Linking the Value Chain for Financeability

Steven Miles, Co-Chair
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Baker Botts LLP
Who is Baker Botts?

- Baker Botts: 725 lawyer firm with 14 offices worldwide, including in Beijing and Hong Kong.
- Ranked as one of the top law firms in the world for the energy sector and specifically LNG Projects with a Band 1 rating by Chambers USA for the past 10 years.
- Over 100 Major LNG projects; including:
  - Experience with 5 LNG import terminals in China, including the first LNG imports into China at the Guangdong and Fujian terminals.
  - First new LNG liquefaction project in the U.S. in 40 years (Sabine Pass).
- 50+ lawyers with significant LNG project experience.
- $25+ billion in capex in LNG projects under construction.
- Strong track record in successfully launching complex LNG projects in new and challenging markets.

"Global powerhouse in the oil and gas sector, with market-leading practices in the USA, the UK, Russia and China. Also highly respected for capabilities in LNG matters."

- Chambers Global 2019
Our Attorneys' LNG Experience:
Over 100 LNG Projects
What do we mean by Linking the Value Chain?
Matrix of Project Agreements
Organized into the LNG Value Chain

- Separate but *interdependent* activities relying on the same project revenue stream.
- Each activity has its own commercial agreements and arrangements connecting the participants.
- *Linking* these activities requires aligning start-up dates, operational activities, remedies, and financial incentives.
- Financing a project requires proof of a *fully aligned value chain* with clear and transparent flow of gas from upstream to downstream, and of revenue from downstream to upstream.
Structuring LNG Projects: Risks and Returns

Value / Risks & Costs

- **Upstream**
  - Gas Exploration, Production, and Pipeline

- **Liquefaction**
  - Processing, Storing, and Loading

- **LNG Marketing/Sales**
  - Long-term and Spot Sales

- **LNG Transportation**
  - Time Charter/Construction, Interim LNG Storage

- **Regasification**
  - Capacity/Ownership Receipt, LNG Storage, Processing, Gas Storage, and Pipeline

- **Gas Marketing/Sales**
  - Direct Sales, 3rd Party Marketing Company

Risk & Capital Commitment

Control and Profitability
Our Speakers

• Co-Chair: Roger Bounds, Vice President Strategy & Portfolio – Integrated Gas, Shell

• Headline Speakers
  – WANG Zhenyong, Deputy CEO, ICBC Leasing
  – Andy Calitz, CEO, LNG Canada

• Panel Speakers
  – Andy Brogan, Global Oil and Gas Leader, Ernst & Young
    • LNG Funding – The Next Chapter
  – Ira Joseph, Head of Gas & Power, S&P Global Platts
    • The Long-Term LNG Contract Pricing Problem: Case Solved
  – Amokeye Adede, LNG Consultant, Poten & Partners
    • Evolution of Flexibility/Liquidity in the LNG Shipping Market
  – Michael Arruda, Partner, Baker Botts, LLP
    • Third Party Access to China’s Gas Market
  – Ian Nathan, Manager, Global Gas and LNG, Research & Advisory, Energy Intelligence
    • Prospects for Gas Demand Growth Without Targeted Policy Support