

HACC/NACC SHIP CONFERENCE

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Overview of the Liquefied Natural Gas Market (LNG)

By

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Agenda

1. Golar LNG Ltd.

2. Market Structure

3. Shipping

4. Commercial Environment and Future trends





Golar LNG Ltd.

- World's largest independent LNG shipowner (10 ships)
- Present in both Atlantic and Pacific basin
- Listed on Oslo stock exchange, will be listed in US within Q1 2002
- Actively Pursuing additional activities in LNG Trading and downstream LNG chain



Golar LNG's Strategy

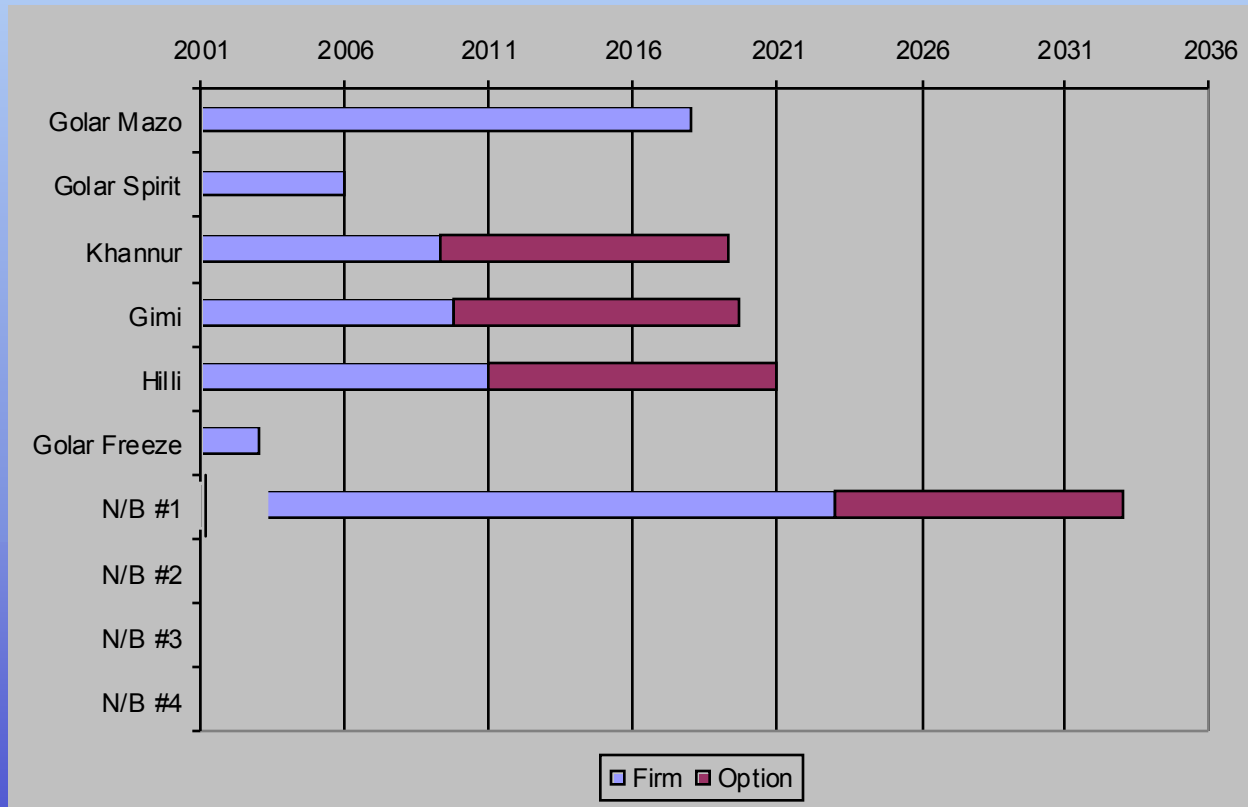
- Be a shipowner that charters out LNG tonnage for various periods to the market in general.
- Be an LNG trader that buys LNG FOB from various sources either alone or with a partner, and sells gas to LNG customers all over the world. As part of the trading activity, Golar will consider investing in other parts of the LNG chain, like liquefaction or regasification capacity.
- Be an LNG development / construction company that invests in or develops new concepts like floating regas or liquefaction units.

