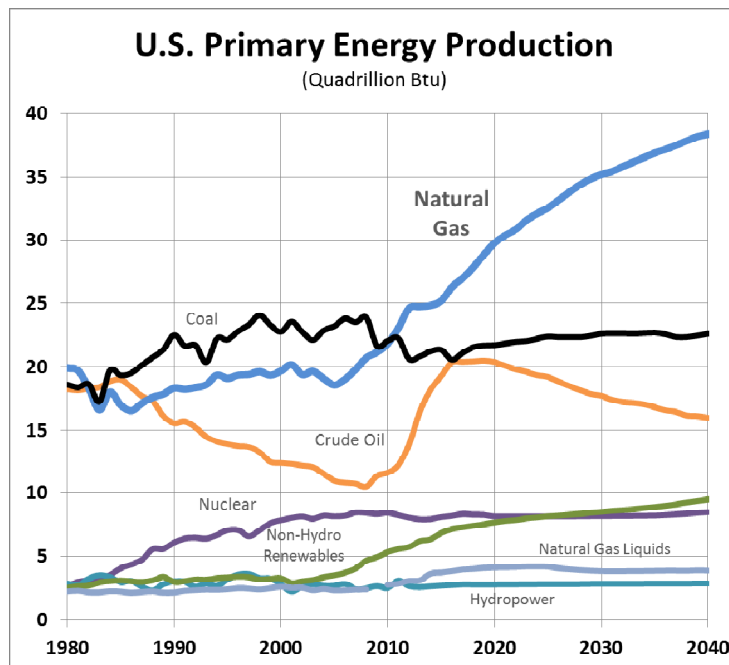
Mayer Brown Global Energy Conference

David C. Carroll
President and CEO
May 15, 2014

NATURAL GAS LEADERSHIP

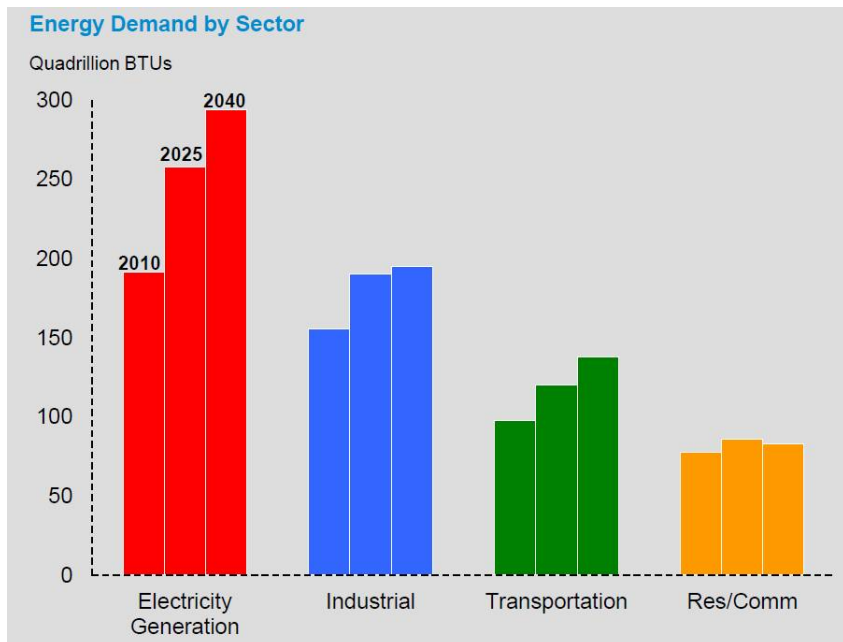
U.S. Energy Production

Natural Gas now leading energy source produced in the U.S., with an increasingly bullish domestic resource base outlook. The success of shale gas production can enable the benefits of natural gas to be more fully realized throughout the world.

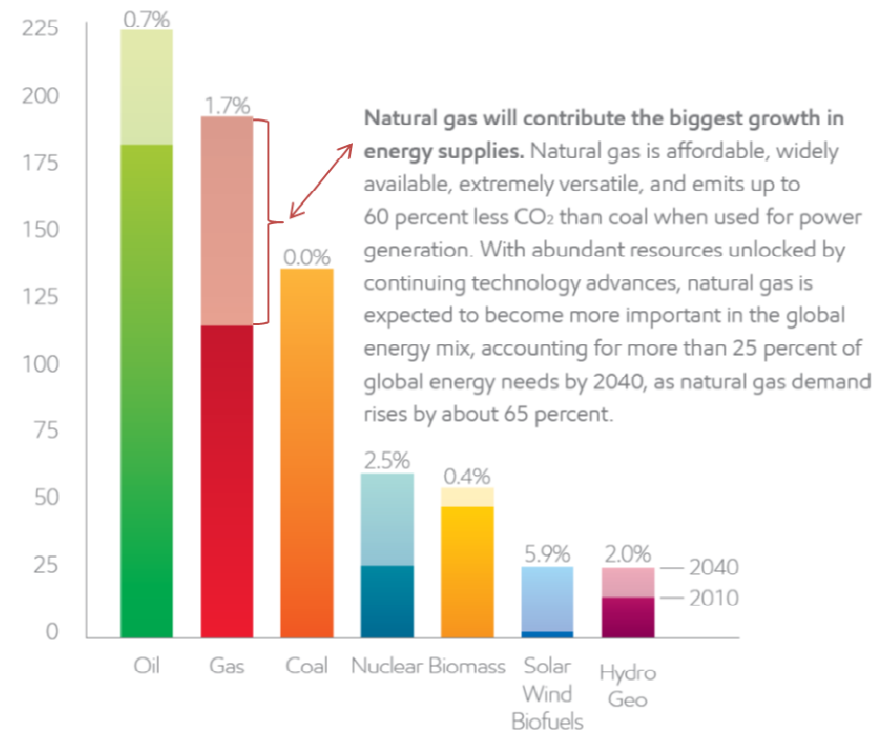


DOE-EIA AEO 2014; Potential Gas Committee (2013)

World Energy Outlook: An Expanded Role for Natural Gas



Quadrillion BTUs

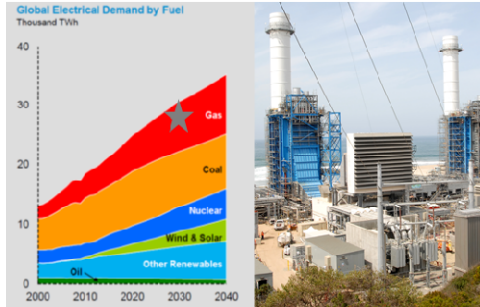


ExxonMobil (2014 Outlook for Energy)

World Energy Outlook

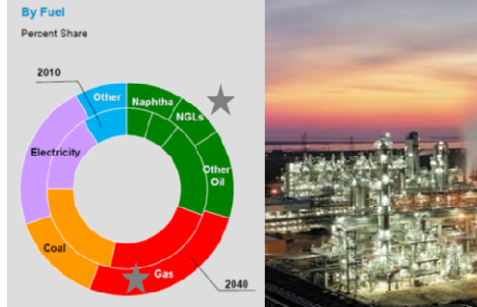
Power

Expanding use of natural gas for electricity generation—including off-setting coal use.



