KINDER MORGAN

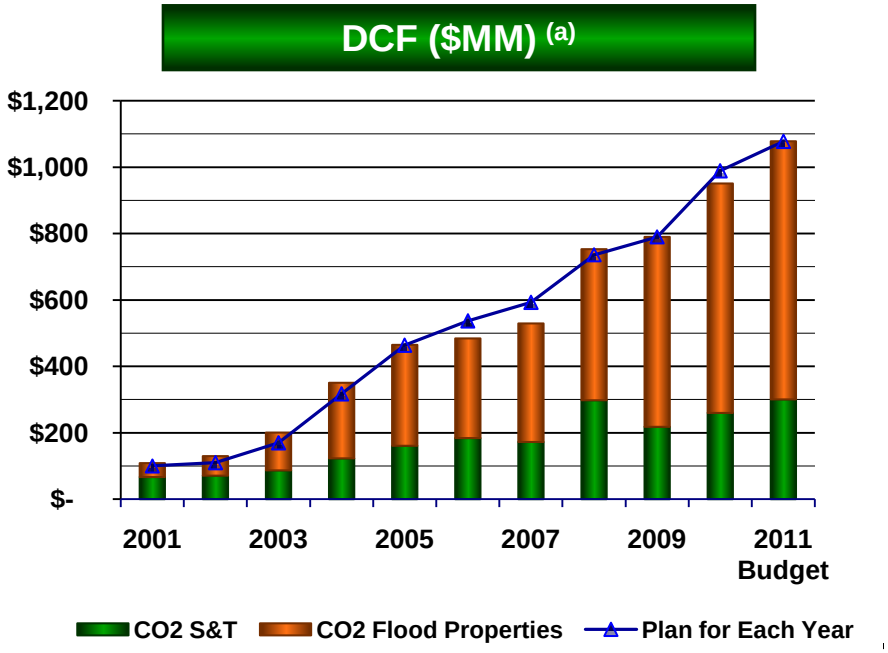
CO_2

Tim Bradley

President CO_2 Group

History of CO_2 Group and Looking Forward

- **Shell CO_2 formed in 1998, KM share 20%**
- **Acquired remaining 80% in April 2000**
- **Acquired SACROC interests June 2000**
- **Acquired Yates interests in 2001 and 2003**
- **Ramped up developments at SACROC 2003+**
  - Constructed Centerline pipeline in 2003
  - Constructed power plant in 2005
  - Increased oil production 3X+
- **Acquired Wink pipeline in 2004**
- **Acquired Claytonville and Katz interests 2005-06**
- **Increased SW Colorado CO_2 capacity 30% 2008**
- **Commenced injection at Katz CO_2 project in 2010**



Our assets, resources and technologies provide us with growth opportunities

- Continued developments at SACROC and Yates
- Katz field development and Eastern Shelf region opportunities
- Continued growth in CO_2 demand

(a) CO_2 Sales and Transportation includes YOGS, CO_2 sales profit on own use has not been eliminated

2010 Performance Recap – Missed Plan

Within 98% of plan operationally, price hurt

2010 DCF of $951MM vs. $989MM plan [a]

SACROC [b] — **Outperformed**

- $478MM vs. $471MM plan
- Oil: 29,222 Bbl/d vs. 29,800 Bbl/d
- NGLs: 15,921 Bbl/d vs. 16,673 Bbl/d
- Volume and price hurt, offset by cost reductions

CO_2 Source and Transportation — **Underperformed**

- $260MM vs. $273MM plan
- Volumes on plan, price hurt

Yates — **Underperformed**

- $213MM vs. $245MM plan
- 24,046 Bbl/d vs. 26,150 Bbl/d
- Volume and price hurt, costs helped

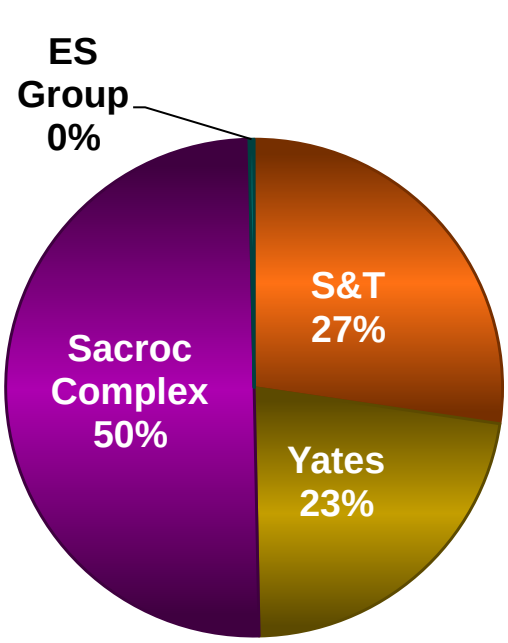
Capex — **Outperformed**

- $365MM actual vs. plan $415MM
- Activation pace slower than budgeted

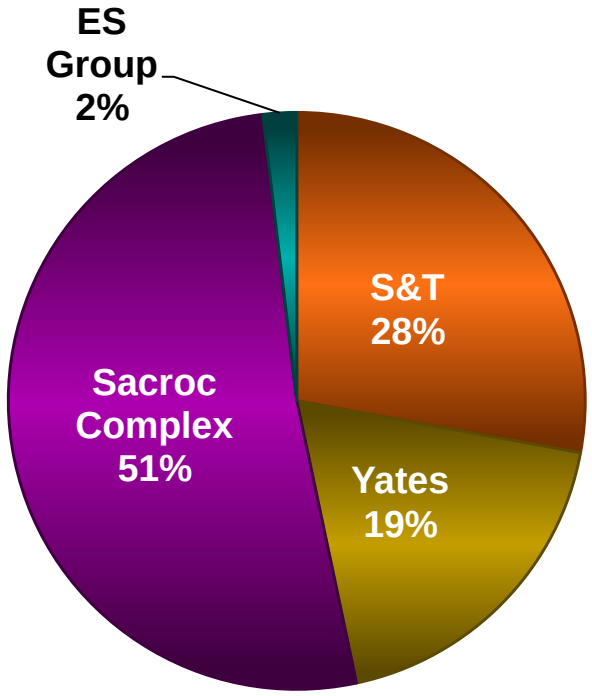
(a) Distributable Cash Flow; segment results shown without elimination.
(b) Including SACROC Services and remaining oil and gas assets

2010 and 2011 DCF by Asset Group [a]

2010: $951MM

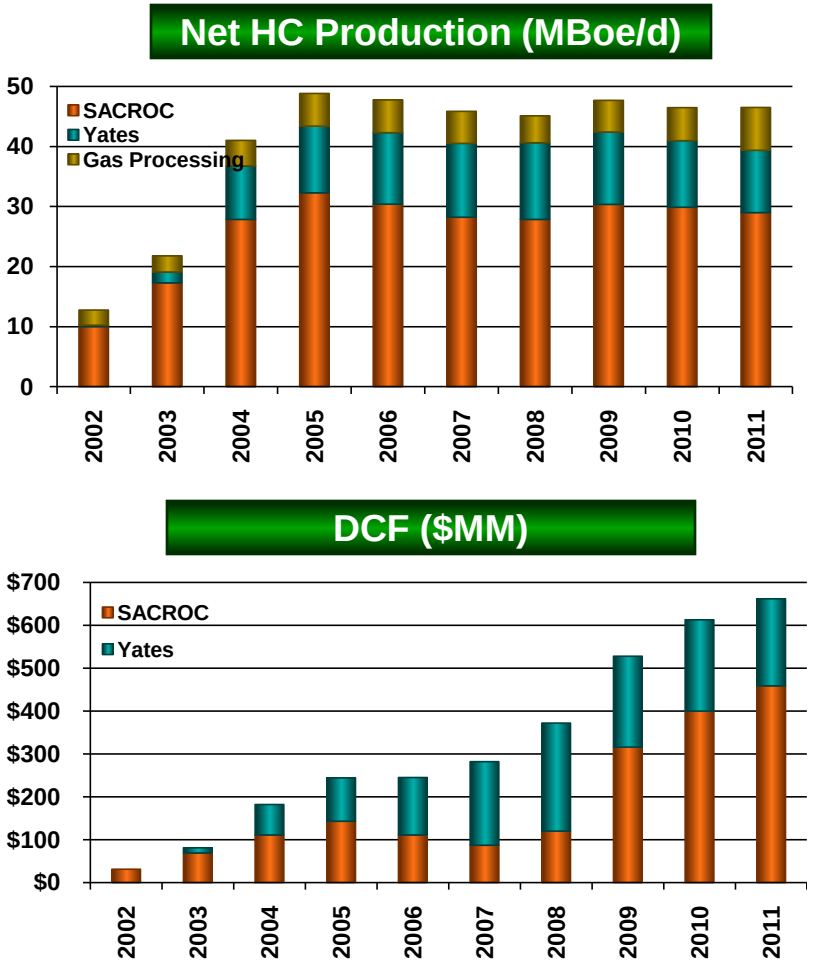


2011: $1,078MM



(a) Segments shown without elimination

Oil and Gas Segment: Production and DCF



Original Oil in Place (billion Bbls)

