

W I L L I A M S G A S P I P E L I N E

One National Pipeline

WESTERN FRONTIER
PIPELINE, L.L.C.



Williams

Western Frontier Pipeline

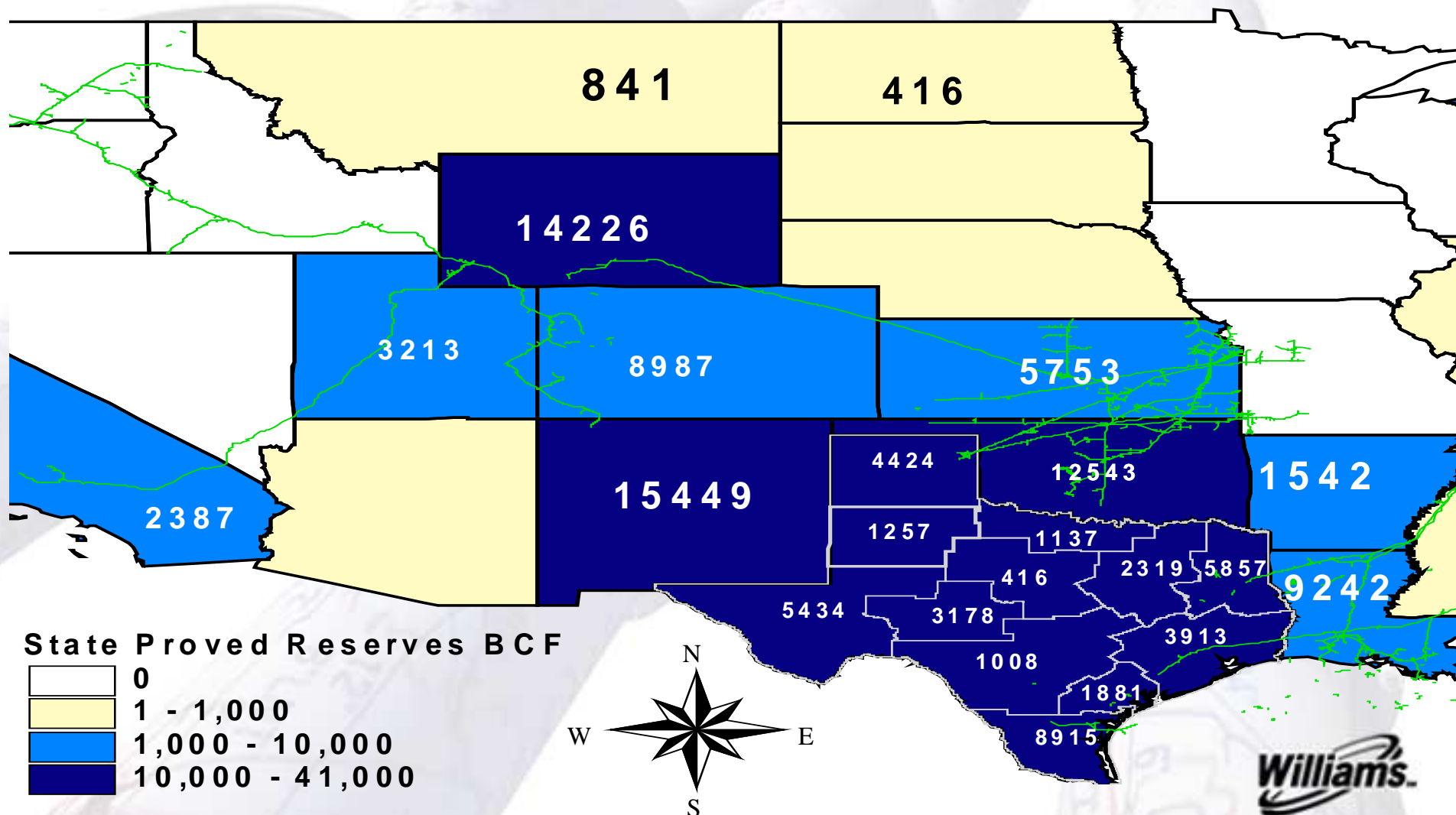
- Rockies Production Outlook
- Western Frontier Project Overview
- Mid-Continent Market and Supplies
 - Existing and Growth
- Western Frontier Activities
- Conclusions



Western Frontier Pipeline

- The National Petroleum Council Has Estimated the Following Amounts of Recoverable and Potential Gas Reserves
 - Gulf Coast 182.3 Tcf with 58% Produced
 - Midcontinent 292 Tcf with 54% Produced
 - Gulf Off-Shore 331.8 Tcf with 30% Produced
 - Rockies 329.8 Tcf with 15% Produced
- The Low Cost and Magnitude of Rockies Reserves Strongly Support the Western Frontier Project

EIA 1999 Dry Natural Gas Proved Reserves (BCF)