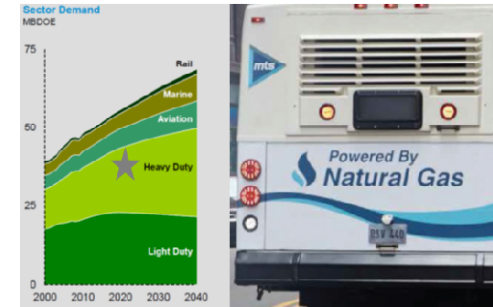
Industrial

Expanding industrial natural gas and NGL use—especially for chemicals.



Transportation

More heavy-duty vehicle use—natural gas provides economic value and emission benefits.



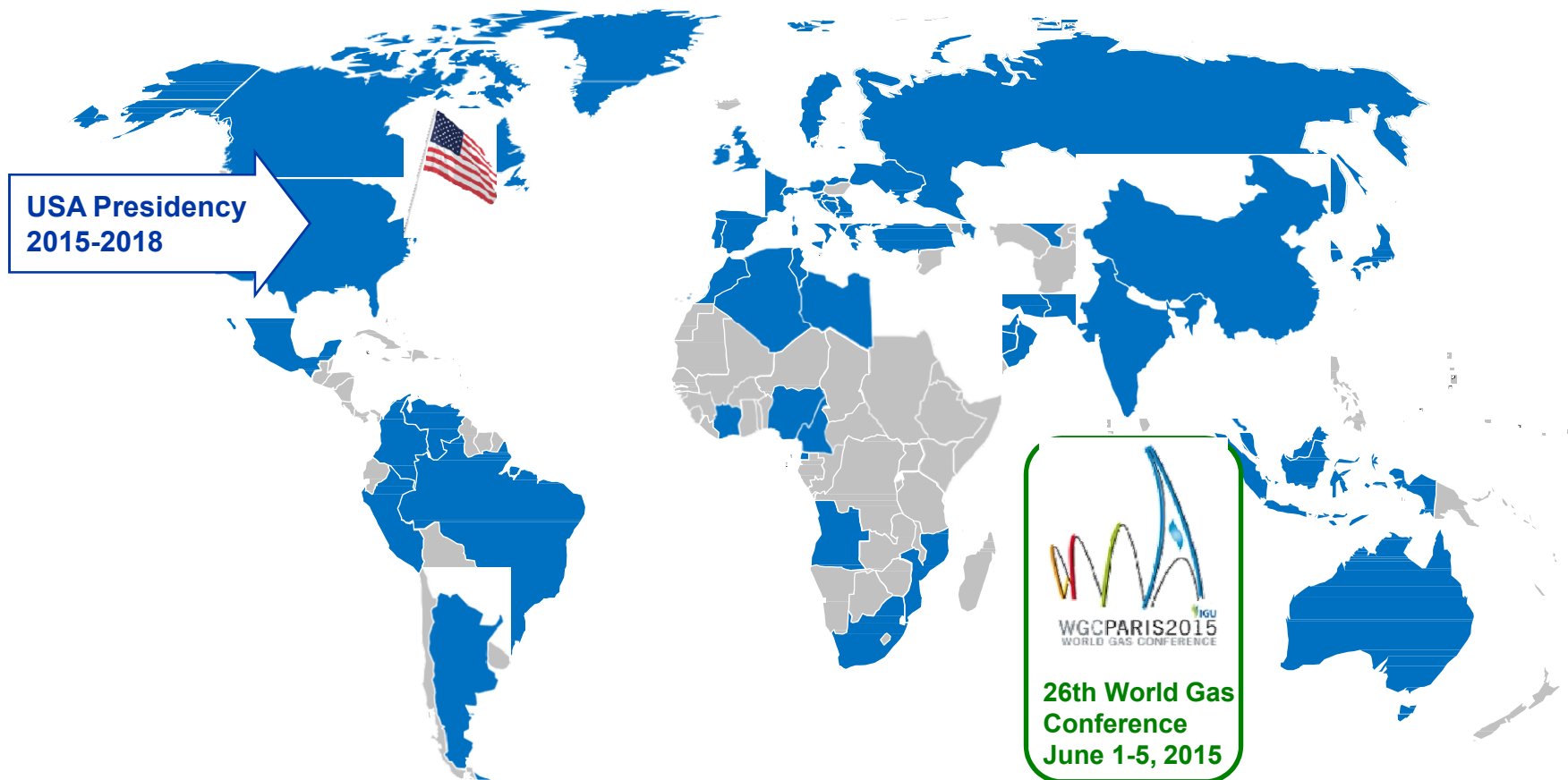
ExxonMobil (2014 Outlook for Energy)

Moving Forward on Key Fronts...



International Gas Union

84 Countries Working Together to Advance Global Industry



Roy Lipski, CEO
May 15, 2014

Smaller scale GTL

Mayer Brown Global Energy Conference



Velocys

Leader in smaller scale GTL

- **Leader** in smaller scale gas-to-liquids technology
 - 15 years and >\$300 million invested in product development
 - Exhaustive global patent protection (>7,500 granted GTL patent claims)
- First class **partners** offering a **complete GTL solution**
 - Haldor Topsøe, Ventech, Hatch, Toyo, Mourik, SGS, Shiloh
- **Commercial roll-out underway**

