Value of Large-Scale Midstream Infrastructure

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Piceance Basin Director of Operations, Williams Midstream

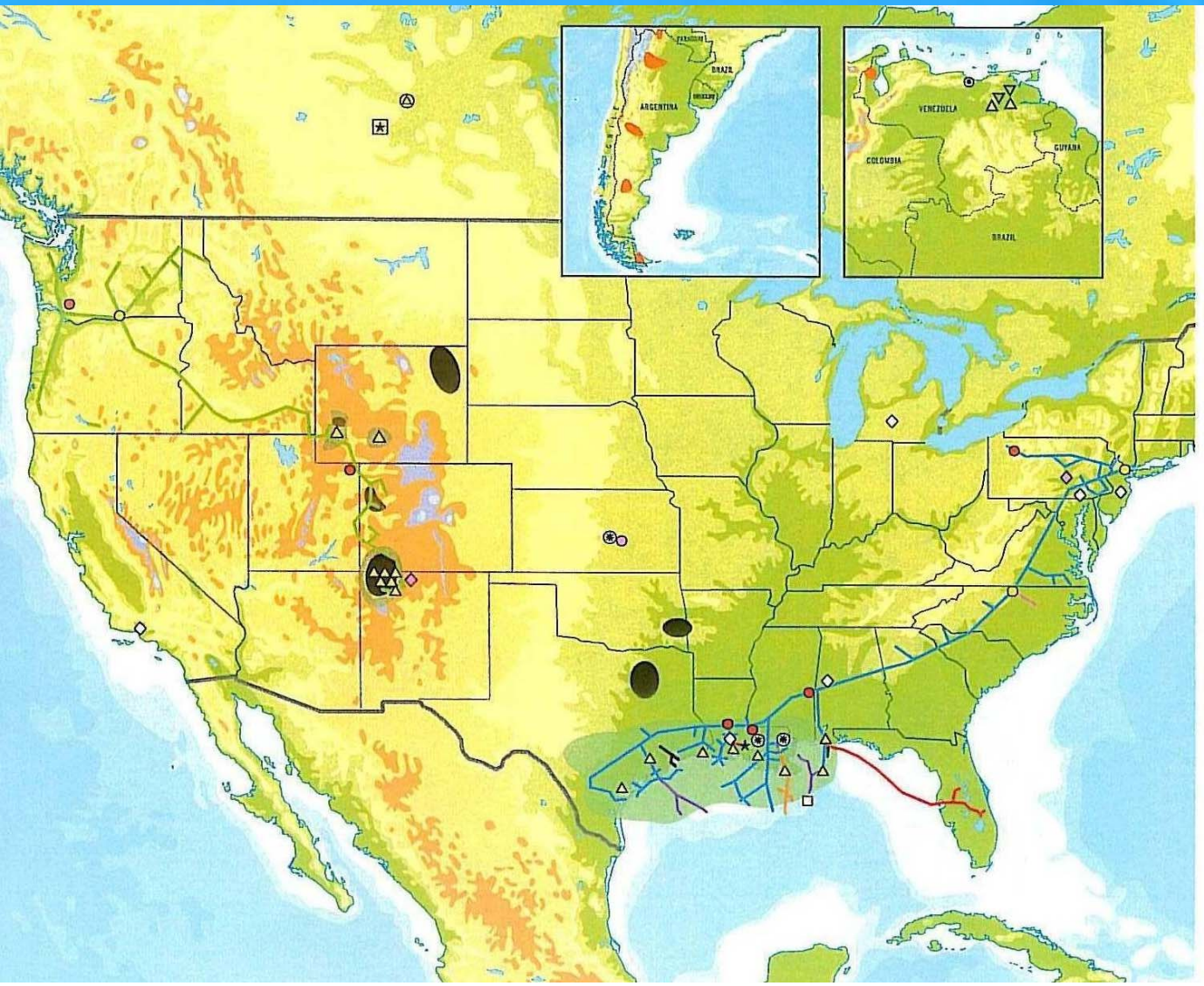
Midstream Gas & Liquids

Reliable. Experienced. Focused.