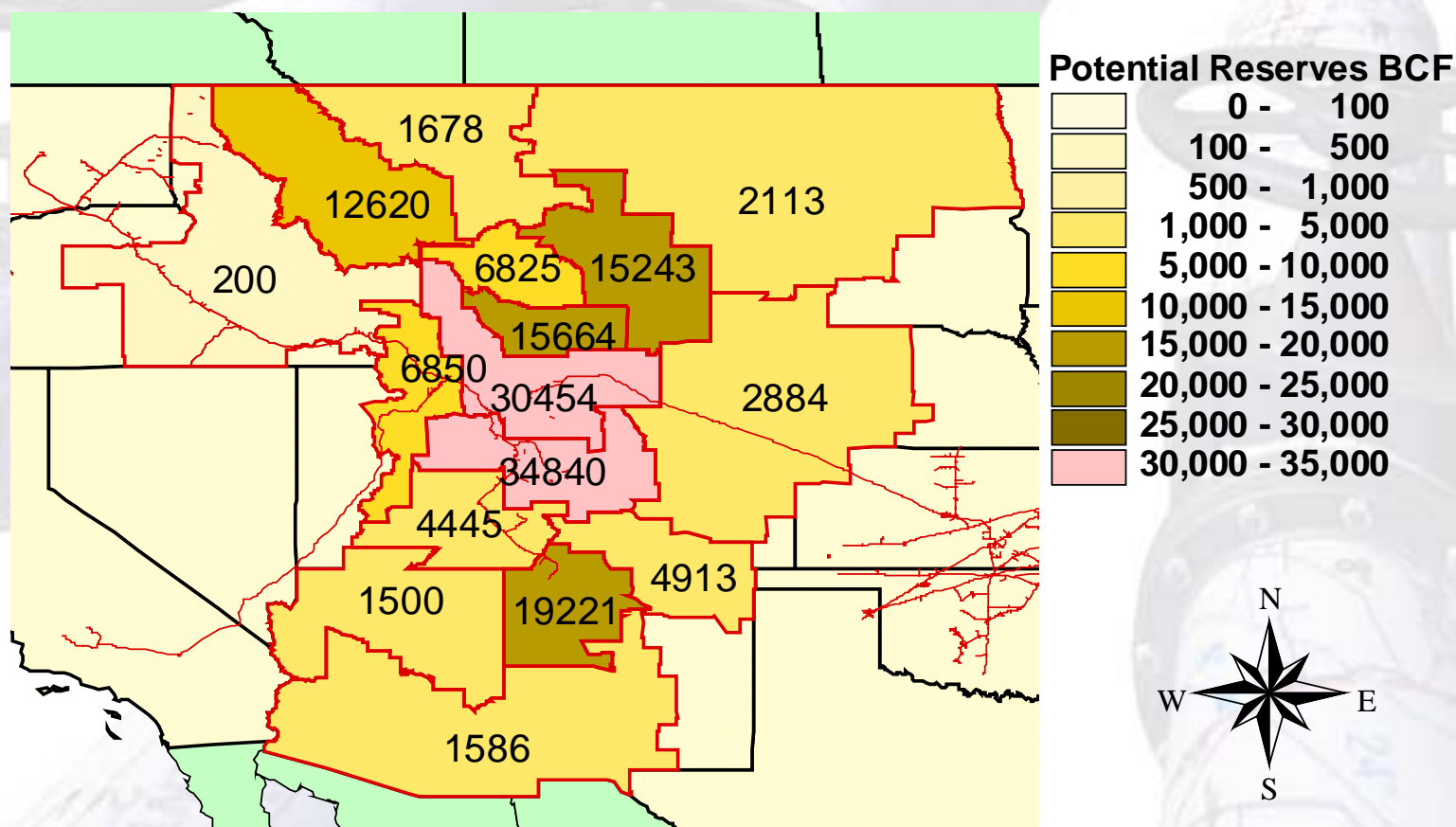


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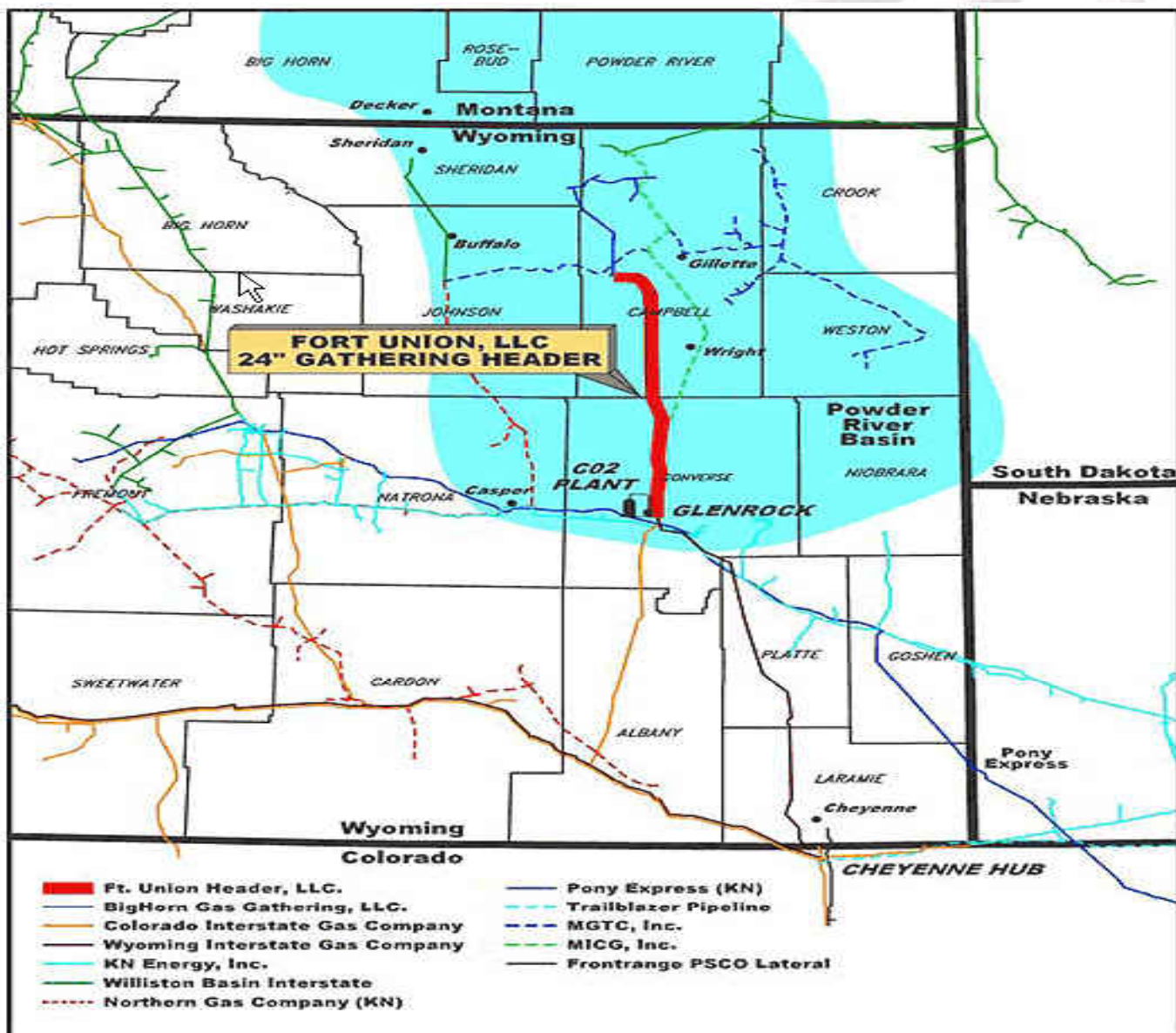
- Rockies Production Basins
 - Green River (Wamsutter Area)
 - Wind River
 - Powder River
 - New and/or Expanded Infrastructure Expected to Move this Gas to Cheyenne Hub



Conventional + Coalbed - Potential Reserves PGC Rocky Mountains Most likely Reserves BCF December 31, 1998 Report



Western Frontier Pipeline



Western Frontier Pipeline

- Powder River Basin
 - Recoverable Reserve Estimate Doubled to 25 TCF
 - Production Increases 400 to 1,500 MMcf/d by 2006
 - Infrastructure Expansion
 - Big Horn Expansion Westward
 - Fort Union Expansion (434 to 634 MMcf/d)
 - Thunder Creek (450 MMcf/d) Considering Expansion
 - WIC Medicine Bow (380 MDth/d)
 - » Expand Incremental 556 MDth/d
 - » Capable of Maximum Expansion 2,000 MDth/d with Compression



Western Frontier Pipeline

Powder River Well Completion Major Producers

(Projected Number of Wells to be Completed)

	<u>To-Date</u>	<u>By 2005</u>
Pennaco/CMS	442	3,060
Barrett/Western	400	2,400
Devon	400	2,550
Redstone	100	3,450
Prima	9	1,225
Yates/Phillips	90	1,025
Others	<u>200</u>	<u>700</u>
Total Coal-Bed Methane Wells	1,641	14,410

Western Frontier Pipeline

- Cheyenne Hub Capacity Balance (MDth/d)

— Medicine Bow	936
— WIC	785
— CIG	590
— DJ Basin	<u>50</u>
— Total Into Hub	2,361 up to 3,425
— Trailblazer	905
— KN Weld	40
— Pony Express	125
— CIG	425
— Front Range	270
— PSCO	<u>50</u>
— Total Out of Hub	1,815

Western Frontier Pipeline

- Energy Information Administration Natural Gas Monthly October 2000 Quote for Rocky Mountain Region

“Expanding coal-bed methane production has outpaced the development of long-haul capacity to carry the gas to end-use markets. Capacity constraint problems exiting the production areas have resulted in the region having the lowest average natural gas spot prices in the nation.”