- SACROC 2.8
- Yates 5.0
- Katz 0.23

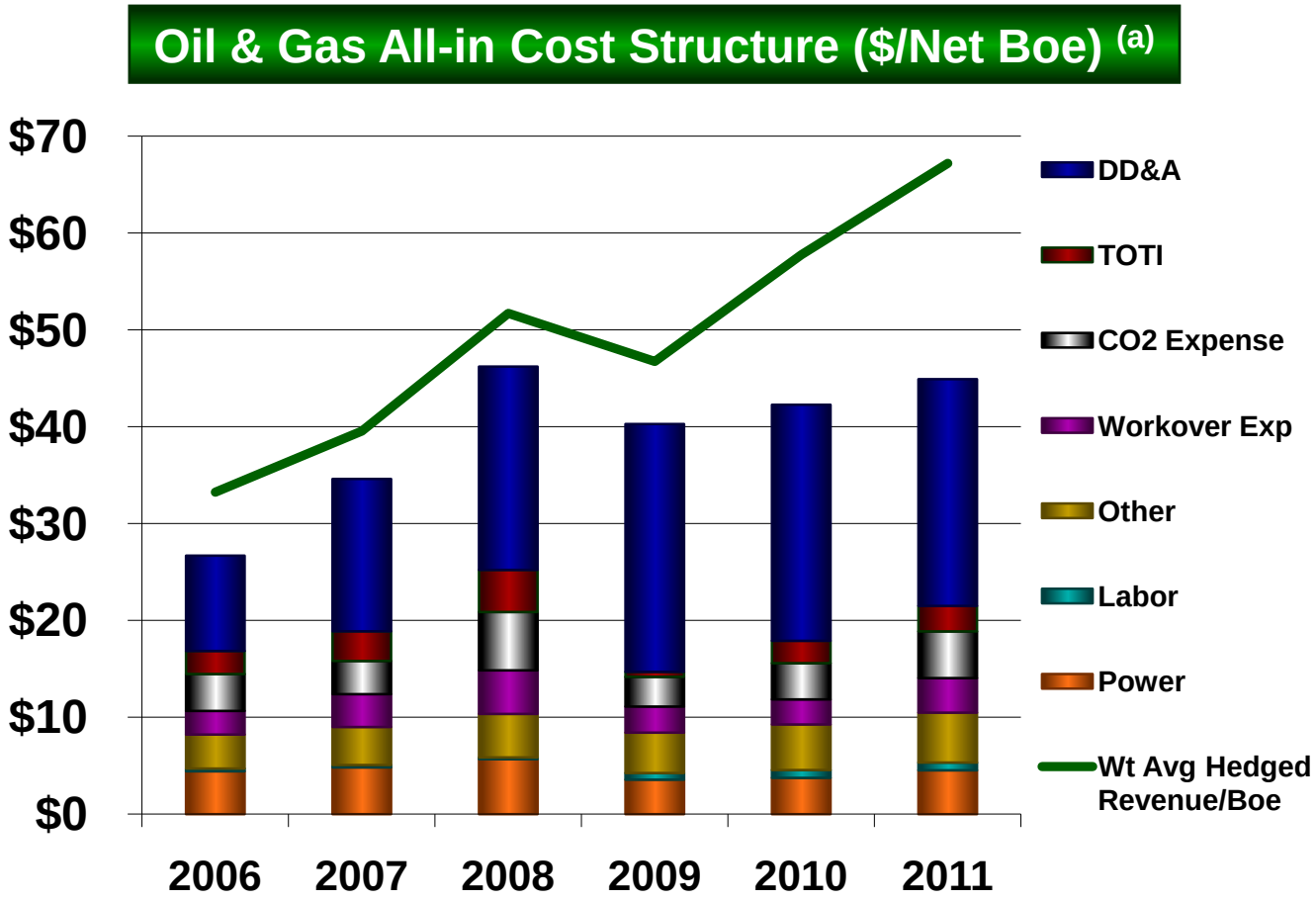
Gross Production (Bbl/d)	2010	2011
SACROC oil	29,222	29,374
SGP NGLs	15,921	17,001
Yates	24,046	22,500
Katz	284	1,451

DCF ($MM)	2010	2011
SACROC Unit-only	$400	$459
Yates	$213	$203
Katz	$1	$17

Notes: Yates DCF does not include contribution from MKM
Boe: Oil and NGL =1:1, Residue gas sales = 6:1
Gas Processing includes net Boe attributable to our plant interests and processing agreements but excluded from reserve report

All-in Cost Structure – Oil & Gas

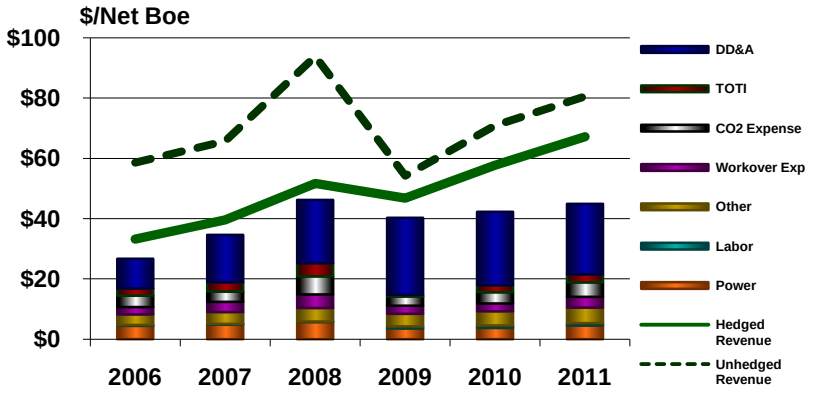
Including Gas Processing Operations



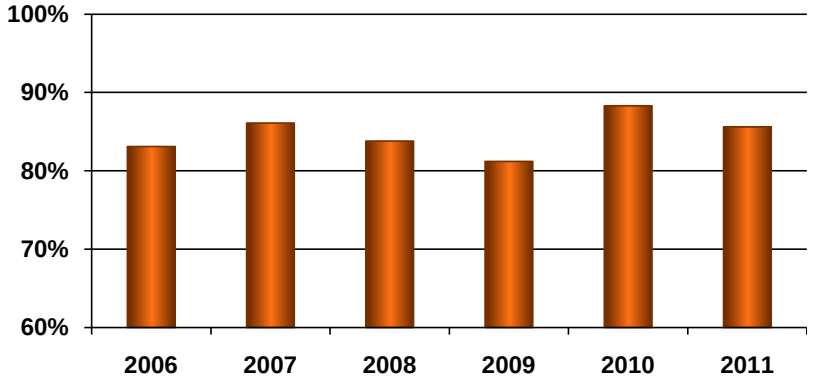
(a) Costs and Revenue per net Boe, including hedges; includes acquisition and all development costs

Basis for Hedging Policy

Oil & Gas All-in Cost Structure (a)



Operating Margin as % of Unhedged Oil Revenue



O&G cost structure has strong correlation to energy prices

- Power is tied to gas prices
- High activity levels have increased staffing and other service costs
- Wellwork and rig contracts now being tied to oil prices
- Purchased CO_2 and TOTI (b) are strongly correlated to oil prices

Operating margins (including gas processing activities) have averaged ~85% of our unhedged oil prices

- We target 85% of plan-year production to be hedged
- Gas / oil and NGL / oil price ratios cause some fluctuations

Capital development costs also have a strong correlation to oil prices

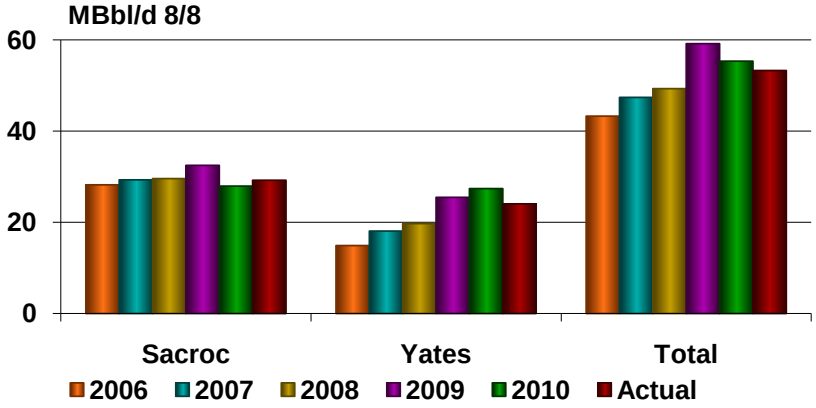
- We consider PUD volumes in placing hedges in out years, but consider no more than 50% of those volumes and generally much less

(a) Costs and Revenue per net Boe, including hedges where applicable; includes acquisition and all development costs
(b) Taxes other than income taxes