Williams Overview

- Integrated energy company with a portfolio of natural gas businesses in key growth areas
- Midstream, E&P and interstate pipeline businesses are core
  - Completing expansions on our interstate gas pipelines
  - Adding production from newly drilled natural gas wells
  - Continuing investment in gathering and processing infrastructure

Williams Today – North & South America Assets as of August 2006



Exploration & Production
- Natural gas exploration and production
- Interest in international oil and natural gas exploration and production

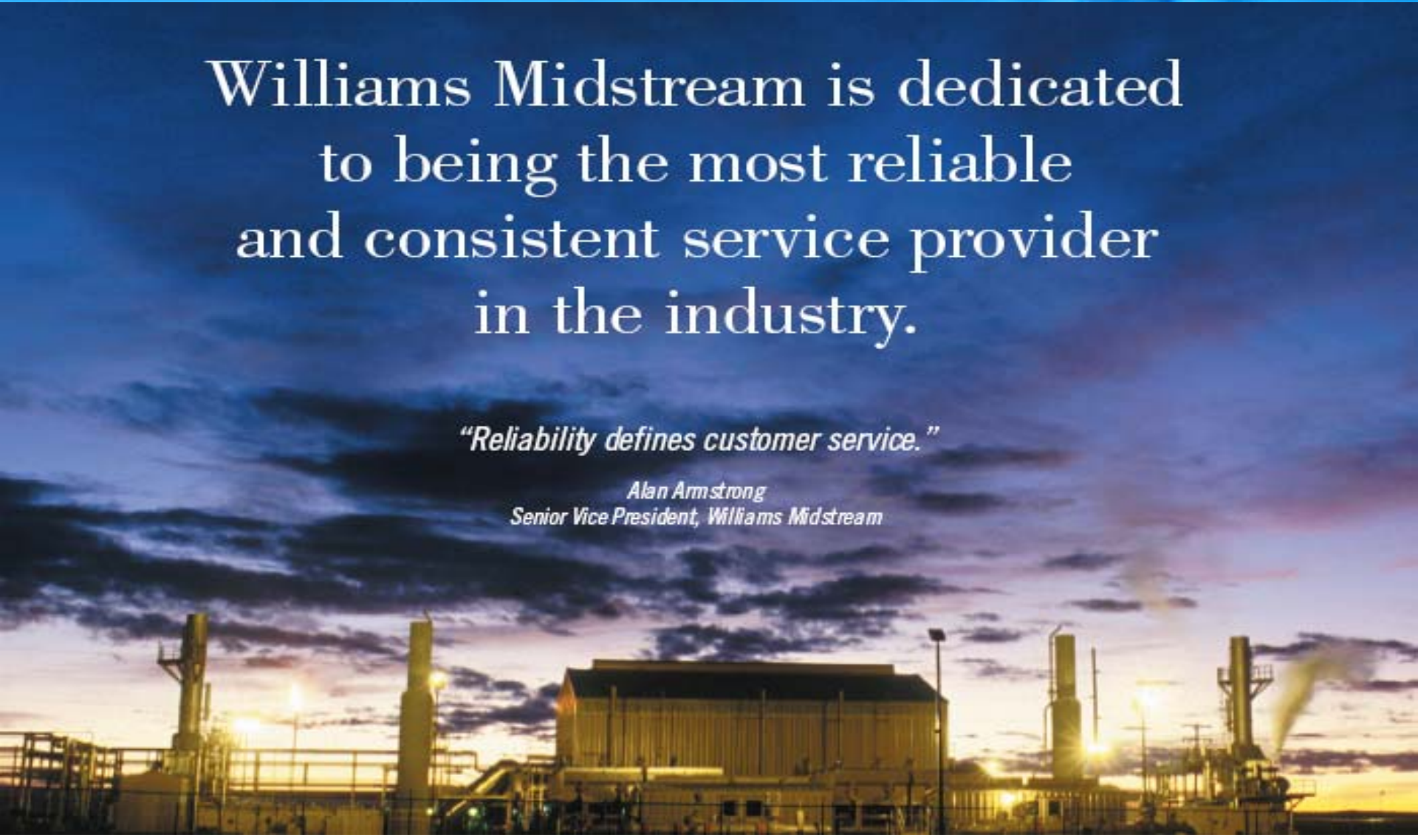
Gathering & Processing
- Fractionator*
- Gas processing and/or treatment plant
- Olefins off-gas plant
- Natural gas gathering
- Olefins plant
- Olefins fractionator
- Devils Tower spar
- Deepwater pipeline
- Discovery Pipeline*
- Black Marlin Pipeline
- Ethane pipeline
- Carbonate Trend
- Gas compression plant
- NGL storage