Western Frontier Pipeline

- Rocky Mountains Production Environment
 - Economy Threatened by High Energy Prices
 - Focus on Energy Policy
 - Political Environment
 - New Administration Supportive of Energy Industries
 - Vice President from Wyoming
 - Secretary of Interior from Colorado (Gail Norton)
 - FERC
 - New FERC Chairman Curtis Hebert, Jr. Energy Development Oriented
 - Vacant Board Seat to be Filled with Person More Oriented Energy Development Oriented



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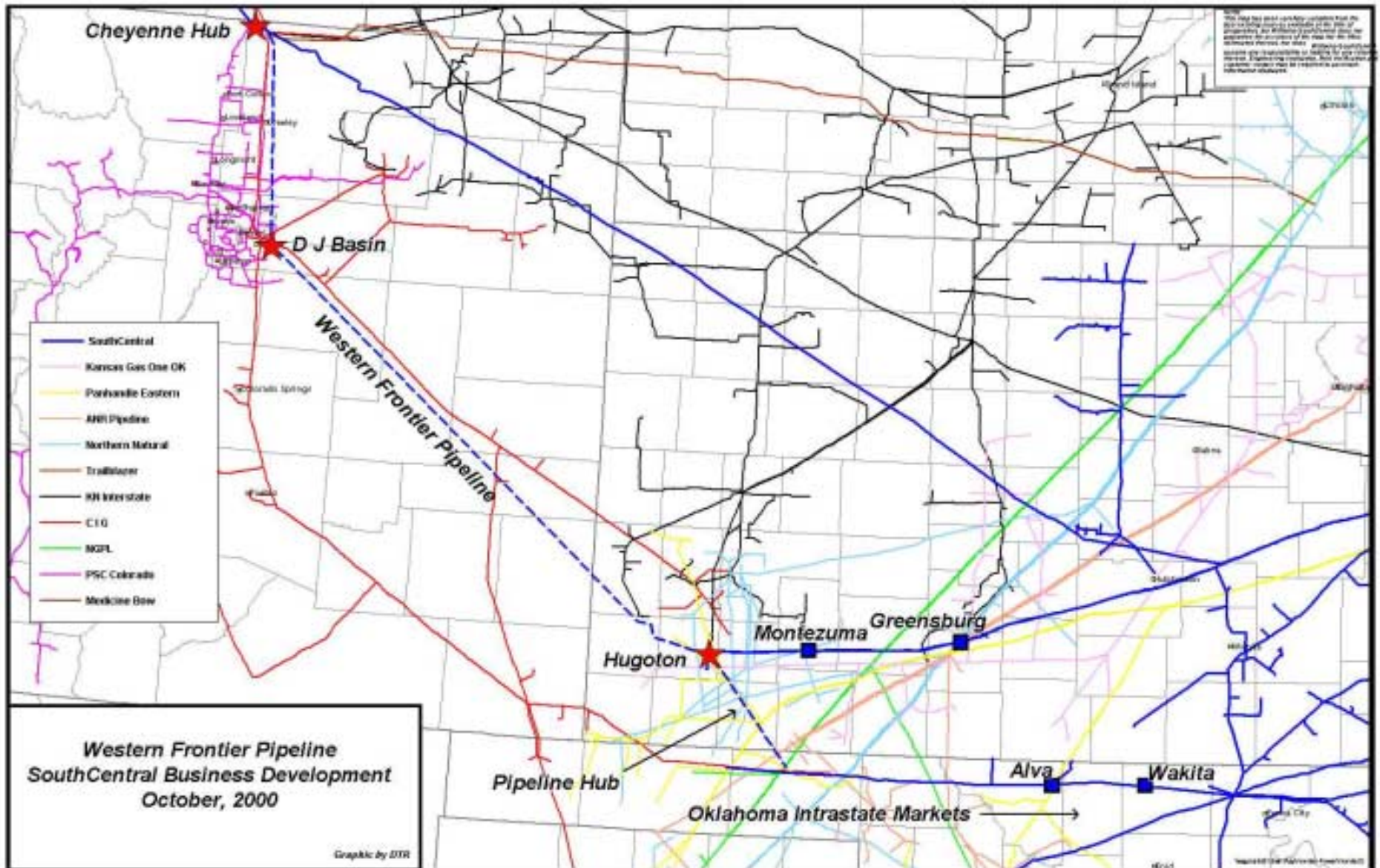
- Environmental Impact on Production
 - Environmental Approvals Streamlined
 - Water Permits Easier to Obtain
 - Increased Access to Federal and State Lands
- Natural Gas Production Increases



Western Frontier Pipeline

- All Powder River Projects Are Placed into Service within Three Years to Accommodate Additional Supply
- Mid-Continent Growth and Issues of Supply Diversity and Reliability Also Promote Sense of Urgency
- Project Support is Required Now to Meet Future Need Due to Project Planning Requirements, Prepare FERC Filing, Gain FERC Approval, and Complete Construction

Western Frontier Pipeline



Western Frontier Pipeline

- Customer Requirements
 - Cost Effective - Transportation and Fuel
 - Market Liquidity & Flexibility
 - Storage Access
 - Ease of Use (Nominations & Scheduling)



Western Frontier Pipeline

- Western Frontier Pipeline Project
 - Route Cheyenne Hub/DJ Basin/Hugoton, KS/Oklahoma
 - Maximize Efficiency of Facilities
 - 400 Mile 30" Diameter Pipeline
 - Higher MAOP and Operating Pressure
 - Minimize Horsepower Requirement
 - 15,000 HP Proposed @ Cheyenne Hub
 - Maximize Market Opportunity
 - Basin Flexibility



Western Frontier Pipeline

- Minimize Fuel and Transportation Cost
 - 100% LF Rates from Cheyenne Hub to:
 - Hugoton - \$0.25 per Dth
 - Pipeline Hub Including Central's OK System - \$0.30 per Dth
 - Rate Negotiable for Central System Market Access
 - Fuel Anticipated at Less Than 1%
 - Minimum Term Requirement - 10 Years