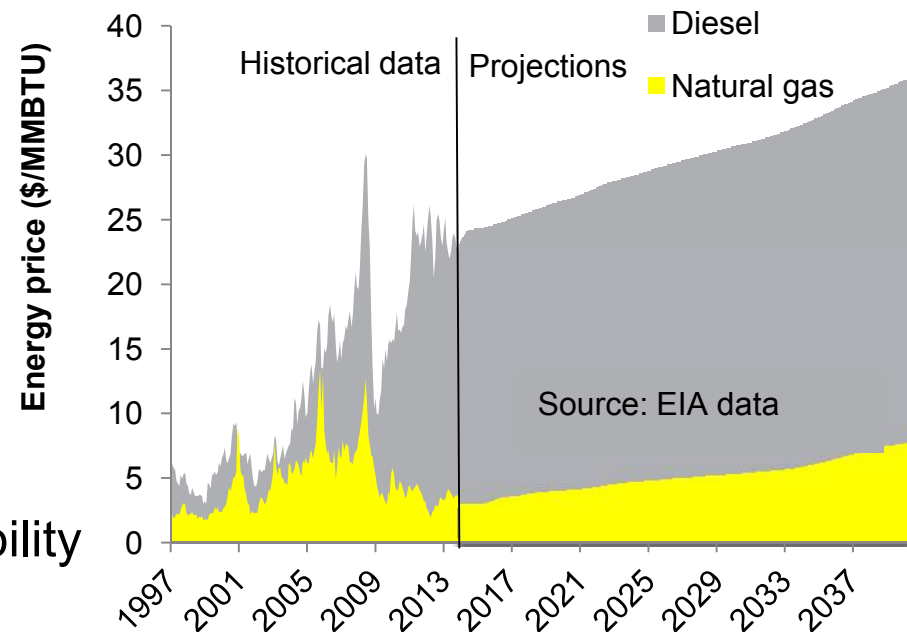


- **Well capitalised with strong resources**
 - Commercial center in Houston, Texas; technical centers near Columbus, Ohio and Oxford, UK
 - Permanent pilot plant in operation

Market environment

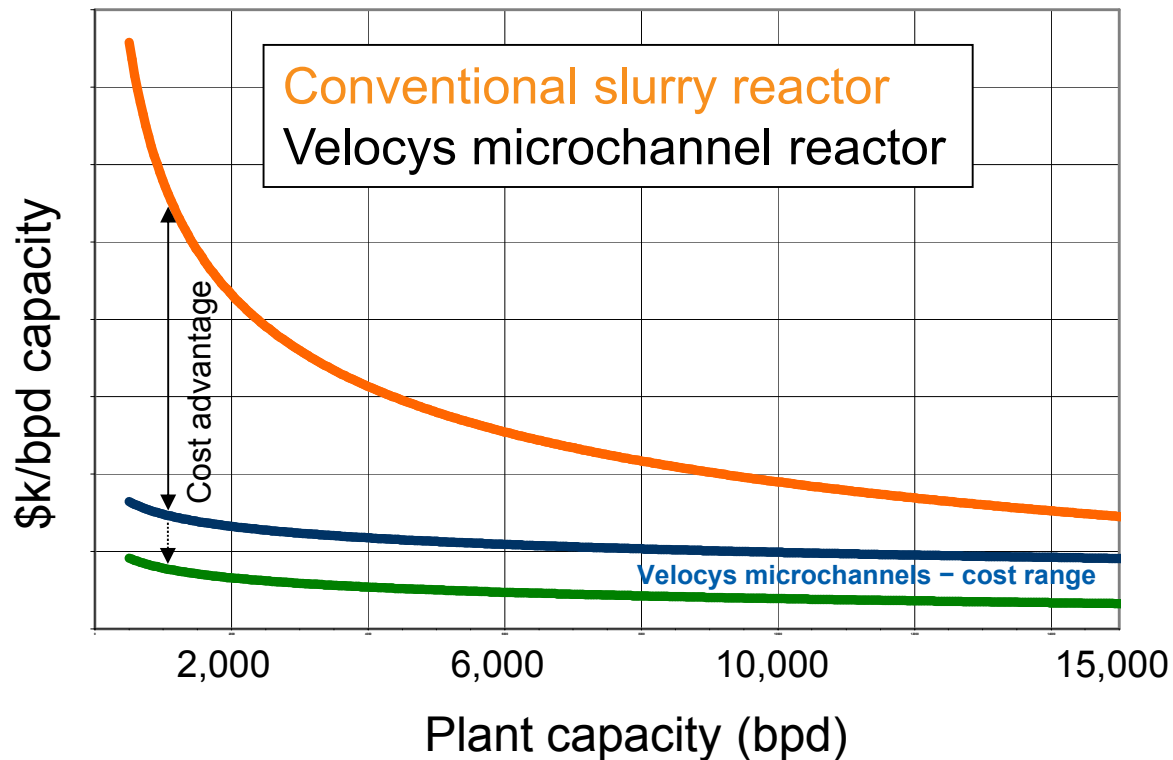
Ripe for smaller scale GTL

- Shale revolution ushering “**age of gas surplus**”
- **Growing demand** for liquid fuels, especially diesel and jet
- **Long-term stability** of gas-oil arbitrage expected
- **Decentralized production** underpinned by poor transportability of gas
- Environmental benefits e.g. lower emissions, flare elimination and carbon footprint reduction (bio-to-liquids)
- Strong location-specific economic and strategic factors
- Shell and Sasol plants in Qatar showcase viability of GTL



Large-scale economics at smaller scales

Velocys enables smaller plants

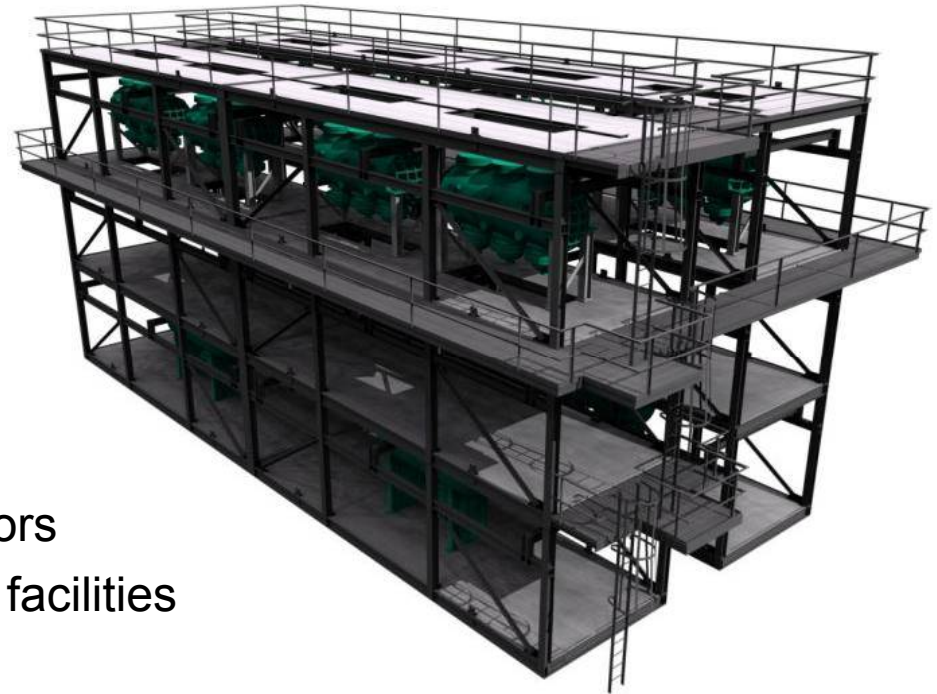


Microchannel technology offers strong **benefits** at **smaller scales**

GTL for the mainstream of the industry

Velocys modular GTL

- **Broader range of sites**
 - 1,500-15,000 barrels per day
 - Suitable for remote locations
- **Lower risk**
 - Smaller investments
 - Less risk of cost over-runs
- **Reduced costs**
 - Standardized modules and reactors
 - Possible integration with existing facilities
- **Easier to execute and expand**
 - Quicker plant construction (18-24 months)
 - Easier to permit, supply, build and operate
 - Additional trains can be added later