Natural Gas Transportation & Storage
- Northwest Pipeline
- Transco Pipeline
- Gulfstream Pipeline*
- Cardinal Pipeline*
- LNG storage
- Underground storage

Power
- Tolling facilities
- Owned facilities

**Partially owned by Williams*

Williams Commitment



Focused on Reliability

- Metrics monitored and reported to all employees on monthly basis
- Service reliability measures incorporated into our employees' incentive compensation plan

Reliability Metrics Scorecard *(Year-to-date results, October 2006)*

Assets	% of Reliability
Canadian Olefins	95.18%
Gulf Coast Olefins	99.84%
Conway	99.44%
Four Corners Area	97.90%
Rocky Mountain Area	98.90%
Discovery	99.93%
Eastern Gulf	98.86%
Western Gulf	99.50%
Venezuela (Wilpro)	99.35%
Venezuela (Accroven)	99.10%

"We are aligned with our customers on the importance of providing our services on a safe and reliable basis. We track our performance on how we impact customers' volumes, we discuss that performance with our customers and we expect to improve that performance over time."

Mac Hummel
Vice President, Western Region

Midstream Overview

- Williams – one of the energy industry's largest and most trusted natural gas gatherers and processors
- Primary service areas: Wyoming, San Juan Basin, Gulf of Mexico, Venezuela and Canada
- Our network includes:
  - 18 natural gas processing, treating and/or production handling facilities
  - Combined daily inlet capacity of approximately 6.7 Bcf/d
  - More than 8,000 miles of gas gathering lines with capacity in excess of 7.3 Bcf/d
  - 287,000 bbl/d of natural gas liquids production
  - Fractionating capacity of nearly 300,000 barrels per day (as operators and/or owners)
  - Innovative infrastructure – strategic hubs

Presentation Agenda

- The case for large-scale midstream infrastructure
- Recent developments

The Case for Large-Scale Plants

Environmental Considerations for Large-Scale

> Large-Scale

- Footprint: 25 acres
- Limited land impact
- Pipeline-transported NGLs
- Supportive of common residue gas pipeline corridors
- Better noise mitigation
- Fewer roads and less traffic
- Lower cumulative air emissions

Environmental Considerations for Small-Scale

Rio Blanco roads remain restricted
GRAND JUNCTION DAILY SENTINEL
MARCH 15, 2007

Energy impact costs hard to nail down, county commissioner says
GLENWOOD SPRINGS POST INDEPENDENT
APRIL 6, 2007

Weight limits stay on Rio Blanco roads
GRAND JUNCTION DAILY SENTINEL
MARCH 23, 2007

> Small-Scale

- Footprint: 60 acres
  (4 acres per plant)
- Widespread land impact
- Truck-transported NGLs
- Not supportive of common residue gas pipeline corridors
- Widely-dispersed noise impact
- More roads and traffic