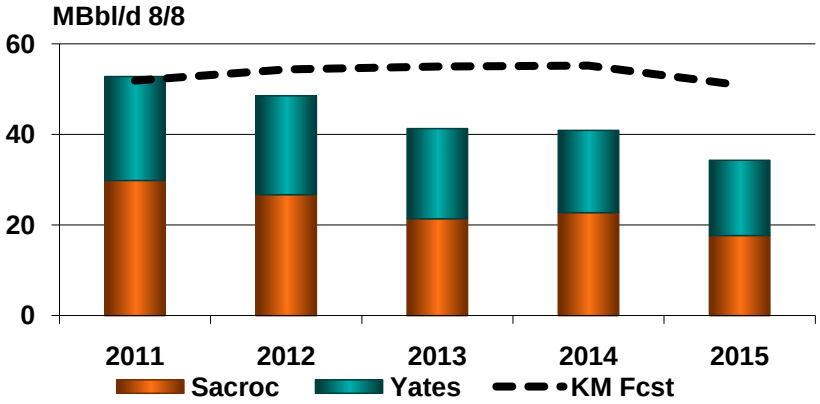
Oil and Gas Segment Production Forecasts

Production expectations tend to grow over time

Evolution of Forecasted 2010 Production [(a)] over Time



Proved Reserves Production Forecast [(a)]



Despite oil price volatility, we have replaced our production with new proved reserves for the past 3 years

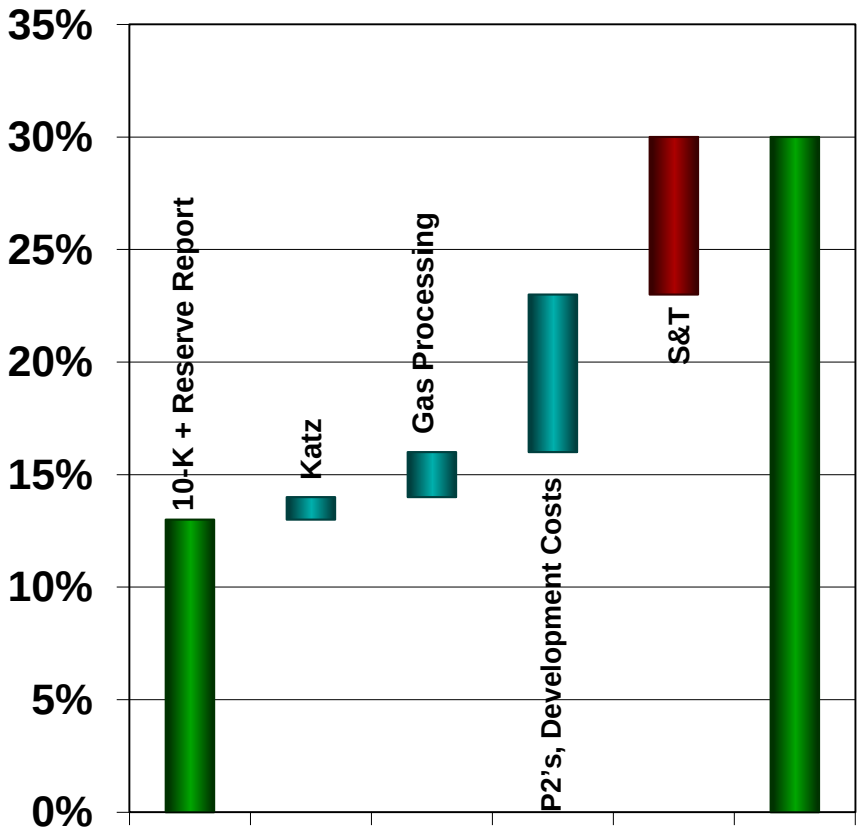
We expect production to exceed our reserve report over the long-term

- Higher recoveries and additional targets added to inventory at SACROC
- Addition of Katz project

Current challenge: slow the decline

(a) 2007+ Forecasts based on independent consultant NSAI Reserve Report. Excludes minor properties

Oil & Gas, and Business Unit IRR



All-in O&G IRR (2000-2020) ~23%

- Required disclosures in 10-K plus proved reserves cash flows: 13%
  - With unhedged prices, IRR would have been 40%
- Adding in Katz and Gas Processing excluded from disclosures increases IRR to 16%
- Adding in reserves discounted to P2 by NSAI, and using planned development costs increases return to 23%

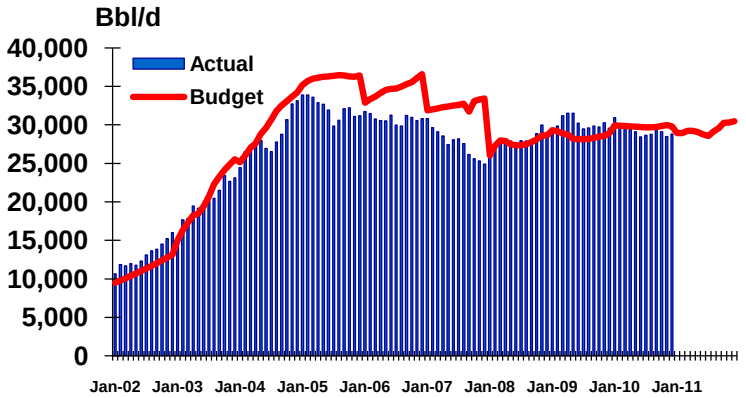
Total Business IRR = 30%

- Includes S&T assuming volumes remain flat, valued at market prices

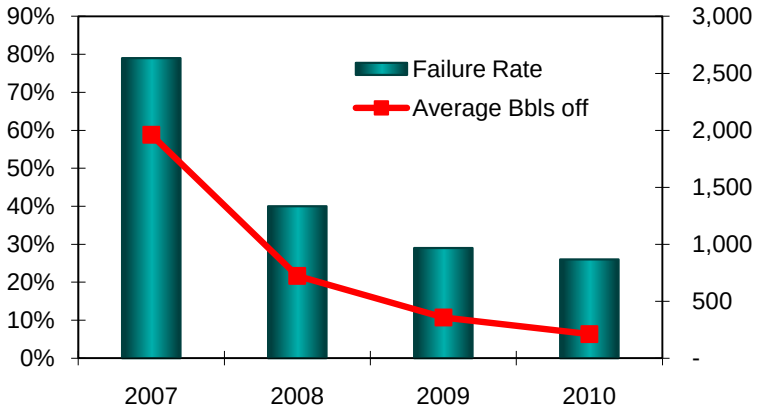
Note: Segments shown without elimination

SACROC Production & Operations Highlights

Oil Production 2001-2010



Sub-pump Improvements



2010 – Review

Oil production 2% below plan

- Platform conformance issues
- Injection rates higher than expected – curtailed pattern activations from 42 to 34
- Field gas production continues to increase
- Sub-pump performance continued to improve
- Compressor run-time improved from 94.7% to 95.5%

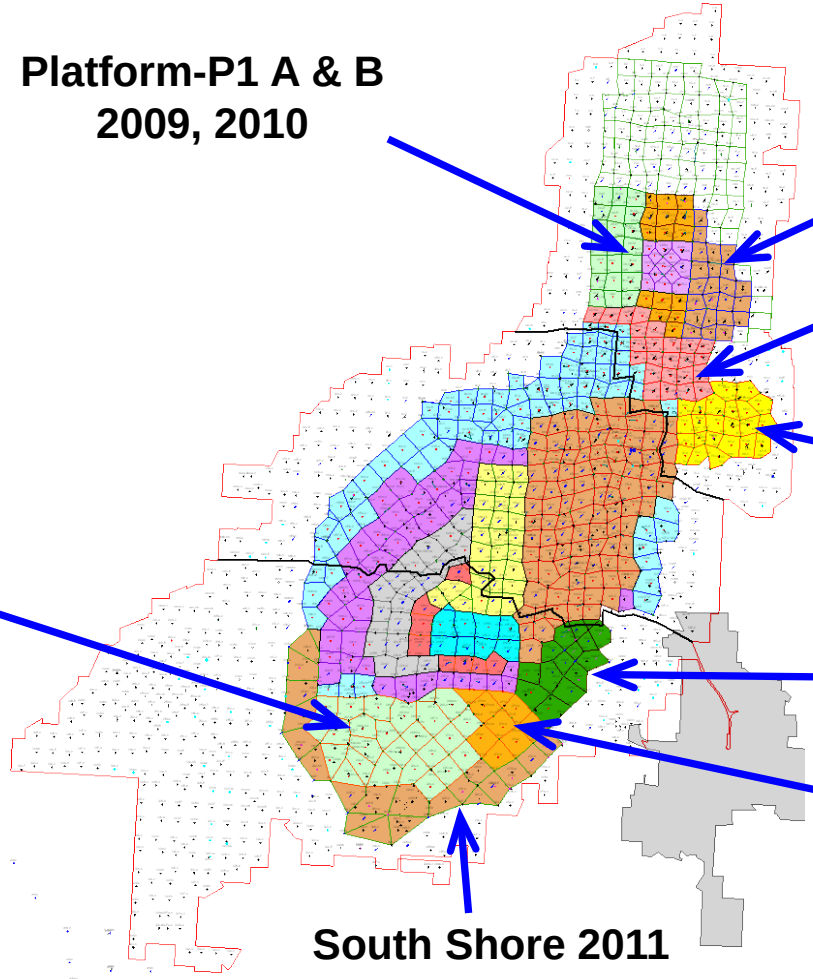
Costs below plan

- Opex/sustaining capex: $12MM
- Expansion capex: $35MM
- Lower rig costs due to lower failure rate
- Lower activity level due to pattern selections