1,400 bpd FT process unit
designed by Ventech Engineers
90 ft L x 46 ft H x ~40 ft W

Many applications

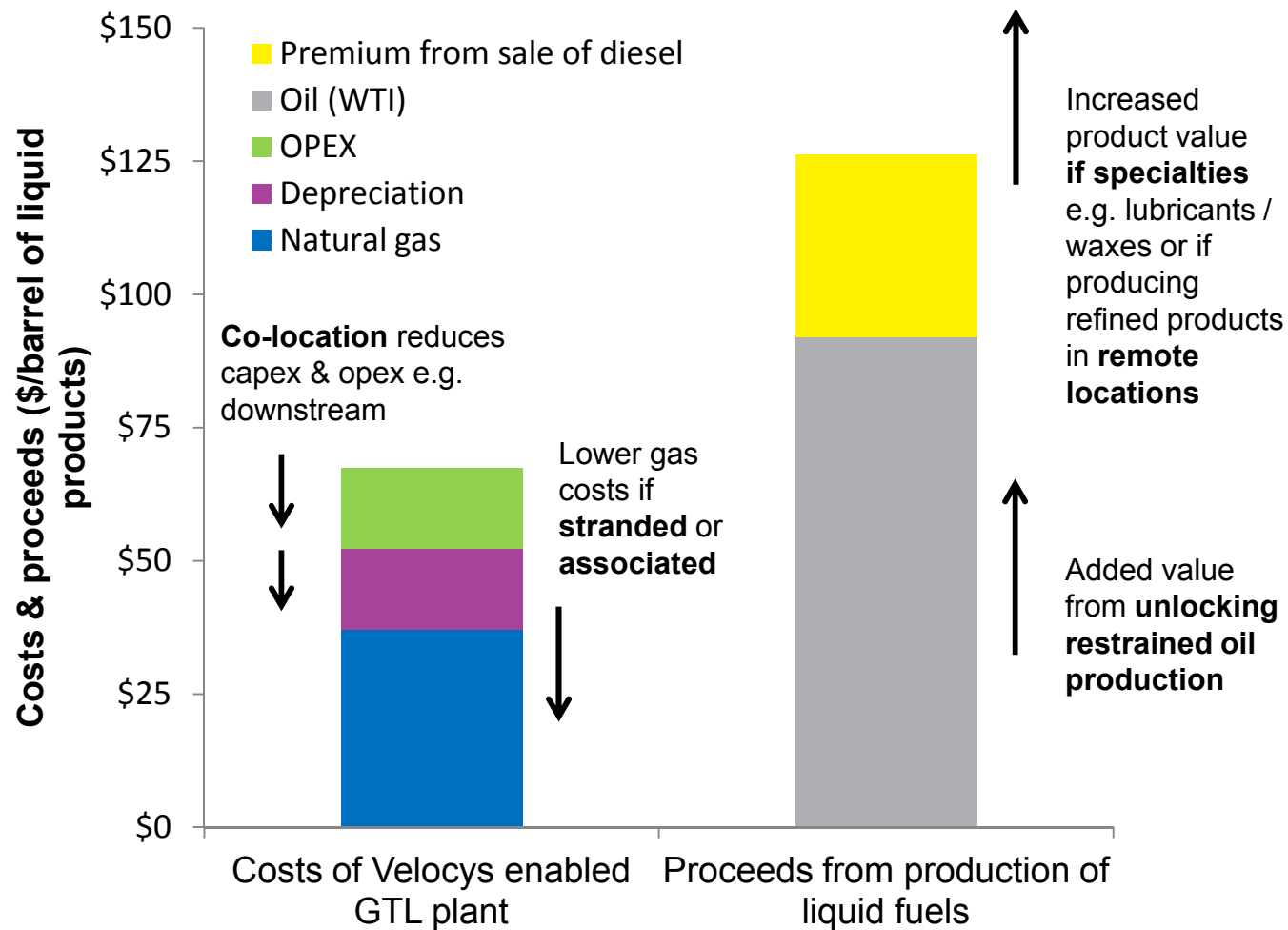
From low-value gas to high-value fungible products

- Source of new demand for abundant **shale gas** in North America
- Economic route to market for **stranded gas** (over 30% of world reserves are otherwise uneconomic to bring to market)
- Solution to problem of **associated gas** (5% of natural gas production is flared)
- **Valuable products** for existing and new applications
 - Ultra low-sulfur diesel (70 cetane) & jet
 - Waxes, lubricants and solvents
- Not just gas: also **biomass** and **coal**



Velocys enables winning economics

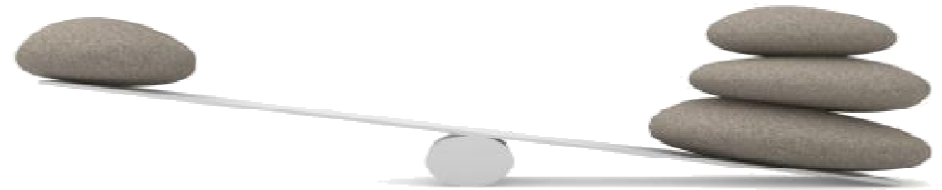
Taking the plant to the opportunity



Summary

Velocys smaller scale GTL

- **GTL “for the mainstream”**
 - Attractive for wide variety of situations and players
- **Practical**
 - Easier to finance, permit, su
- **Manageable risks**
 - Shorter project lifecycle; less in-field build; phased investment
- **Profitable**
 - Capture gas/oil spread; unlock resources; leverage existing infrastructure
- **Available now**
 - Complete GTL solution; being deployed by customers





Thank you

Roy Lipski
CEO, Velocys

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Changing the way fuels are made





Convening Across the Industry

GE & Unconventional Resources

John Westerheide

General Manager, Unconventional Resources

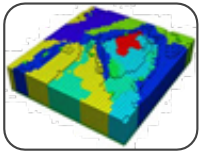
May 15, 2013

Imagination at work.