Golar LNG Fleet Portfolio

Ship	Ownership	Built	Capacity (m3)	Charterer
Golar Mazo	60 %	2000	138,000	Pertamina
Golar Spirit	100 %	1981	129,013	Pertamina
Khannur	100 %	1977	125,003	British Gas (TC)
Gimi	100 %	1976	124,872	British Gas (TC)
Hilli	100 %	1975	124,890	British Gas (TC)
Golar Freeze	100 %	1977	125,862	British Gas (TC)
N/B #1	100 %	3/2003	138,000	British Gas (TC)
N/B #2	100 %	10/2003	137,000	Open
N/B #3	100 %	3/2004	138,000	Open
N/B #4	100 %	7/2004	137,000	Open
* NGSCO #1	0 %			Abu Dhabi
* NGSCO #2	0 %			Abu Dhabi
* NGSCO #3	0 %			Abu Dhabi
* NGSCO #4	0 %			Abu Dhabi

* Operated by Golar LNG

Fleet Employment



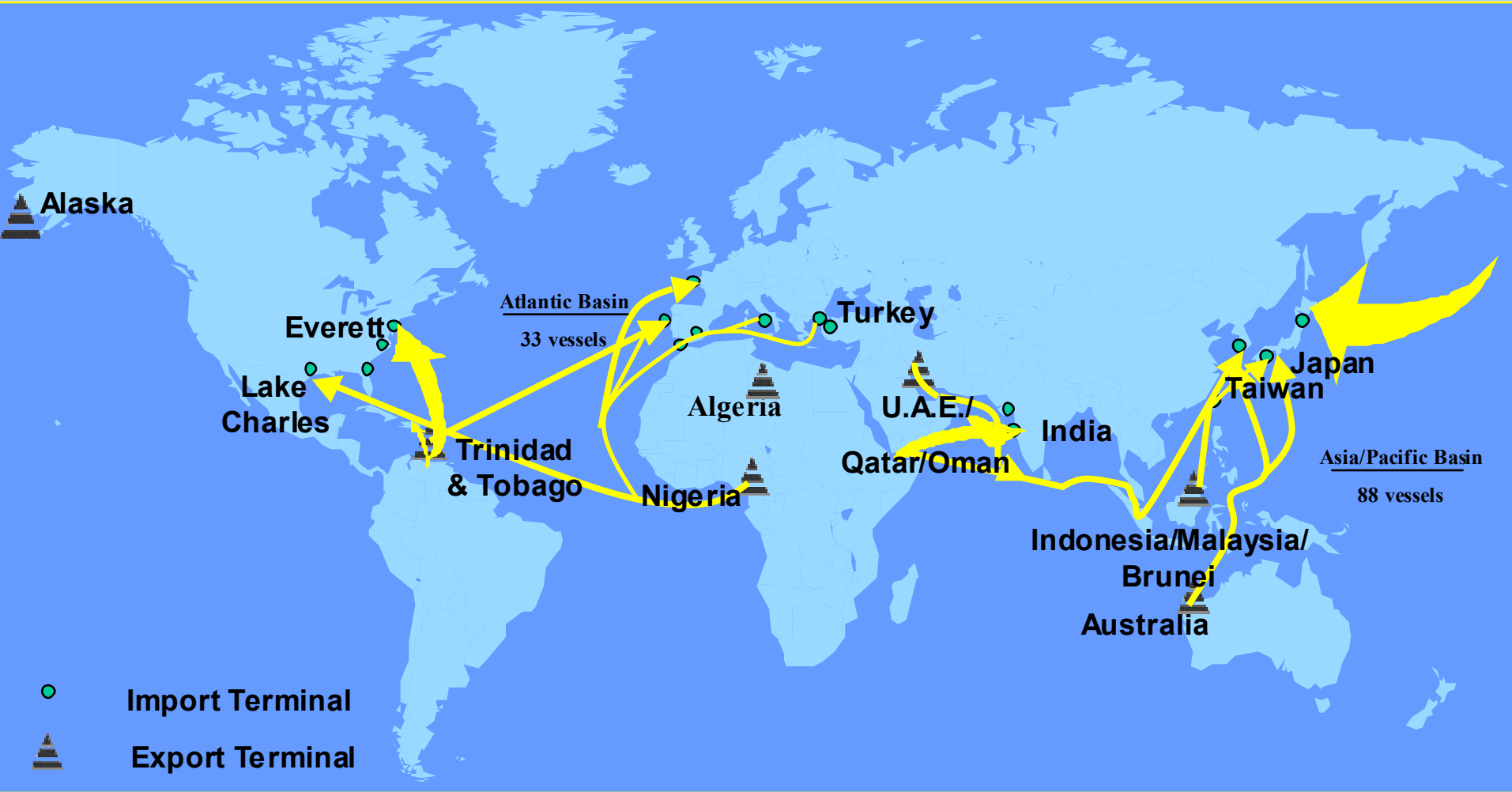
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Global LNG Trade Flows