2011 - Focus

- Costs, vendors beginning to push increases
- Add patterns at the right pace, manage gas volumes
- Continue to increase compressor run-time
- Continue Conformance improvement projects

SACROC Expansion Projects



Platform-P1 A & B
2009, 2010

Platform-P2
2011, 2012

South Platform
2008

Gilligan's Island
2008

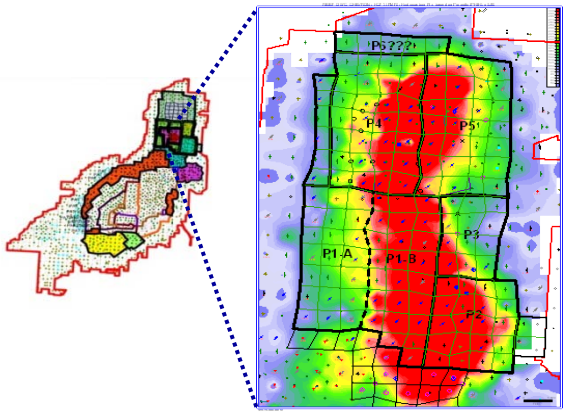
Southwest
Center Line 2007

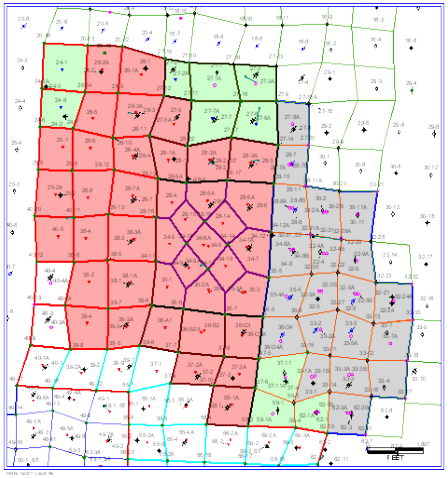
Chiquita 2010, 2011

Southwest Center
Line (Stage 3) 2008

South Shore 2011

SACROC Development Activities and Plans



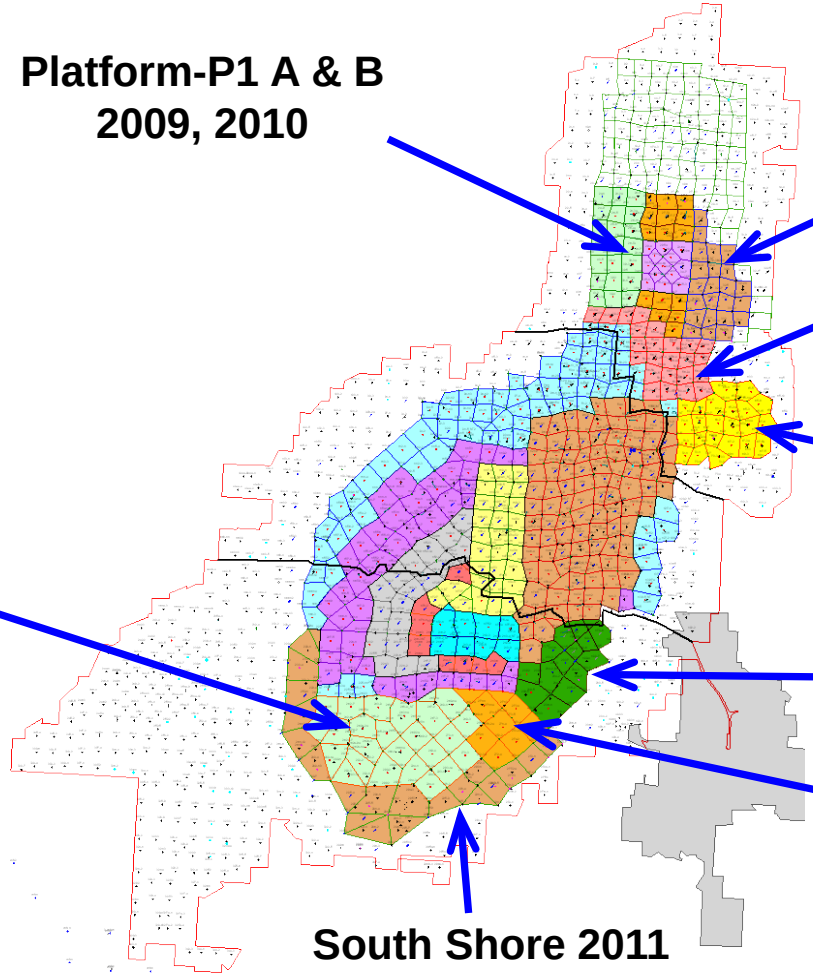


2009 / 2010

2011

- **2010 Budget – 42 Patterns**
  - Complete 3 patterns in GI
  - Activate 29 P1 patterns
  - Activate 10 of 14 Chiquita patterns
- **2010 Actual – 34 patterns**
  - Activated 2 GI patterns
  - Activated 24 P1 patterns
  - Activated 8 Chiquita patterns
- **2011 Plan – 35 patterns**
  - Finish P1 (7) and Chiquita (6) – 13 patterns
  - Develop South Shore – 19 patterns
  - Develop P2 – 3 patterns
  - P2 patterns have greater conformance risk

SACROC Recent Expansion Projects Look-back



Platform-P1 A & B
2009, 2010

Platform-P2
2011, 2012

South Platform
2008

Gilligan's Island
2008

Southwest
Center Line 2007

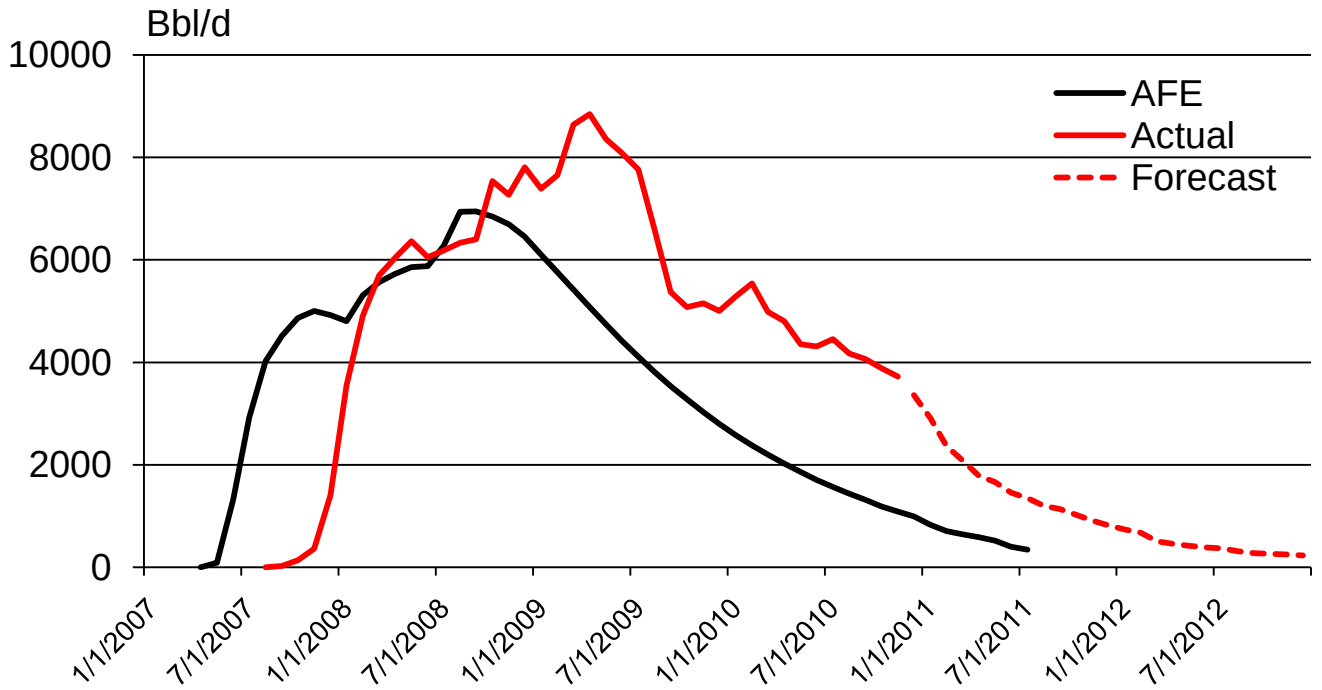
Chiquita 2010, 2011

Southwest Center
Line (Stage 3) 2008

South Shore 2011

SACROC Unit Look-back:

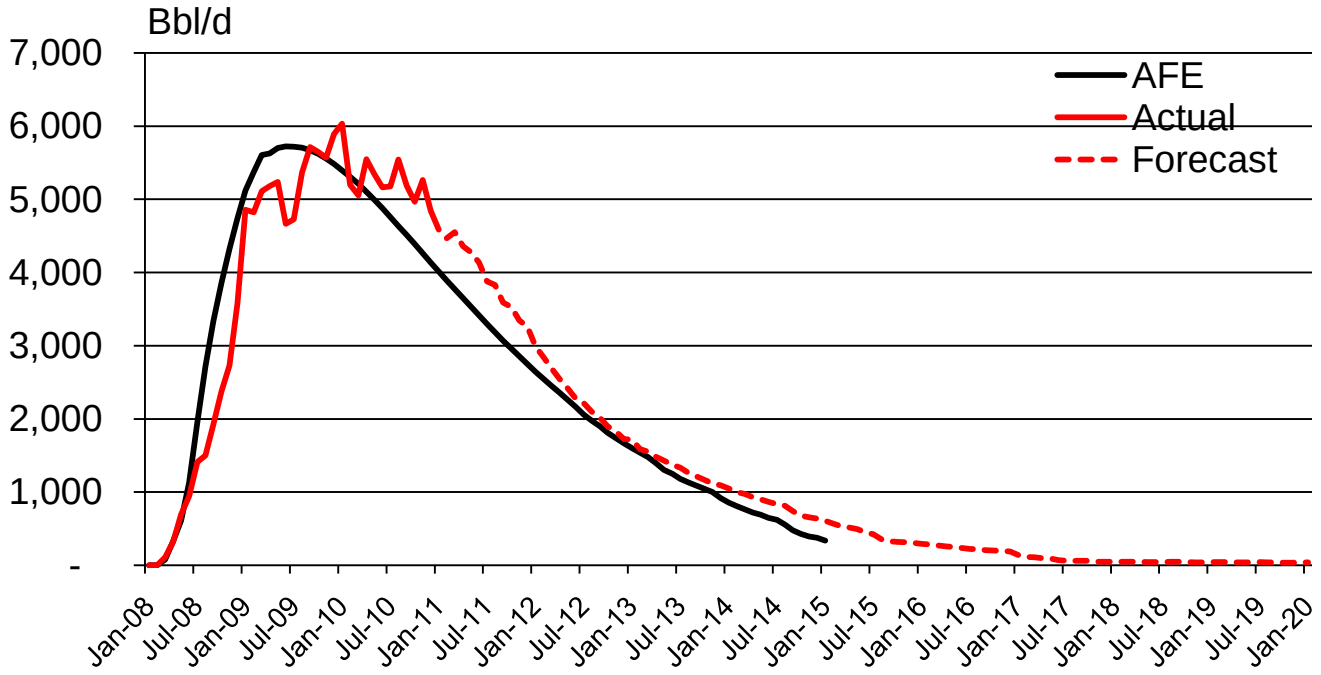
Southwest Centerline Project



	Capex ($MM)	Reserves (MMBoe)	Wt. Avg Price ($/Bbl)	IRR %
AFE	101	5.2	$63.24	106.8
Actual / Forecast	89	7.8	$77.92	>107
Actual / Fcst Hedged	89	7.8	$53.45	29.0

SACROC Unit Look-back:

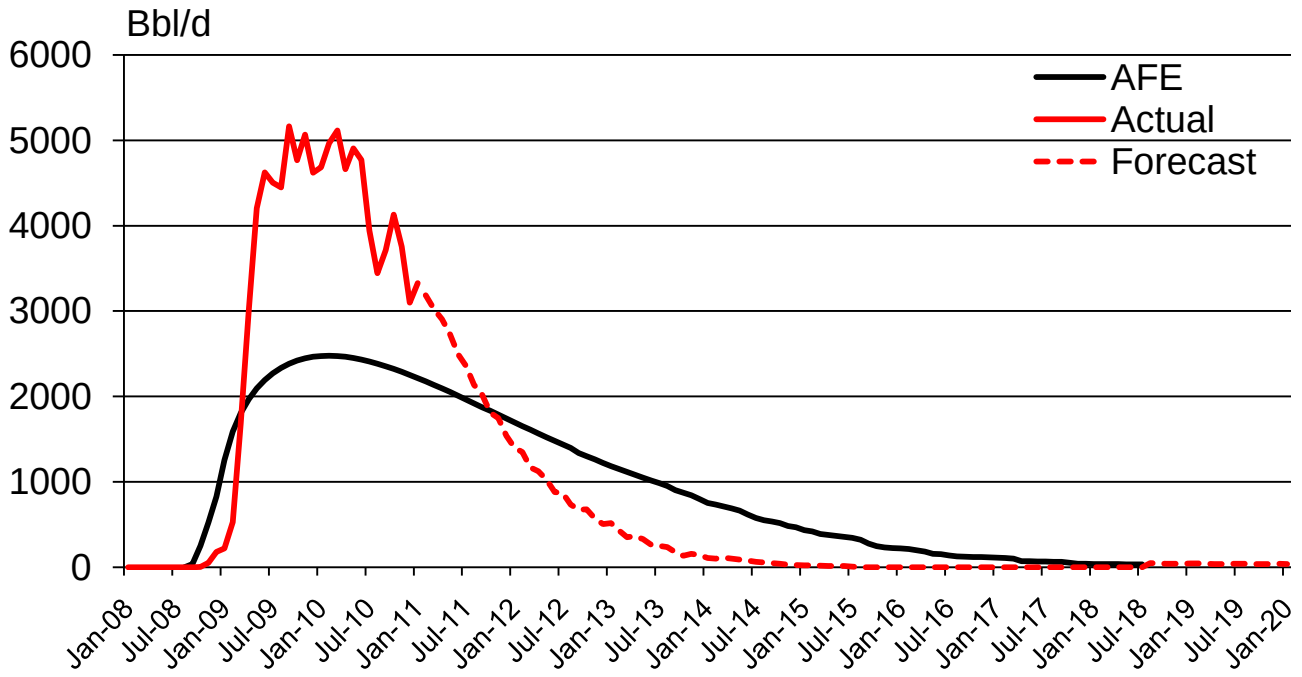
South Platform Project



	Capex ($MM)	Reserves (MMBoe)	Wt. Avg Price ($/Bbl)	IRR %
AFE	**91.0**	**7.0**	**$68.93**	**64**
Actual / Forecast	**83.2**	**8.6**	**$75.59**	**84**
Actual / Fcst Hedged	**83.2**	**8.6**	**$66.41**	**57**

SACROC Unit Look-back:

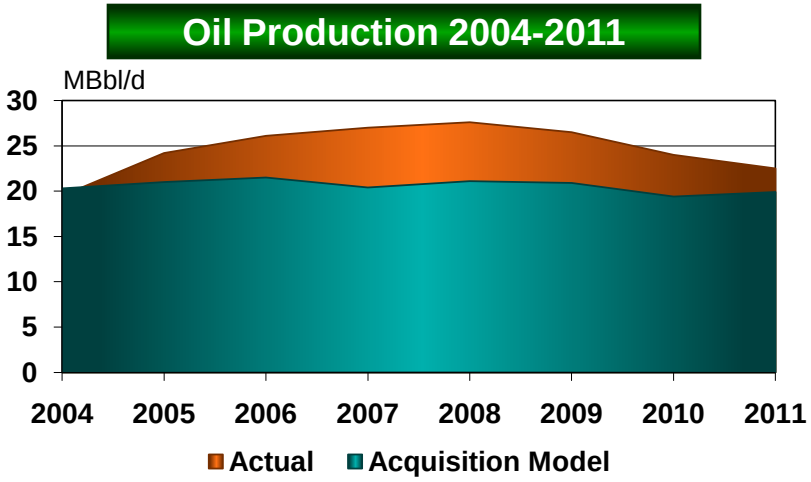
Gilligan's Island Project

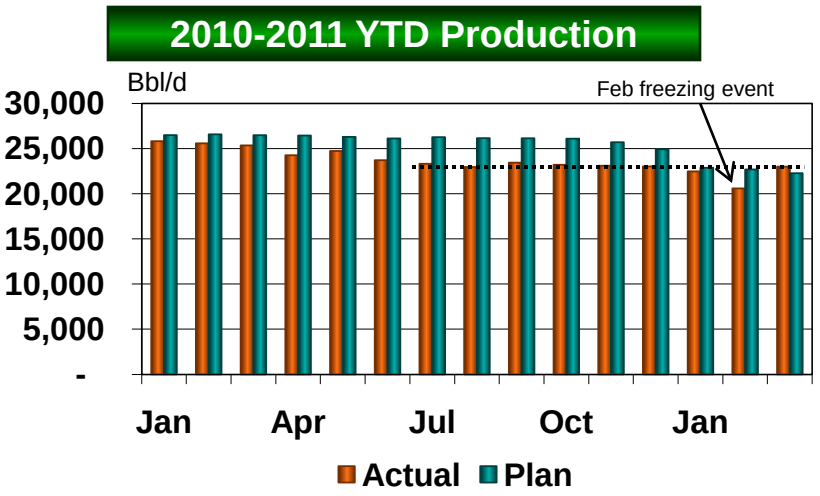


	Capex ($MM)	Reserves (MMBoe)	Wt. Avg Price ($/Bbl)	IRR %
AFE	86.6	3.6	$78.77	29
Actual / Forecast	77.7	4.9	$76.81	73
Actual / Fcst Hedged	77.7	4.9	$62.38	44