Western Frontier Pipeline

- Market Liquidity
 - Pipeline Hub
 - Northern Natural (NNG)
 - Pan Handle Eastern (PEPL)
 - ANR
 - Natural Gas Pipeline of America (NGPL)
 - Williams System Markets
 - Oklahoma Intrastates (TransOk, Enogex, ONG)
 - Potential Markets along Western Frontier Pipeline



Western Frontier Pipeline

- Flexibility
 - Transport to Western Frontier Markets or Hugoton Interconnect at Lower Rate
 - Transport on Pipeline Hub to Off-System Market & Central's Oklahoma System
 - Negotiable Rate on Williams Central System
 - Seamless Transportation Service on Williams
 - Future Expansion



Western Frontier Pipeline

- Ease of Use
 - Williams 1Line System (Scheduling)
 - Seamless Transportation to any Western Frontier or Williams' Central Delivery Points
- Storage Opportunities
 - Midcontinent Location
 - Central's System Storage Capacity 42 Bcf
 - Third Party Storage - Manchester Storage
 - Williams is Aggressively Pursuing Economic Storage Development and Expansion



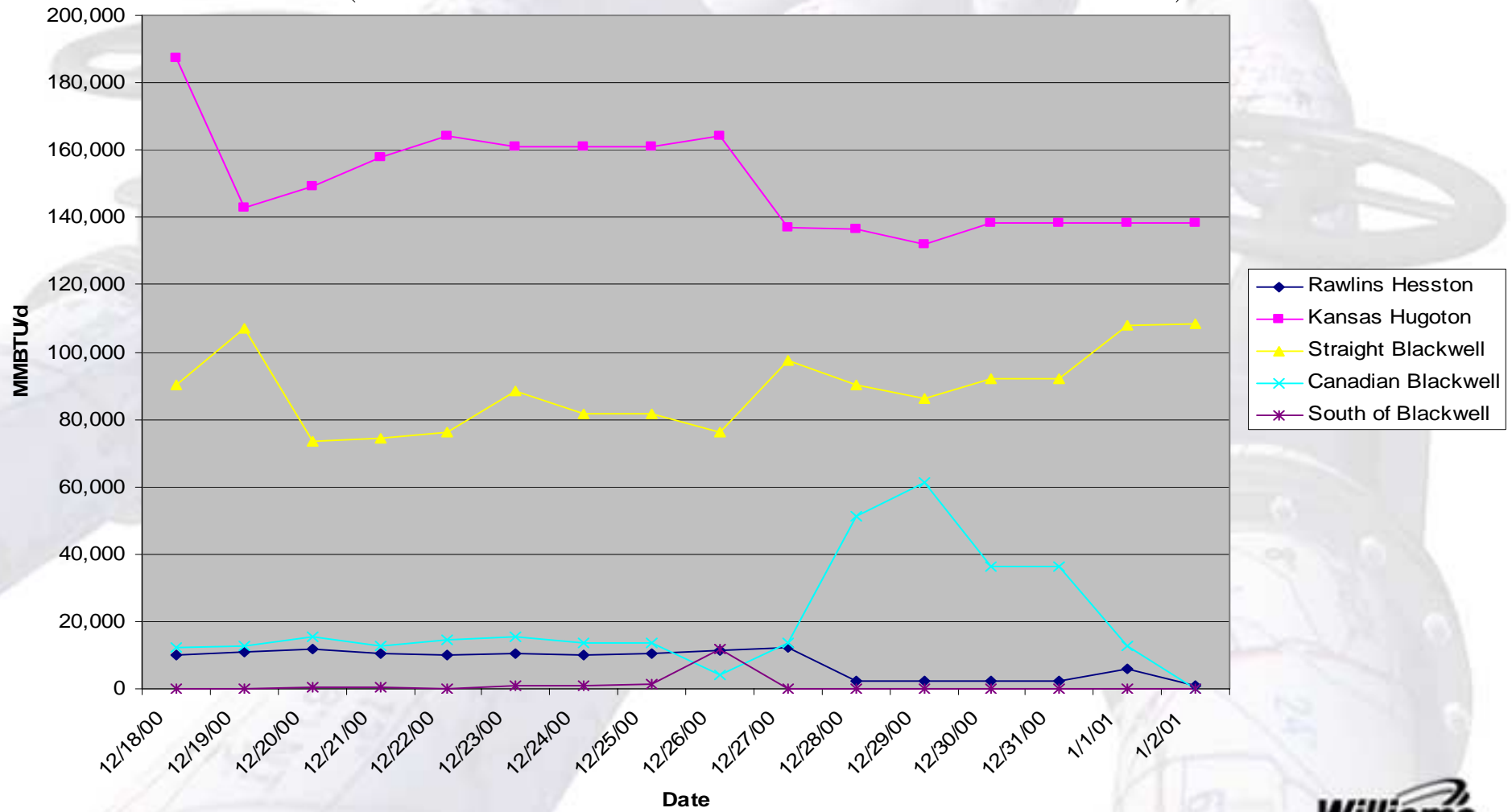
Western Frontier Pipeline

- Williams Central System - December 2000
 - Available Capacity (Graph)
 - Kansas-Hugoton Line
 - Oklahoma-Hugoton Line
 - Cost of Gas (Graph)
 - Suppliers Took Advantage During High System Usage
 - Williams/Cheyenne Hub Price Comparison
 - Pipeline Interconnect Percent of Total Receipt Volumes (Graph)
 - Minimum 17% (Baseload Supply Opportunity)
 - Maximum 36%