GE technologies from drill bit to burner tip

Upstream

Exploration



- Healthcare & Industrial CT

Drilling



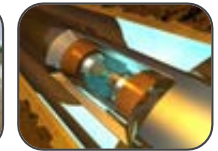
- Well Control Equipment (BOPs)
- Power Generation
- Motors & Power Control
- Drilling Measurement Tech.
- Wellheads & Flow Control

Fracturing/ Well stimulation



- Pumping Power gen.
- Water Treatment & Mgmt.
- Wireline services
- Frac Trees & Service

Completion/ Gathering



- Logging services (WS)
- Production Trees & Service
- Downhole Sensors & Tools
- Produced Water Treatment/ Mgmt.
- Sensing & Measurement
- Artificial Lift Tech.
- Chemical Injection Systems

Mid/Downstream

Transportation



- Pipeline Compression
- Pipeline Power gen.
- Pipeline Inspection
- Flow Measurement & Sensing
- Flow Regulators & Controls

Processing



- Compression
- Pumping
- Separation Tech.
- Gas treatment
- Macro to Small-scale LNG

Distribution



- Pipeline Compression
- Pipeline Power gen.
- Pipeline Inspection
- Flow Measurement & Sensing
- Flow Regulators & Control

Consumption



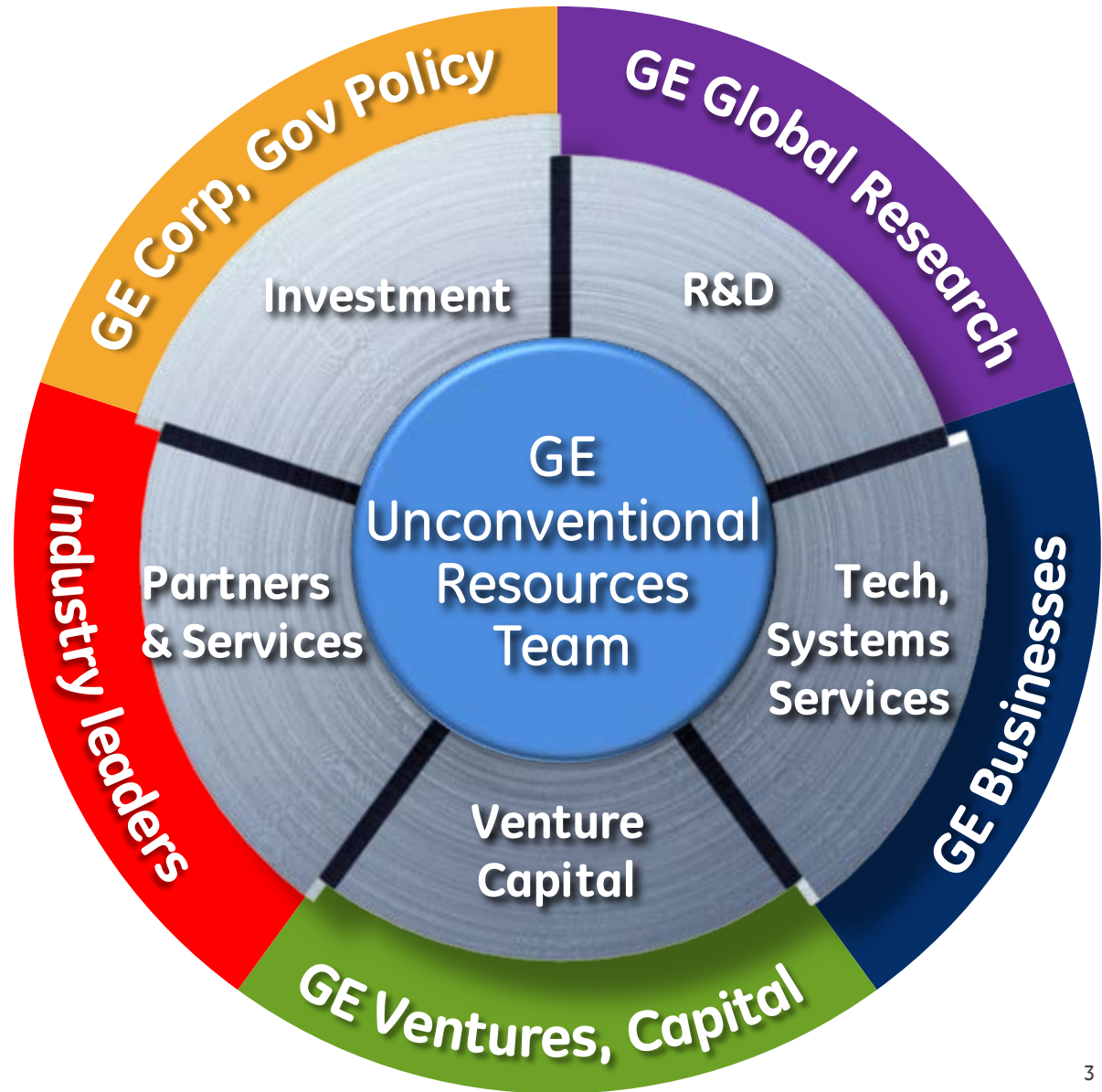
- Power generation
- Household consumption
- NGV Transportation Infra.
- Petrochemicals



One team with a multi-dimensional approach

Unconventional Resources Team

Cross-GE organization dedicated to an *industry*, instead of a specific product or technology



First GE R&D center focused on O&G

- Established in 2013
- Will employ 130 employees
- Permanent facility in 1H 2015
- Customer-focused, collaborative research environment
- Accelerate key Oil & Gas tech solutions available
- Devon TCA signed May 13

GE Oil & Gas Technology Center
Oklahoma City, Oklahoma



Driving natural gas demand with partnerships

E&P natural gas fueling

Last Mile™ Fueling solution

Ferus Natural Gas Fuels (CNG)



Energy services, expertise in supply and delivery of cryogenic products



Natural gas expertise and solutions, capital and commercial investment



Small-scale LNG fueling network

Eagle LNG Partners



Largest U.S. natural gas fuel provider, small LNG plant construction and operational expertise



Energy services, expertise in supply and delivery of cryogenic products



NG fueling solutions and expertise, capital and commercial investment



Industry collaboration to provide reliable, turnkey natural gas solutions

Closing thoughts

“... it's all about technology ... the ability to co-create with our customers and have great relationships that can deliver robust and economic solutions ...” Jeff Immelt – GE Oil & Gas Annual Meeting 2014

GE's goals in the unconventional resources space...