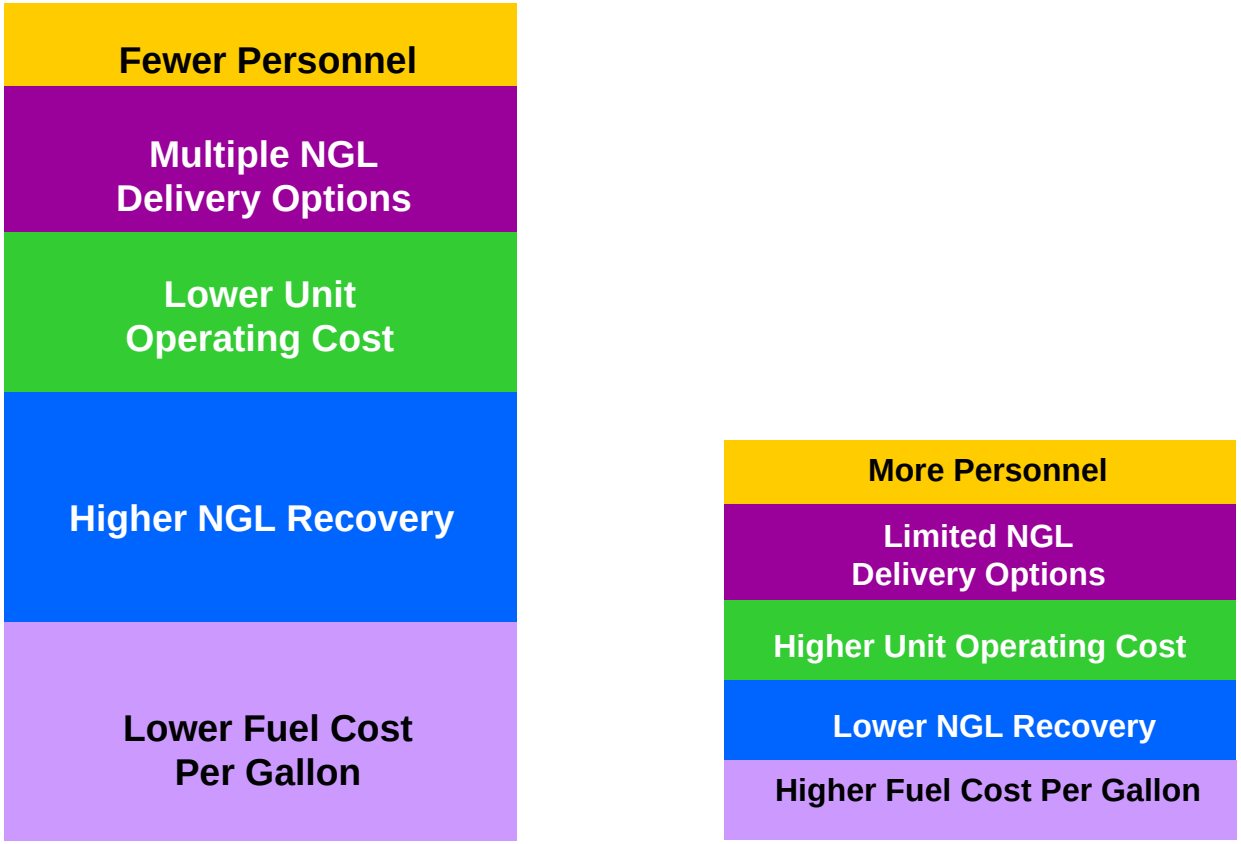
Emissions Comparison

Assumptions:
1 900 mmscfd capacity plant is equal to
15 60 mmscfd capacity plants