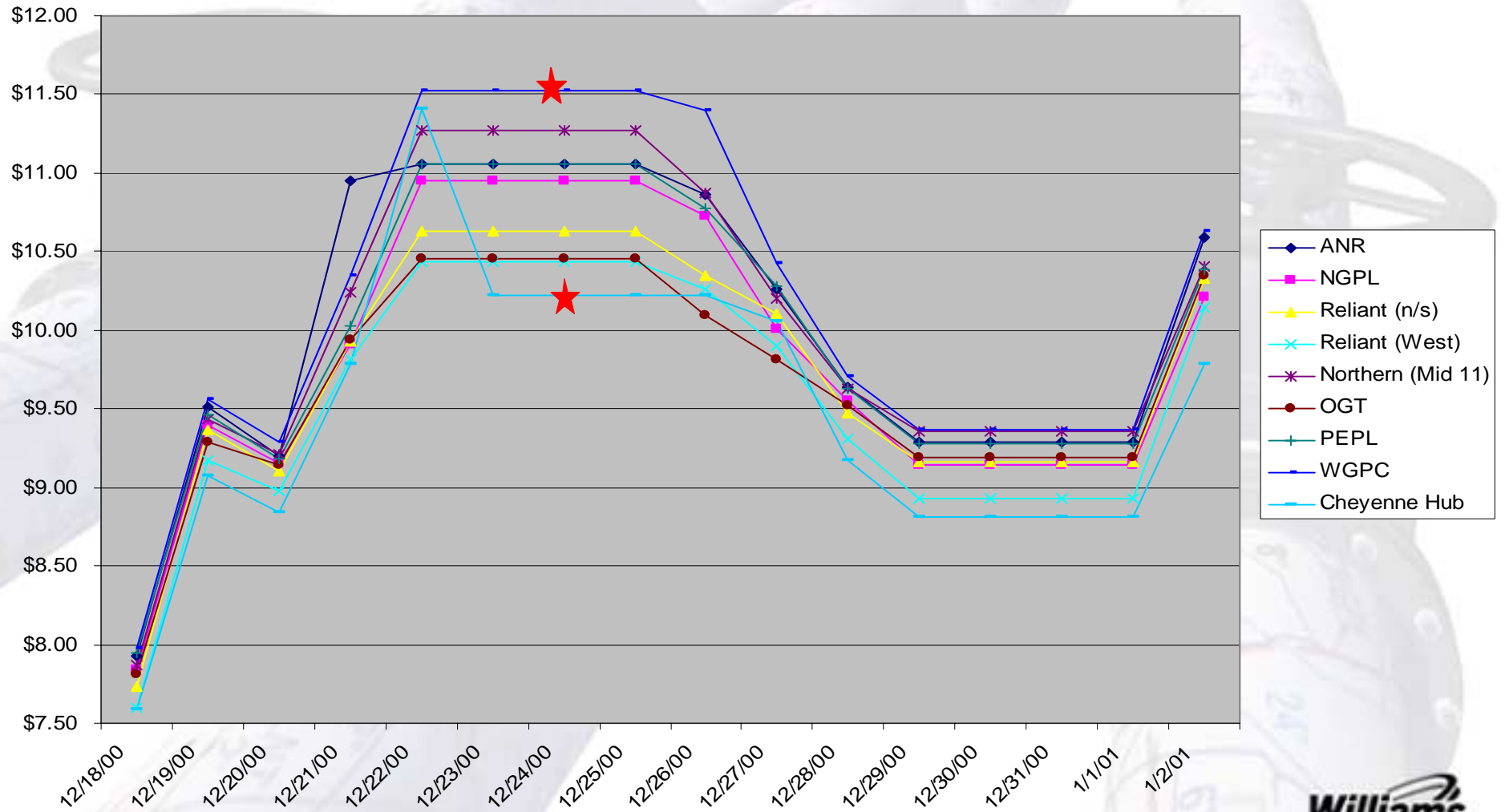
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Available Capacity Analysis



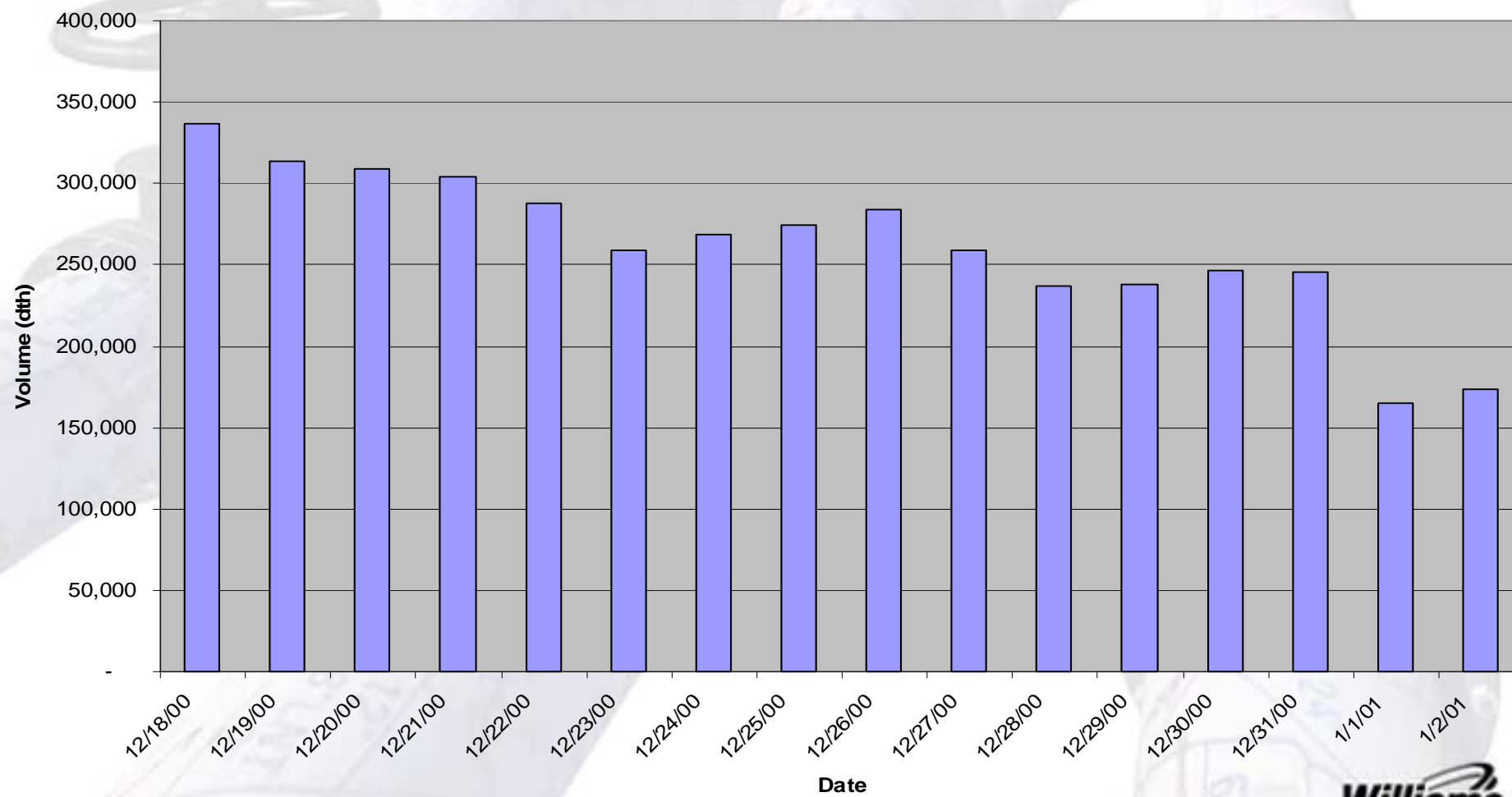
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Mid-Continent Gas Price Analysis



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Receipt Volumes from Interconnecting Pipelines
(intra- & interstate)