Yates Production

Behind plan in 2010, but well ahead of 2003 acquisition model





Yates oil production missed plan in 2010

- Oil column thinned to <20' in February; from 2004-2010 we have harvested oil column by thinning it ~10 feet
- Returned to more stable column thickness in 2nd half of year
- HDH drilling success improved in second half

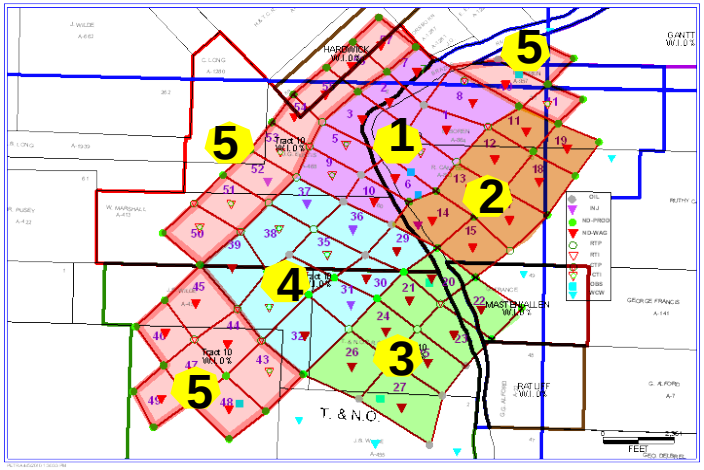
Strategies to add long-term reserves include:

- Increasing pressure to increase CO_2 solubility: this will increase swelling and reduce oil viscosity
- Continue west-side in-fill drilling program
- Continue testing surfactants for oil trapped below producing water level

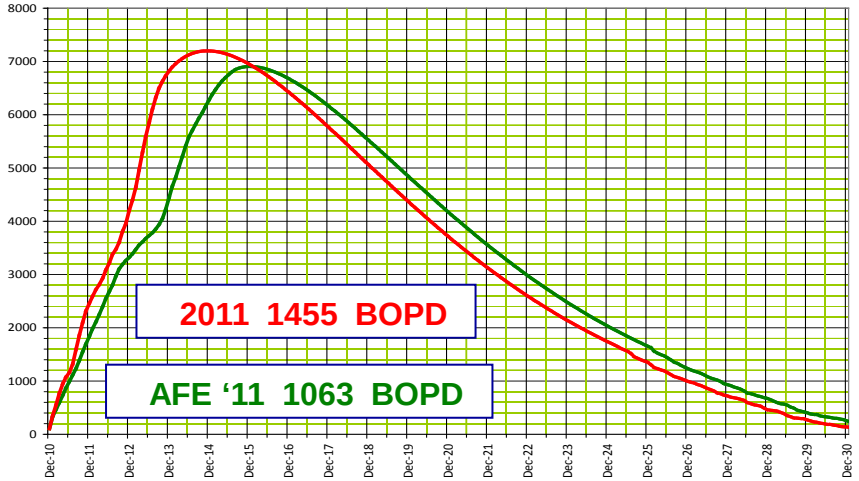
Katz CO_2 Project

Costs have exceeded Original Plan, but so have prices

Project Element	AFE ($MM)	Current View ($MM)
Pipeline	$36.5	$39.2
Field Facilities	41.8	58.1
Wellwork / Drilling	103.1	129.0
Misc AFEs	1.1	$2.3
Project Total	$182.6	$228.6

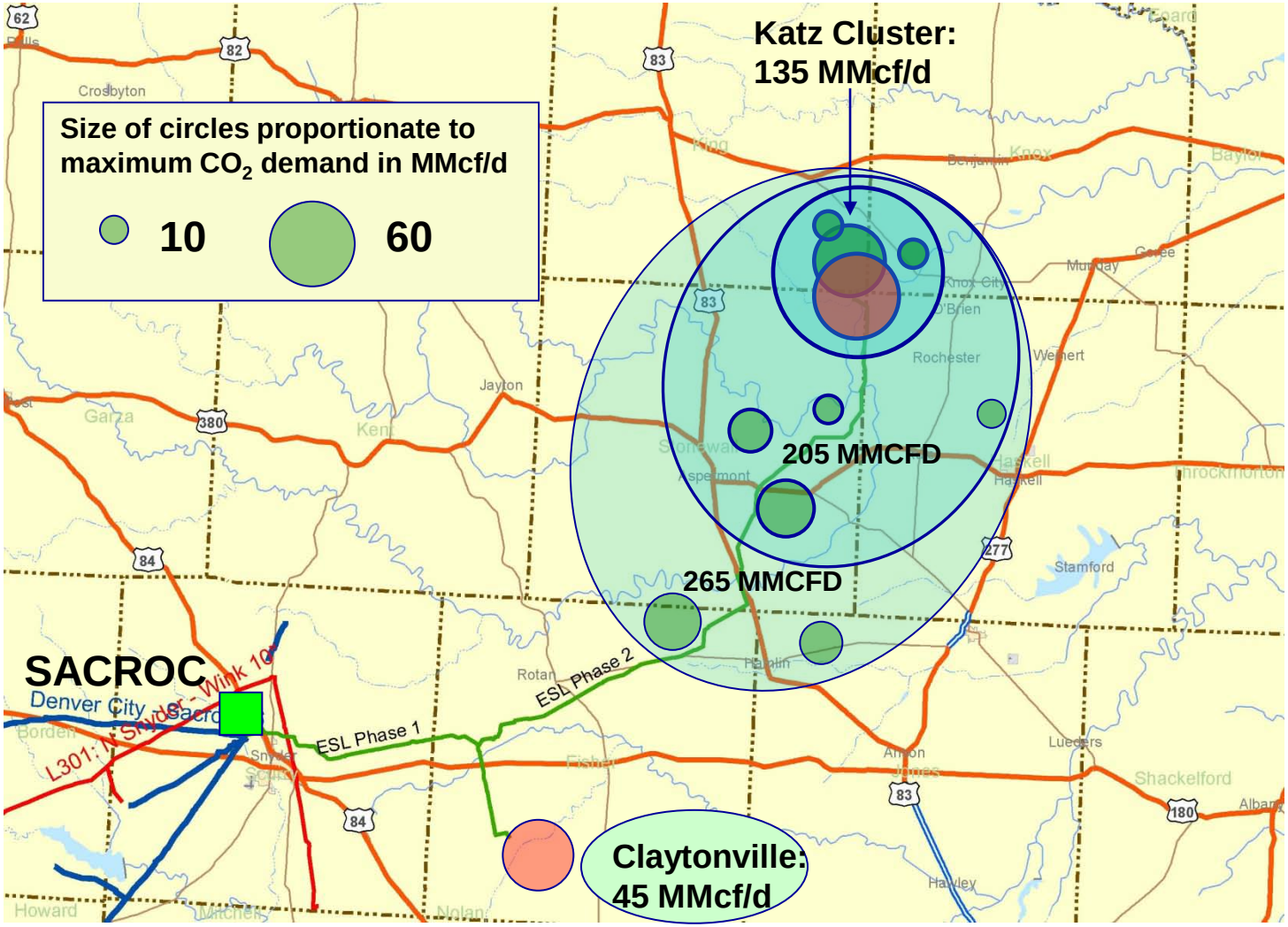


Economic Recap	AFE	$80 WTI
Capex ($MM)	$182.6	$228.6
IRR%	22.7	24.8
NPV15 ($MM)	$62.4	$87.2
Payout (yrs)	7.1	7.1
F&D Cost $/Bbl (oil field)	$5.69	$7.73
Avg Oil Price ($/Bbl)	$55.33	$80.00