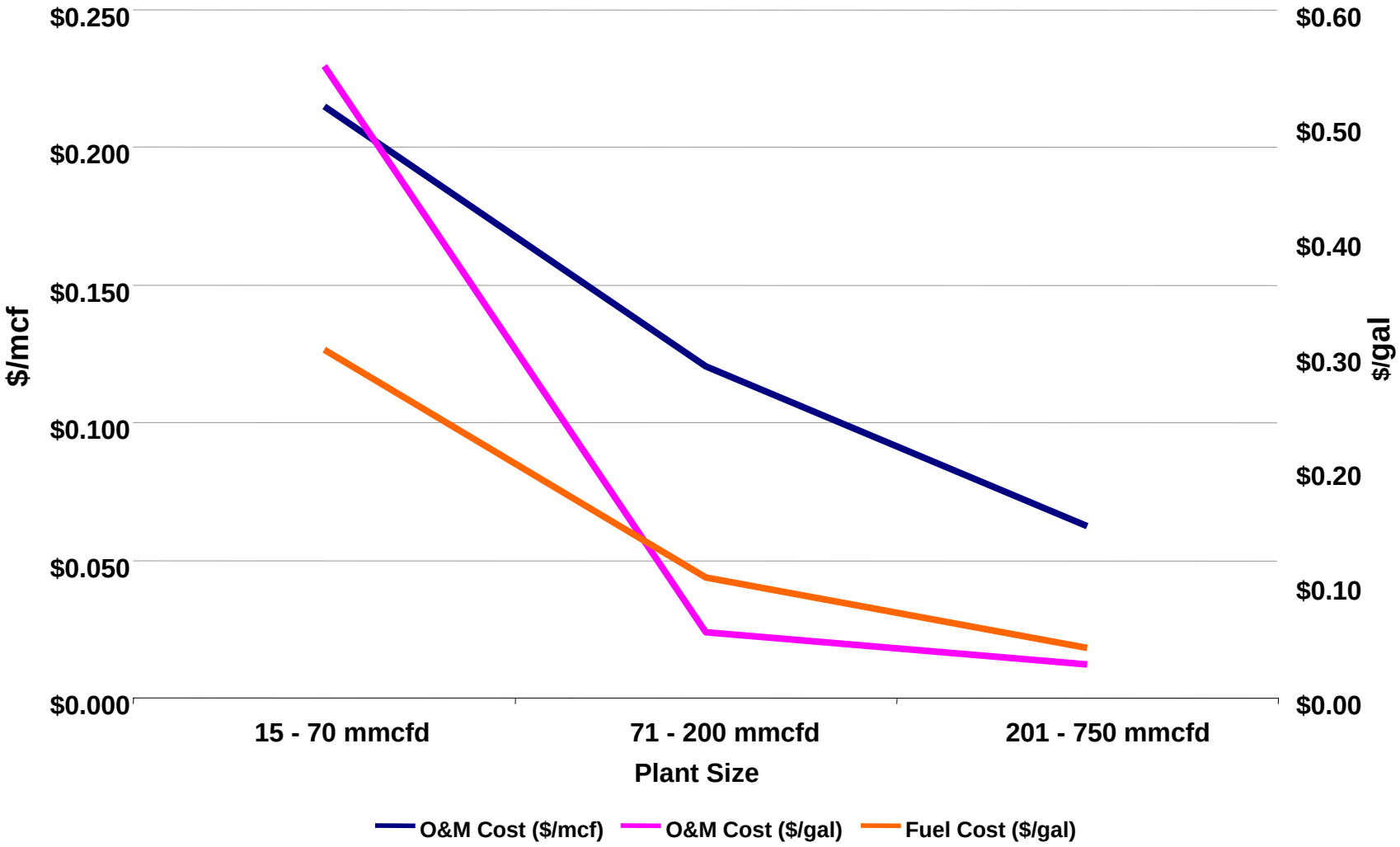
	Nox (TPY)	CO (TPY)	VOC (TPY)
Emissions for one 60 mmscfd Plant	**95**	**95**	**20**
Total Emissions for 15 Plant	**1,425**	**1,425**	**300**
Emissions for 2 450 mmscfd Plants (900 mmscfd total)	**345**	**379**	**120**
Emissions Reduction by using Large - Scale Facilities	**Approximate 1,000**	**Approximate 1,000**	**Approximate 200**

Financial Considerations for Large-Scale

Relative Financial Value



Financial Considerations – Large Scale Per Unit Costs Are Lower



Source: SAIC Midstream Gas Benchmarking Study Feb 2001(O&M $/mcf) and internal Williams estimates

Reliability Considerations for Large-Scale

	Large-Scale	Small-Scale
Redundancy	**Yes**	**No**
Technology	**Typically more sophisticated**	**Typically simpler technology**
Specialized Employees	**Generally yes**	**Generally no**