- ... **deepen** and affirm meaningful customer partnerships
- ... **collaborate** internally & externally to solve problems faster
- ... **invest** multi-dimensionally to deliver complete solutions
- ... **educate** and transfer technology/ solutions to drive global potential
- ... **build** GE's reputation as important industry thought leader



GE imagination at work





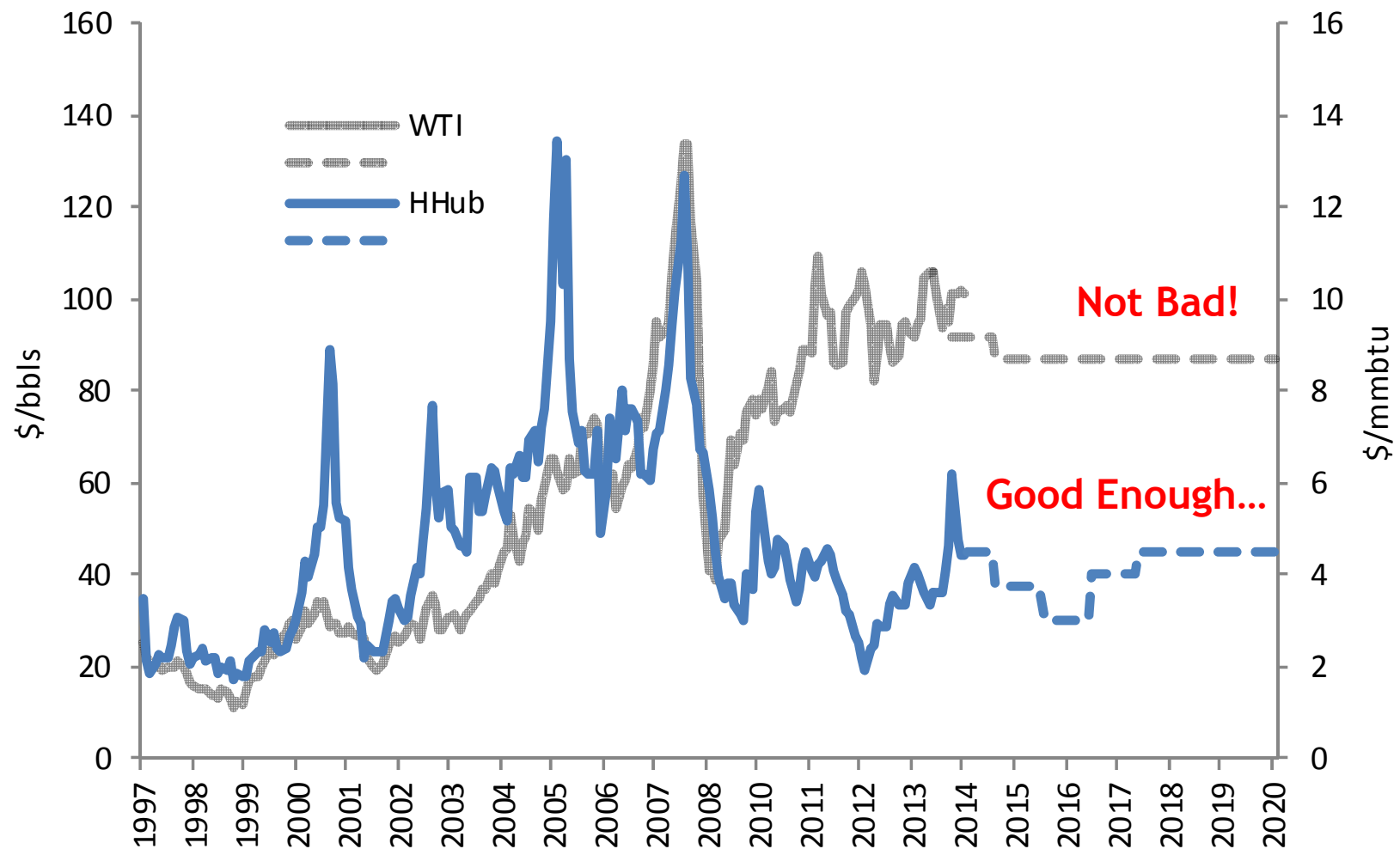
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May 15, 2014

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****IMPORTANT DISCLOSURES BEGIN ON PAGE 8****