Prospective Eastern Shelf Floods

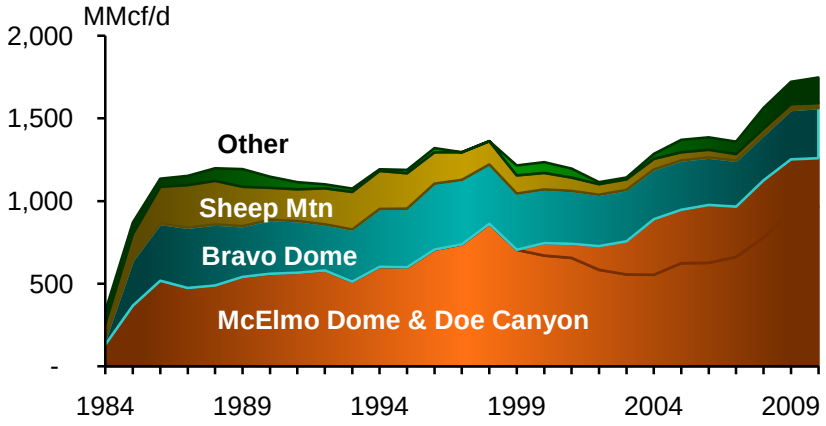
Offer S&T Opportunities



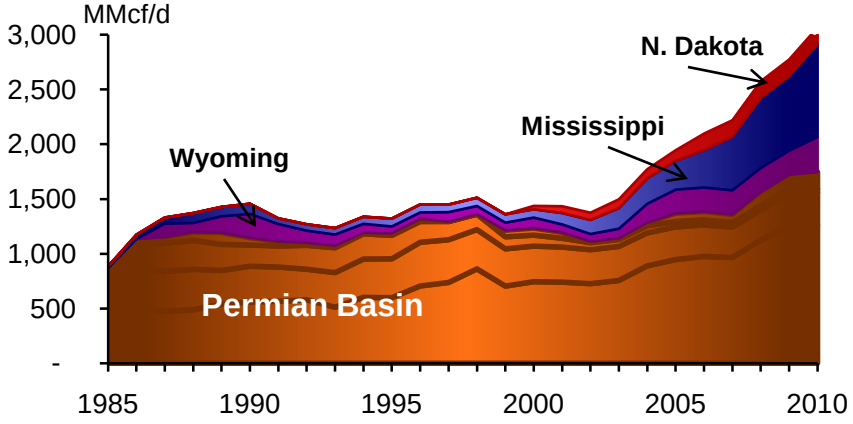
CO_2 Source & Transportation

Growing Business Opportunities

Permian Basin CO_2 Deliveries



Domestic CO_2 Deliveries



Permian Basin

- 2011 supplies are being pro-rated
- Permian Basin demand is growing via new projects and extensions of existing projects

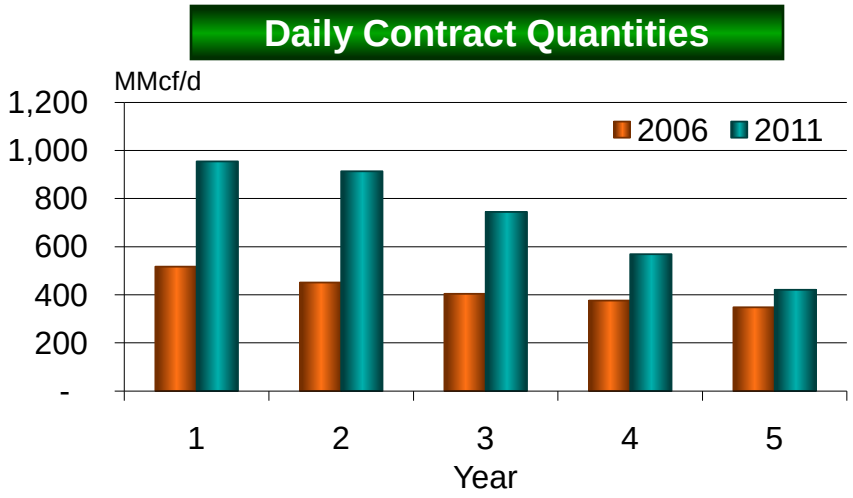
Domestic EOR

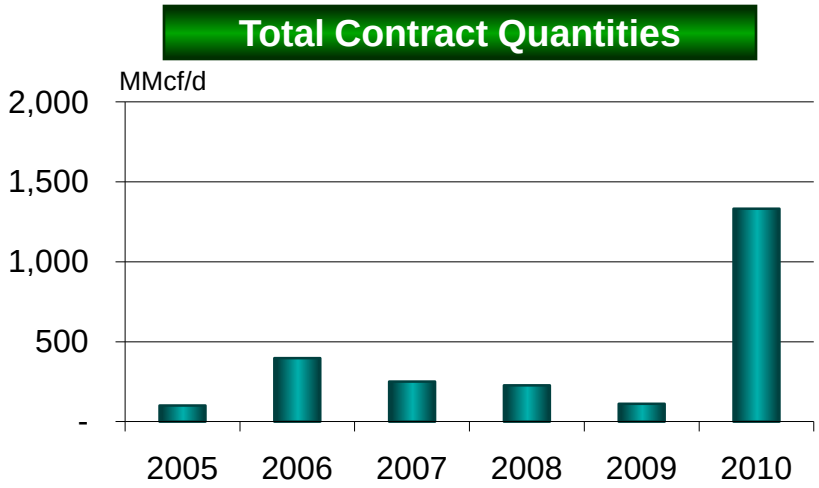
- Industry CO_2 EOR activity is increasing
- Naturally occurring sources are being expanded to ultimate capacity
- Several regions have potential
  - Gulf Coast, California, Mid-continent, Canada

Sources: KM estimates, Oil and Gas Journal, EIA, XOM, Dakota Gasification, DRI

Demand Growth and Regeneration

5-year Contracted Volumes





High oil prices have increased long-term demand for CO_2

Contracts typically provide for deliveries at customer EOR project, however

- Some customers have only transportation agreements
- Some customers take CO_2 at Denver City hub

Total contract quantities signed in 2005-2010 represents 2 times our entitled production during that period

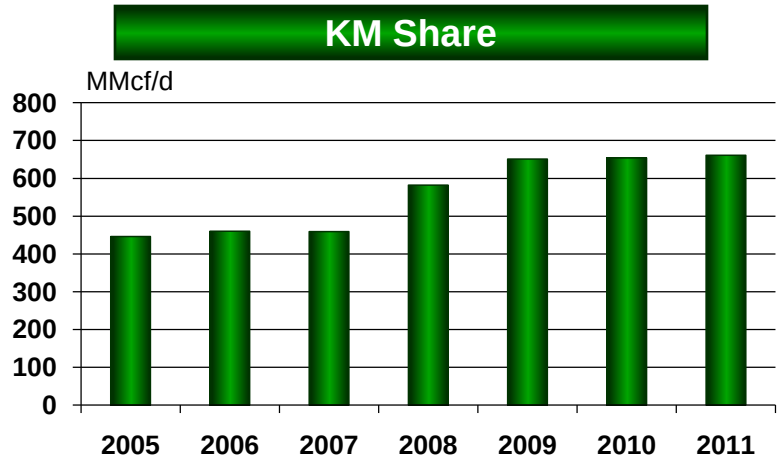
- Weighted average contract life with 3rd parties is 5.3 years

High CO_2 demand has improved contract terms

- Higher floor prices
- Increased upside
- Higher take-or-pay requirements

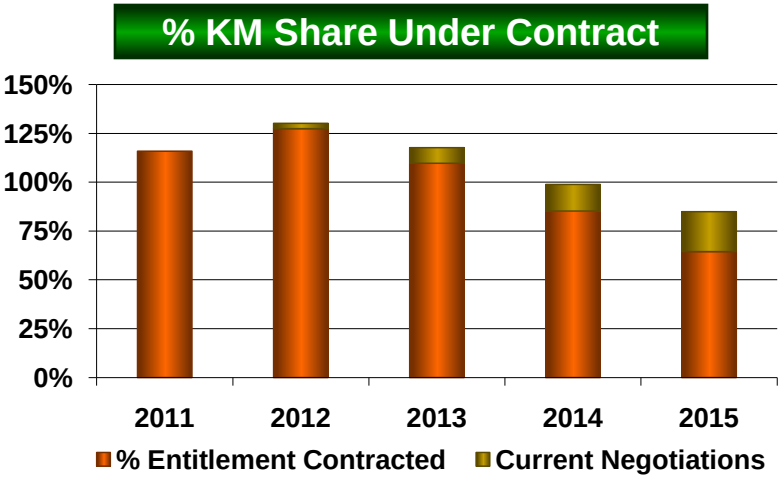
CO_2 Volumes

Produced and Sold to our Customers



Significant growth since 2005:

- CAGR: volumes +7.2%, price +15%
- 2011 vs 2010: volumes flat, price +31%

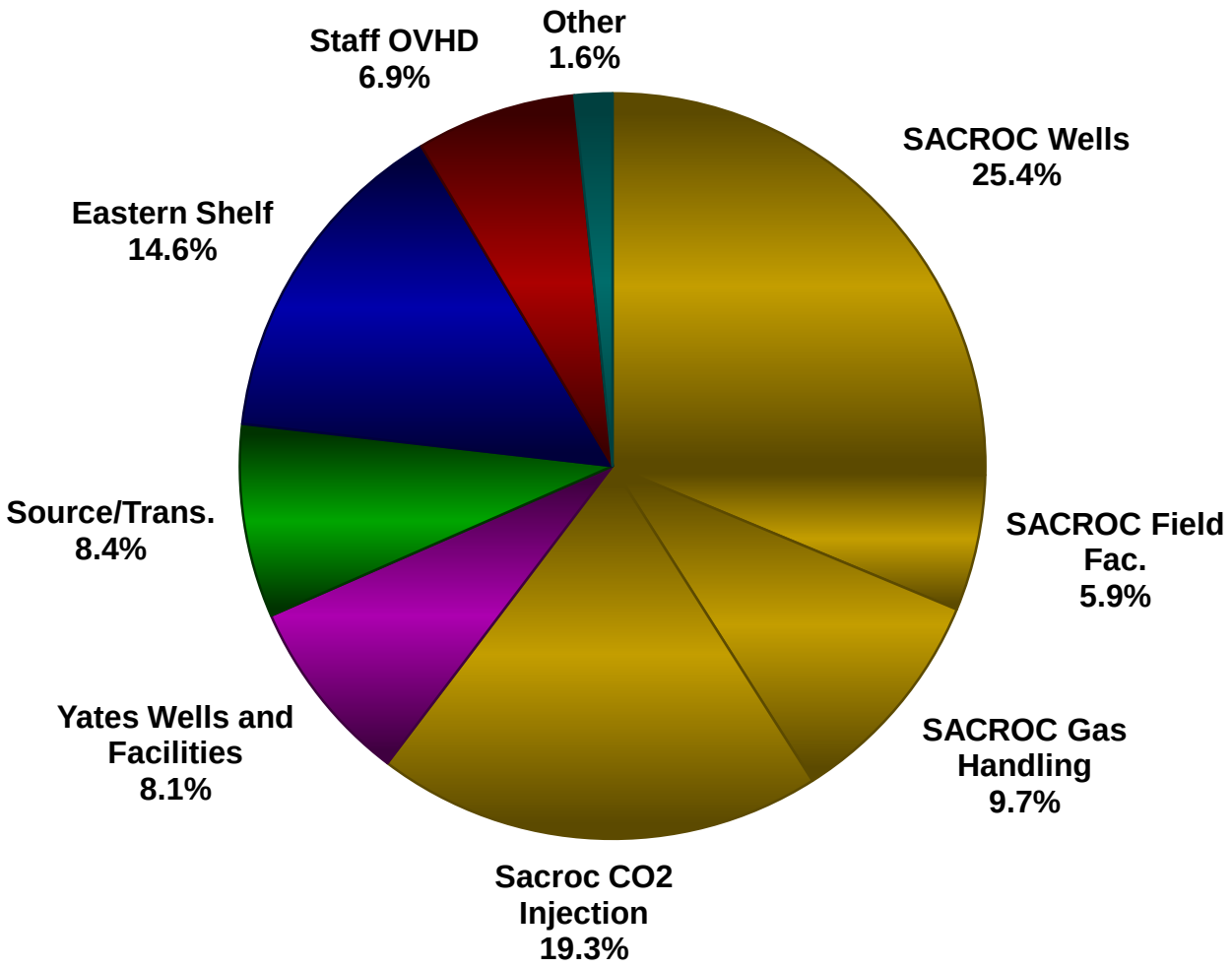


And, just to be clear:

- Although our customer deliveries often have and will exceed our entitlement, sales revenues based on our working interest entitlement and not deliveries
- KM share of EOR demand consumes ~44% of our entitled production in 2011
- Elimination: consolidation results in eliminating profit on sales to ourselves, however we view our S&T and O&G businesses independently, and price sales to ourselves at market prices

Note: 2011 and 2012 Include interruptible, as-available commitments

2011 Expansion Capital Budget - $464 Million



Impact of Oil Price / Volume Variance on 2011 DCF

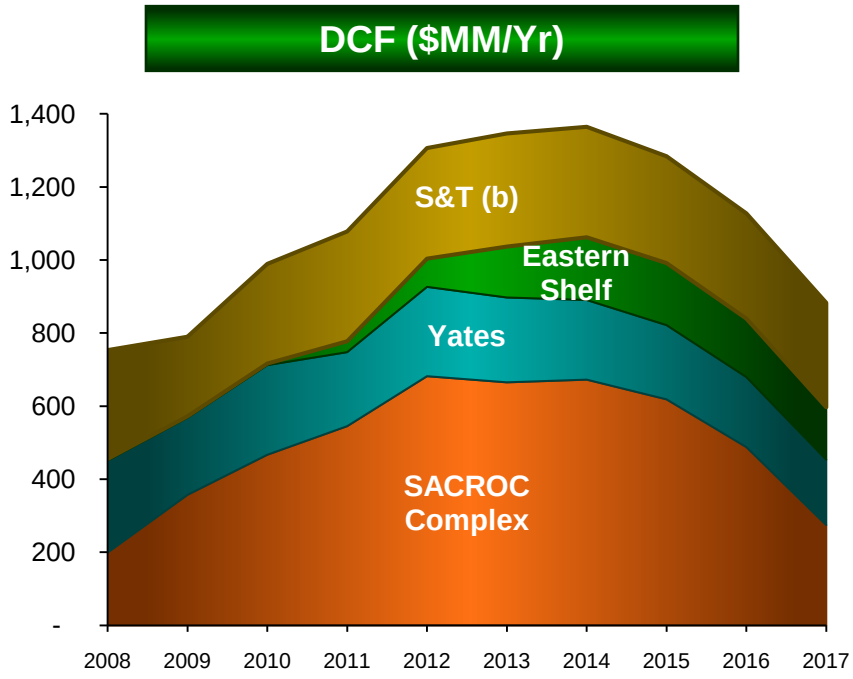
2011 Budget:		**$1,078MM**
+/- 1,000 Bbl/d		
SACROC		$26.3MM
Yates		$13.7MM
+/- 1 $/Bbl WTI		**$5.0MM**
CO_2	$1.7MM	
NGL	$2.5MM	
Crude	$0.8MM	
3rd Party CO_2 Deliveries		
+/- 50 MMcf/d		$7.3MM

Note: Unhedged WTI price presumed to average $89.30/b, WTI-WTS spread = $3.72, NGL = 65% WTI

KM CO_2 Current Outlook

Development Plans 2011-2020

1. **SACROC Base Case Forecast**
   - 65 MMBoe net [(a)], $866MM KM-share capex ($255MM CO_2)
   - Continue platform development plan; production forecast is based on existing recovery expectations
2. **Yates Base Case**
   - 31 MMBoe net [(a)], $219MM KM-share capex ($69MM CO_2)
   - Continue HDH programs and gravity drainage depletion plan; no upside potential included from infill or surfactant
3. **Eastern Shelf**
   - 16MMBoe net [(a)], $352MM KM-share capex ($243MM CO_2)
   - Start construction and implement development plans at Katz
     - — Claytonville CO_2 project not included
4. **CO_2 S&T**
   - $163MM KM-share capex, 1.35 Bcf/d capacity, includes Eastern Shelf CO_2 pipeline
   - Maintain aggressive CO_2 sales program and keep facilities at capacity (production sustained by in-fill drilling; plans could change to inlet compression)

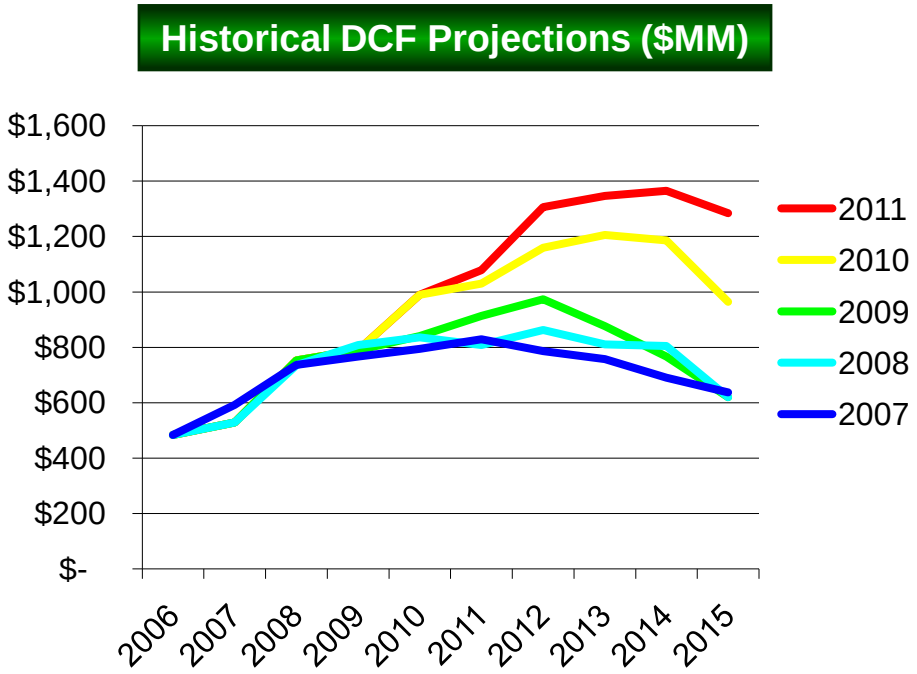


2011 = Budget, 2012+ at $90/Bbl
Cost Metrics based on 2010 run rate
Development plans may change in different price scenarios

(a) Net Beq = Net Crude plus NGLs plus Residue Gas sold divided by 6.
(b) CO_2 profits not eliminated from S&T

Historical Long-term Outlook

The best is yet to come



CO_2 segment outlook has continued to grow over past 5 years

- Oil prices have increased from $50 to $90/Bbl
  - Increased costs but also opportunities
- Higher ultimate recoveries being achieved
  - Improved operating practices, new areas to exploit
- Katz CO_2 project added
  - Continue to seek acquisition opportunities
- Higher CO_2 volumes and prices
  - Increased demand, improved contract terms