Global LNG Trade Flows (Long Term)





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Current Developments, January 2002

- Still tight short-term shipping market, few or no ships available for 1st half of 2002
- Several majors looking for short-term shipping capacity from 2003 onwards (2-4 years)
- Nigeria LNG Plus project- decision planned for end February 2002, 8.5 Mtons, 4 ships owned, 4 ships chartered
- Rasgas II, 4.5 Mtons, 6 ships, Decision February/March 2002
- Qatargas, Train 4, 4.5 Mtons, 4 ships, decision mid 2002
- Egypt, Union Fenosa, decisions made, start-up end 2004
- BG/Edison project, 2 –3 ships, decision mid/end 2002
- Snøhvit, 6 Mtons, 3-4 ships, decision February 2002

Ships needed up to 2006

Project	Start up	Capacity (mmta)	Required Vsls.	Covered
Trinidad 2-3	2002	6,4	7	Yes
Nigeria 3	2002	3,0	3	Yes
Egypt	2004	7,3	5	2
Malaysia	2004	7,2	6	Yes
RasGas/Edison	2004	4,4	4	No
NWS 4	2004	4,2	4	Yes
Ptronet	2004	5,0	2	Yes
Nigeria 4 -5	2005	7,8	8	No
Snohvit	2005	4,3	4	3
China Gandong	2005	3,0	2	No
Oman Expansion 3	2005	4,0	4	No
Yemen	2005	5,0	3	No
Angola	2006	4,0	2	No
Venezuela	2006	4,0	3	No
Tangguh	2006	3,0	3	No
Sakhalin	2006	4,5	2	No
Total		77,1	62	

Current fleet = 127 ships
Firm Ships on Order = 50
Fleet size available in 2006 = 177
BUT
Total Vessels required to Capacity in 2006 = 189

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Trends for the Future

Traditional Approach

- Restricted Volume Flexibility for Buyer
- Destination restrictions eliminate cargo diversions
- Long-term Take or Pay commitments underpin project development
- Developers need full capacity commitment

Recent trends

- Seasonal loading to protect downstream marketer/end user against weather related effects
- Flexible cargo destinations allow buyer to manage volume risks and possible share in upside
- Short term/spot contracts allow mitigation against Long term ToP and business environment uncertainty
- Partial Offtake Commitments now common amongst project developers and traditional end-users moving backwards along the traditional supply chain

The Competitiveness of LNG

Indicative Costs

<u>Operation</u>	<u>USD/MMBtu</u>
Feed Gas	0.30 - 0.60
Liquefaction Infrastructure	0.50 - 1.00
Transportation	0.30 - 1.30
<u>Terminal</u>	<u>0.20 - 0.40</u>
<u>Total</u>	<u>1.30 - 3.30</u>

Variation of +/- \$1000/Day/TC (Nigeria - Lake Charles) = \$0.01/MMBtu



Development of LNG Spot Market ?

- It has already happened in the Atlantic basin

Evidence :

- 50 % of US cargoes in 2000 were spot sales.
- 8 % of total LNG sold in 2000 were spot sales.
- Distrigaz has re-routed LNG to US and substituted with European gas.
- Total Fina Elf has re-routed cargoes originally for the US to European destinations
- The plan of major LNG players based on increased spot trading.



Golar LNG Ltd.



HHI Mark III Technigaz Membrane
Delivery : October 2004
Total Capacity : 140,000sm³