Supportive Commodity Price Environment



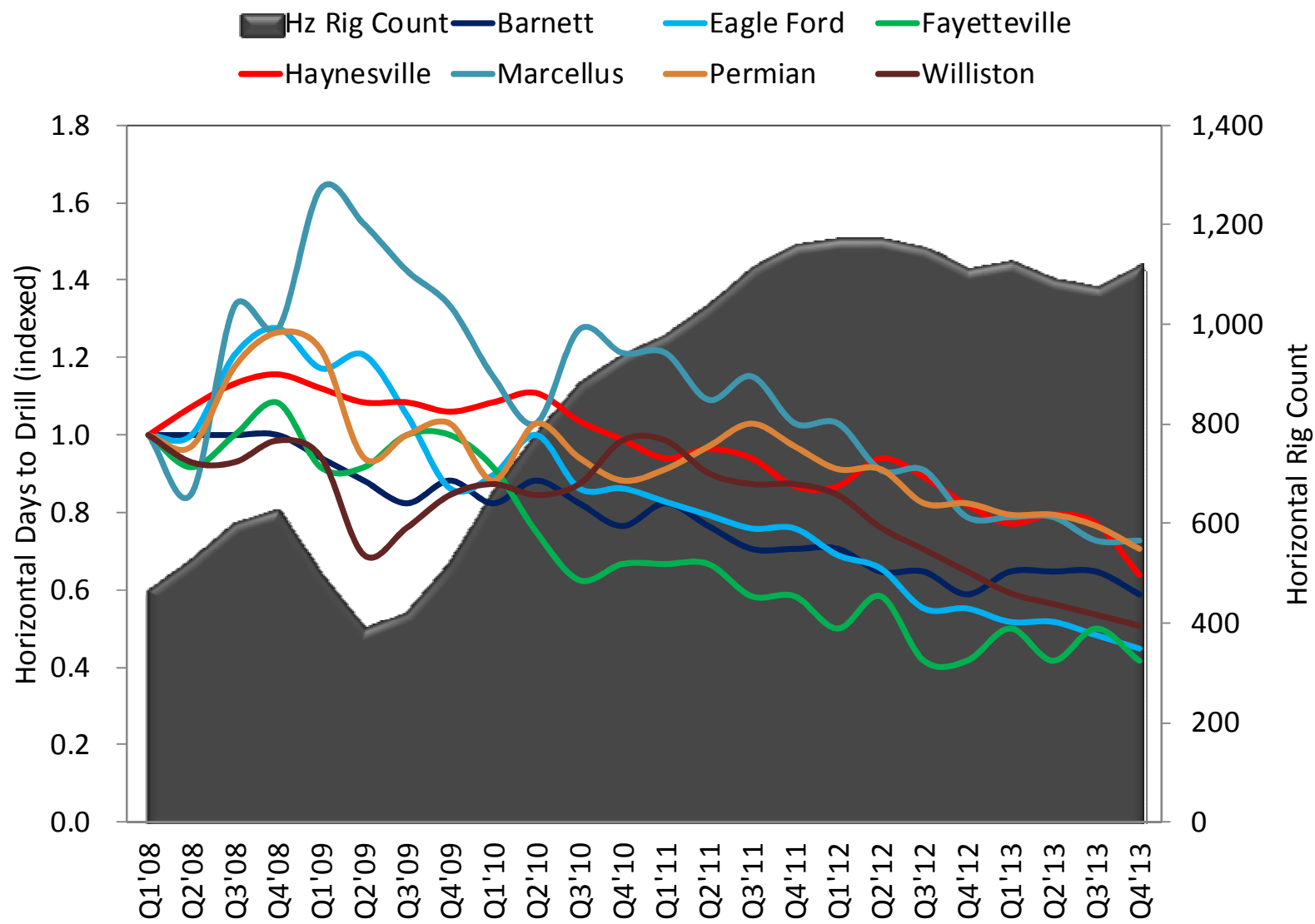
Resource Triangle – Same Ol' Framework

Easy to find...hard to produce

Hard to find...easy to produce

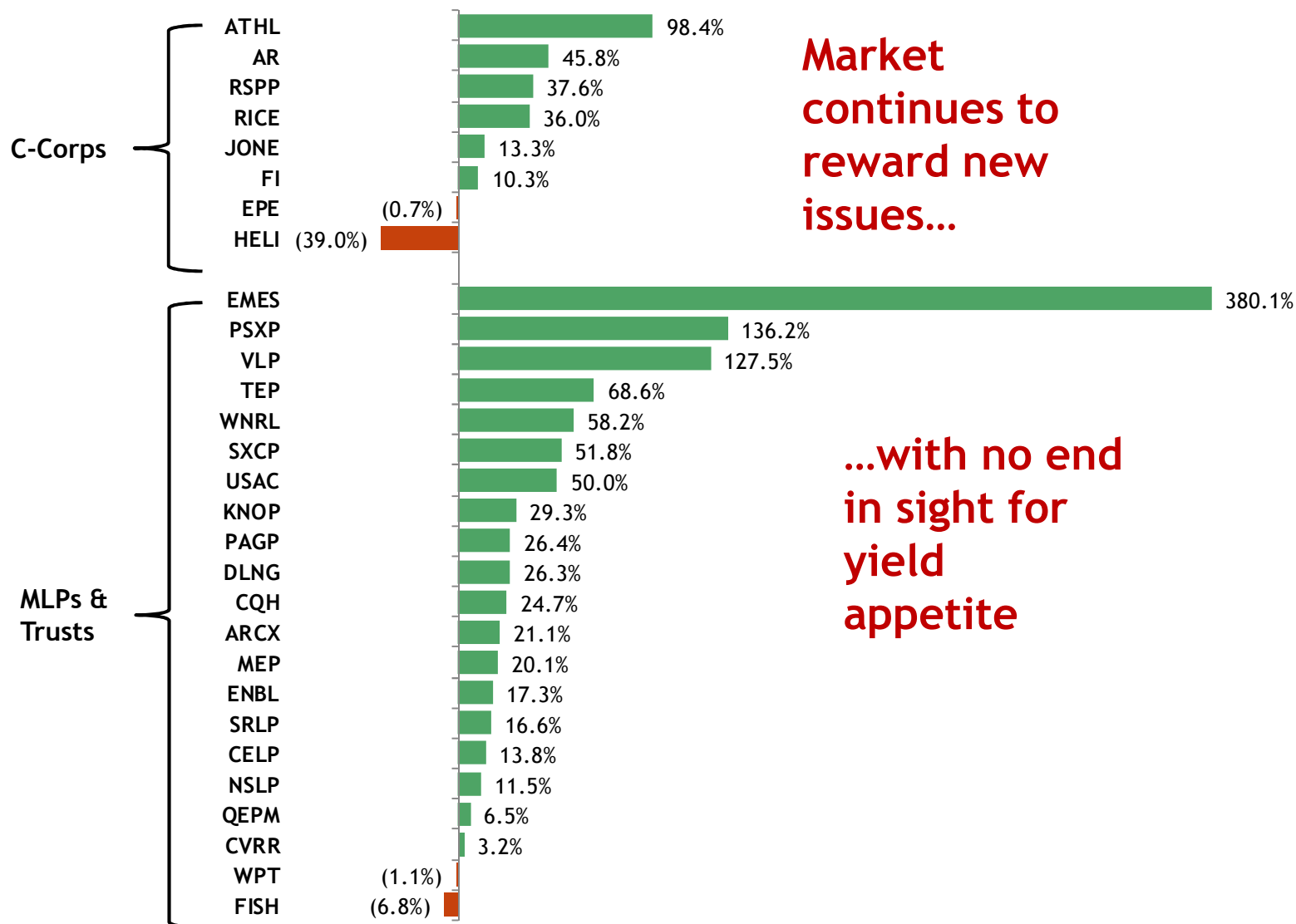


Drilling Efficiencies Continue To Drive Well Count Growth

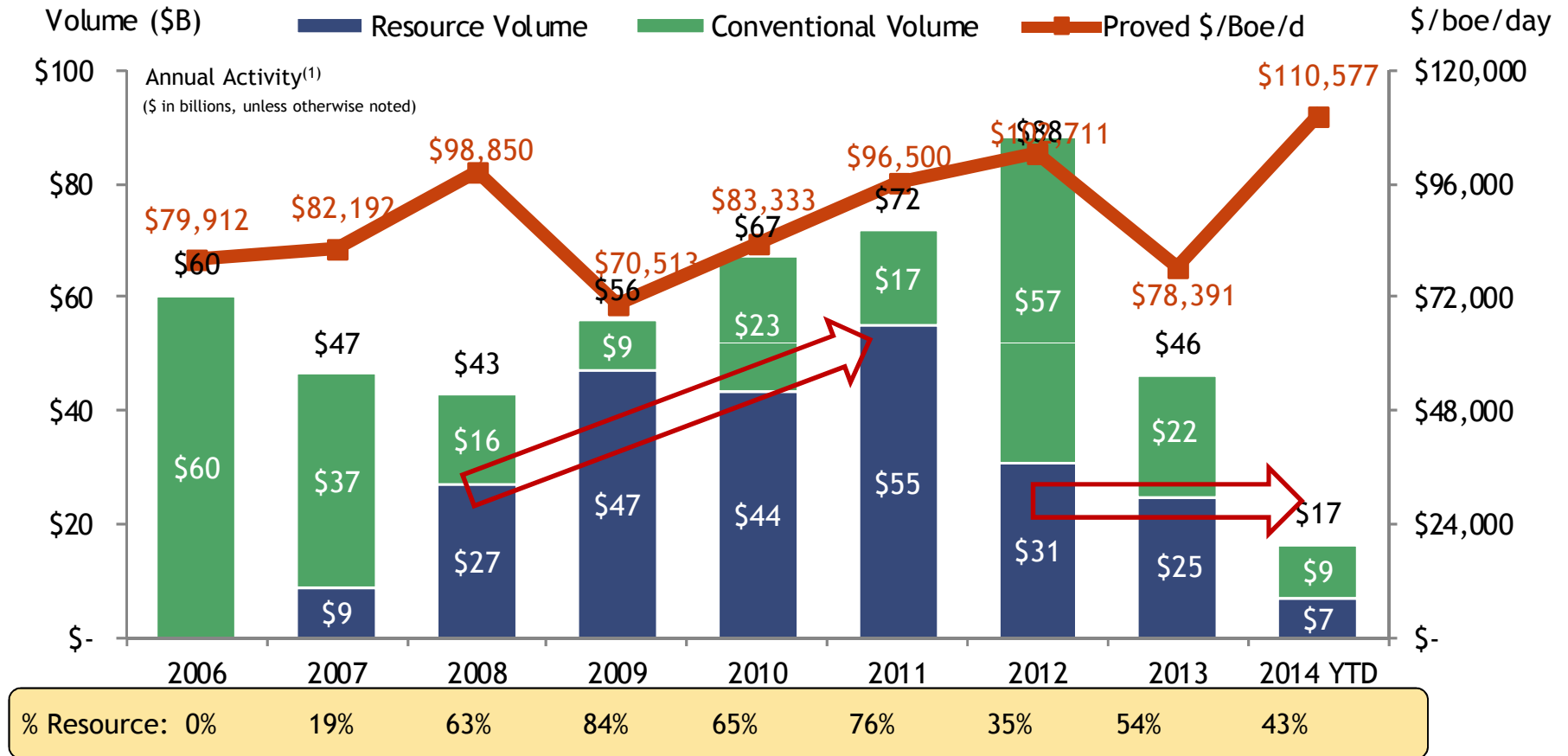


Source(s): Baker Hughes, DrillingInfo, RigData, Tudor, Pickering, Holt & Co.

Recent Energy IPO Performance (IPOs Since 2013)



Upstream U.S. M&A Activity - Slowing to a “New Normal”?



Source: IHS Herold.

(1) Deal value >\$50 million, excludes Ch. 11 transactions and reflects transactions where United States is listed as primary country.

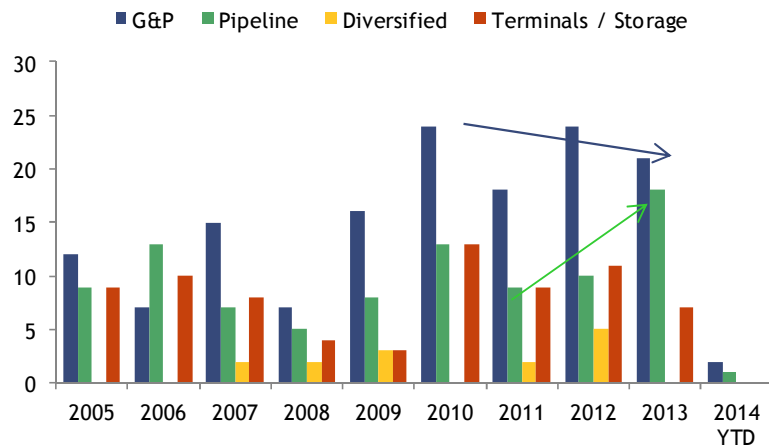
(2) Yellow highlighting indicates Joint Ventures.