Western Frontier Pipeline

- Williams Central System Growth
 - Local Distribution Systems
 - Power Generation
 - Williams System
 - Existing: 3,321 MW - 964 MDth/d
 - Under Construction: 1,270 MW- 230 MDth/d
 - Proposed: 7,850 MW - 1,596 MDth/d



Western Frontier Pipeline

- **Williams Central Service Areas Power Generation *Winter Capacity (MW)***

	<u>Active</u>	<u>Future</u>
Oklahoma	6,803	15,394
Missouri	1,808	5,318
Kansas	1,809	866
Colorado	<u>1,019</u>	<u>2,604</u>
Total	11,439	24,182

Western Frontier Pipeline

- Williams Central System Ramifications of LDC and Power Generation Growth
 - Storage Injection and Power Generation Compete for Available Supply
 - Upward Pressure on Prices
 - Direct Supply Quantity and Diversity Critical
 - Storage Capacity Increases in Importance
 - Reducing Energy Costs to End User
 - Critical in Meeting End User Throughput Needs
 - Firm Transport Increases in Value



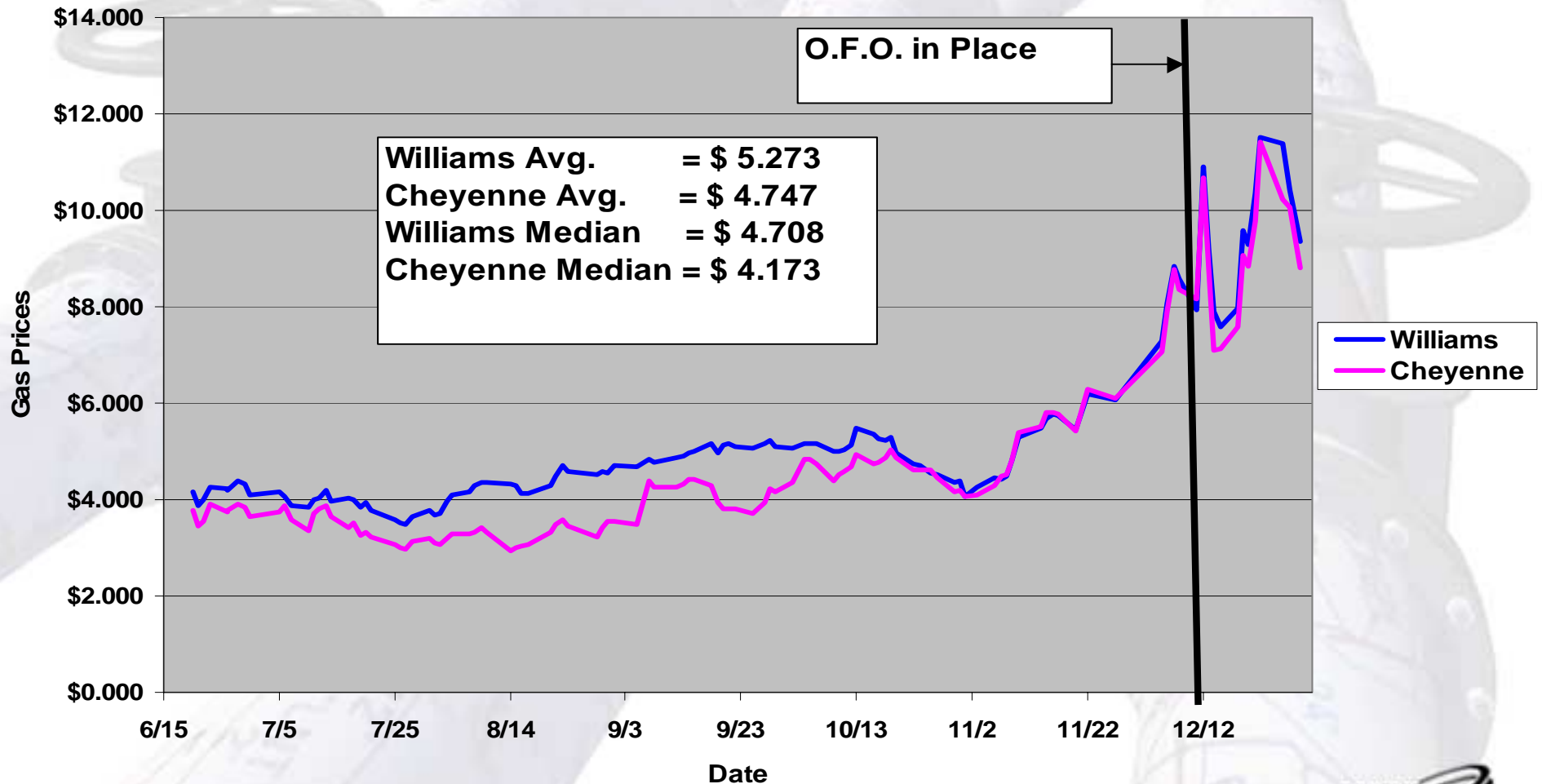
Western Frontier Pipeline

- Cheyenne Hub/Williams Basis Differential
 - For Year 2000 (Graphs)
 - For Year 2001 and Beyond (Graph)
 - Positive Differential During Peak, Front Range Gas Demand Demonstrates Need for Western Frontier
 - Growing Supply Further Depresses Gas Price at Cheyenne Hub
 - Mid-Continent Growth Pushes Gas Prices Upward
 - Differential Spread Widens at Increasing Rate