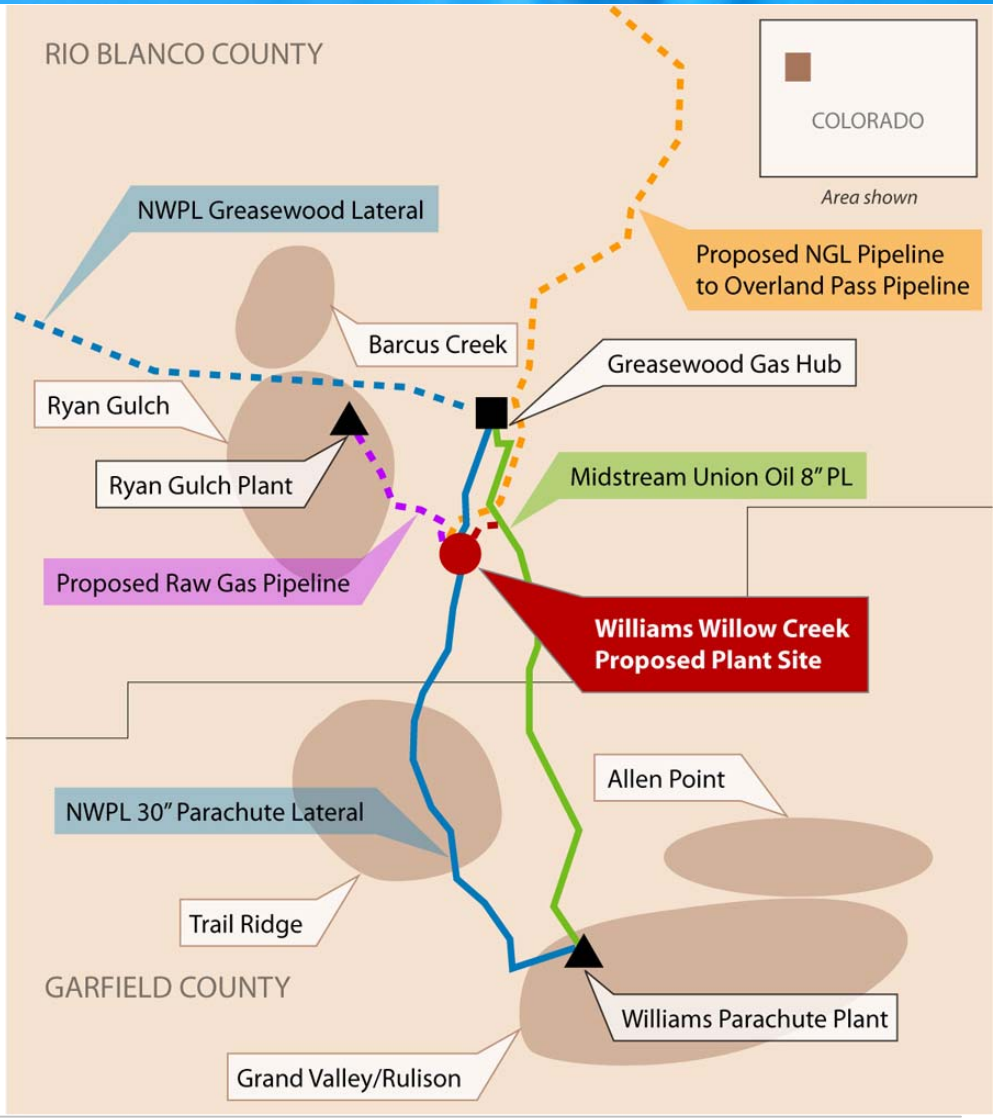
Recent Developments

Overland Pass Pipeline

- Joint venture between Williams and ONEOK, Inc.
- Transport NGLs from southwest WY to Conway, KS
- Provide more market opportunities for Rockies NGLs

Willow Creek Processing Plant

- 450 mmcfd natural gas processing plant
- Boost volume of marketable liquids recovered from production by more than fivefold
- Help ensure production in Piceance Basin has efficient and effective access to markets



Questions & Answers