Midstream M&A Activity – Plateaued?

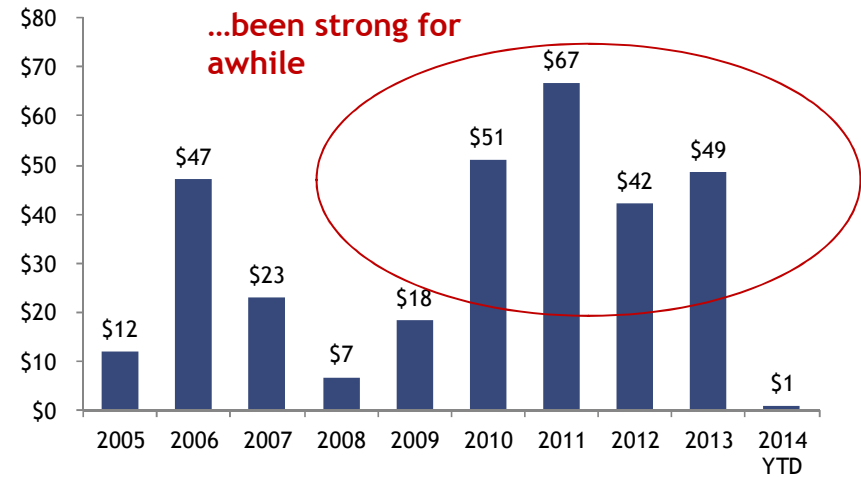
(\$ in billions)

- Midstream asset A&D market is extremely active
 - More buyers than sellers
 - MLPs with strong currency and desperate need to grow / diversify
- Private equity owners are increasingly seeking to take advantage of the current asset market
- Numerous corporate M&A discussions, but always face hurdles

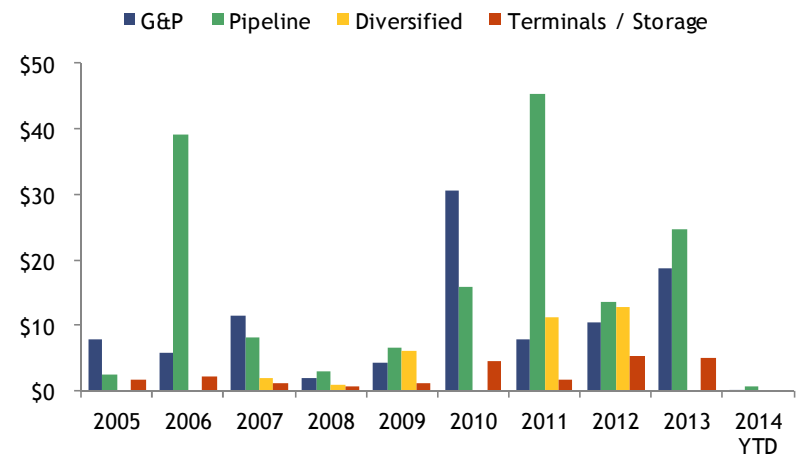
Sector Deal Count(1)



Total Midstream Annual Activity(1)



Sector Transaction Volume(1)



Source: Dealogic, IHS Herold as of 2/23/2014.

(1) Includes corporate and asset transactions. Deals with disclosed value of >\$50 million. Reflects transactions where United States listed as primary country.

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