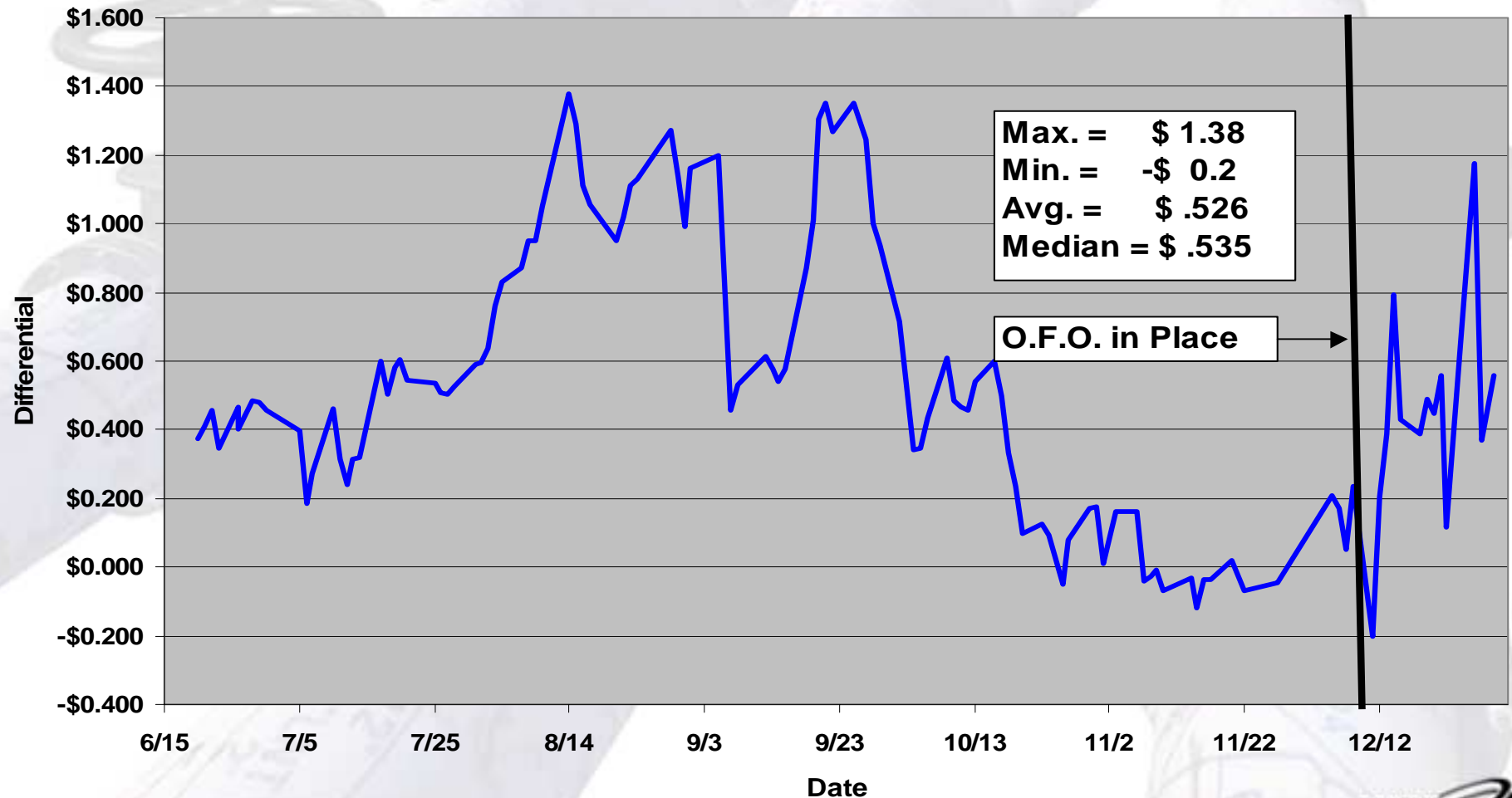
Western Frontier Pipeline

Williams MidContinent vs. Cheyenne Hub
Year 2000



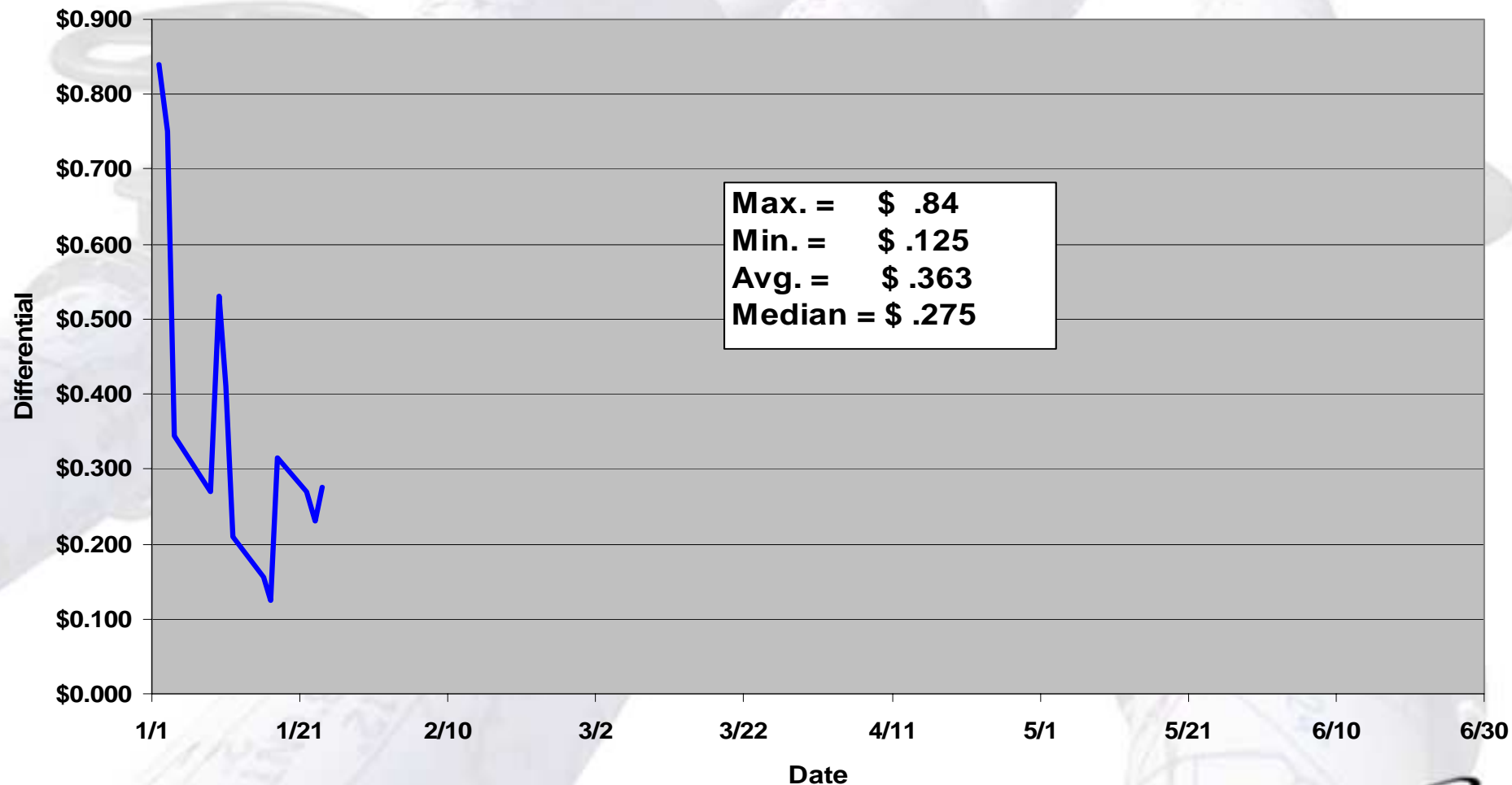
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Williams MidContinent vs. Cheyenne Hub
Year 2000



Western Frontier Pipeline

Williams MidContinent vs. Cheyenne Hub
Year 2001



Western Frontier Pipeline

- Differential Pressures
 - Current Average Differential ~ \$0.40
 - Rockies Supply/Demand
 - Current
 - Limited Powder River Production
 - Fully Maximizing Take Away Capacity
 - Future
 - Dramatic Increase in Production (>1.0Bcf/d)
 - Limited Expansion Capabilities
 - ***RESULT: Supply > Demand = Lowering Pressure on Price of Gas.***

Western Frontier Pipeline

- Differential Pressures (Continued)
 - Mid-Continent Supply/Demand
 - Current
 - Developing Power Generation Facilities
 - Growing System Load
 - Fully Utilized Portfolio of Supplies
 - Future
 - Dramatic Increase in Power Generation Supply Requirements (>1.0Bcf/d)
 - Slow or Stagnant Supply Development
 - ***RESULT: Demand > Supply = Increasing Pressure on Price of Gas.***

Western Frontier Pipeline

- Project Activities Completed
 - Western Frontier Website Available (www.westernfrontier.williams.com)
 - Extremely Successful Non-Binding Open Season
 - Senior Management Expenditure Authorization
 - Senior Management Total Support of Project
 - Land Offices in Denver, CO and Garden City, KS
 - Implemented Communication Program
 - Landowners
 - Governments and Governmental Agencies
 - Communities
 - Environmental and Special Interest Groups



Western Frontier Pipeline

- Current and Future Activities
 - Control Survey to Begin in February, 2001
 - Aerial Photography
 - Initiated
 - To Be Completed as Weather Permits
 - Detailed Land Survey to Begin in March, 2001
 - Biological and Archeological Study to Begin in April, 2001
 - Business Development Pursuing Execution of Precedent Agreements



Western Frontier Pipeline

- Value of Western Frontier Transport
 - LDC Heating Needs
 - Power Generation
 - Storage Injection
 - Industrial Users
 - Take Advantage of Basis Differential
 - Release Capacity Market



Western Frontier Pipeline

- Additional Williams and Western Frontier Benefits
 - Williams Knows the Midcontinent
 - Tremendous Presence
 - Excellent Reputation and Established Relationships
 - Benefits of Williams Knowledge
 - Conduit for Win-Win Relationships
 - Suppliers
 - Marketers
 - End-Users
 - Facilitate with Customer Meeting March 15th-16th



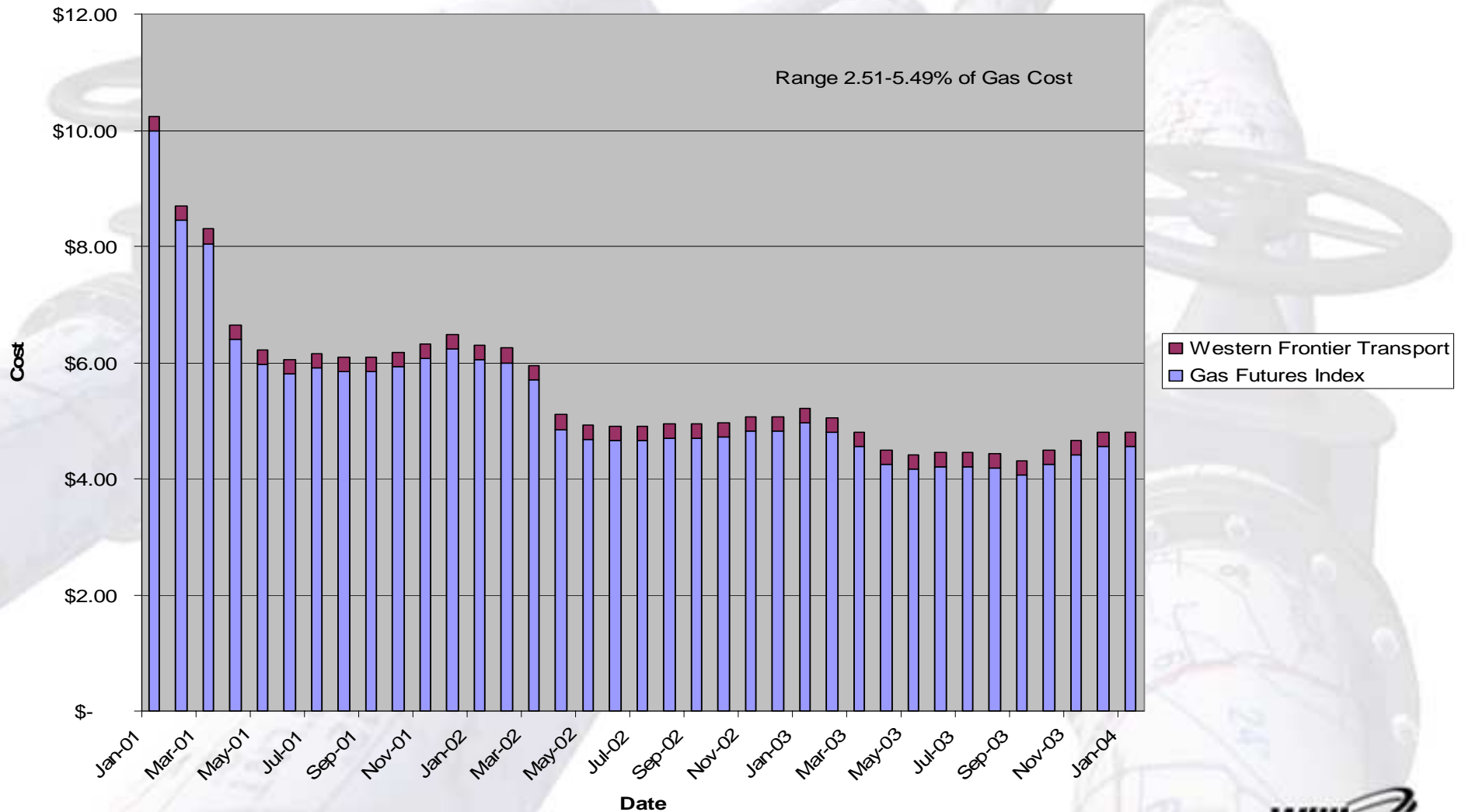
Western Frontier Pipeline

- Additional Williams and Western Frontier Benefits (Continued)
 - Continuous Commitment to Customer Service
 - New Services
 - Storage
 - Dependable Transportation at Least Cost
 - INSURANCE
 - Substantial Western Frontier Transport Position Allows Influence of Differential
 - Williams Resolve and Proven Reputation for Implementing Projects



Western Frontier Pipeline

Futures Gas Price v. WF Transport



Western Frontier Pipeline

- Williams Current Risk Exposure
 - Investment in Up-Front Manpower and Expenses
 - Environmental and Regulatory Risks
 - Construction Risks
 - Assuming All Risk of Project Beyond First 10 Years of Project
 - Pipeline Lacks Ability to Hedge Subscription Risks

Western Frontier Pipeline

- Williams Risk-Reward Expectations
 - Greater Rewards for Further Risk Assumption
 - Assumption of Uncontrollable Risk at a Higher Premium
 - Any Proposal Must Demonstrate Additional Direct Value for Williams

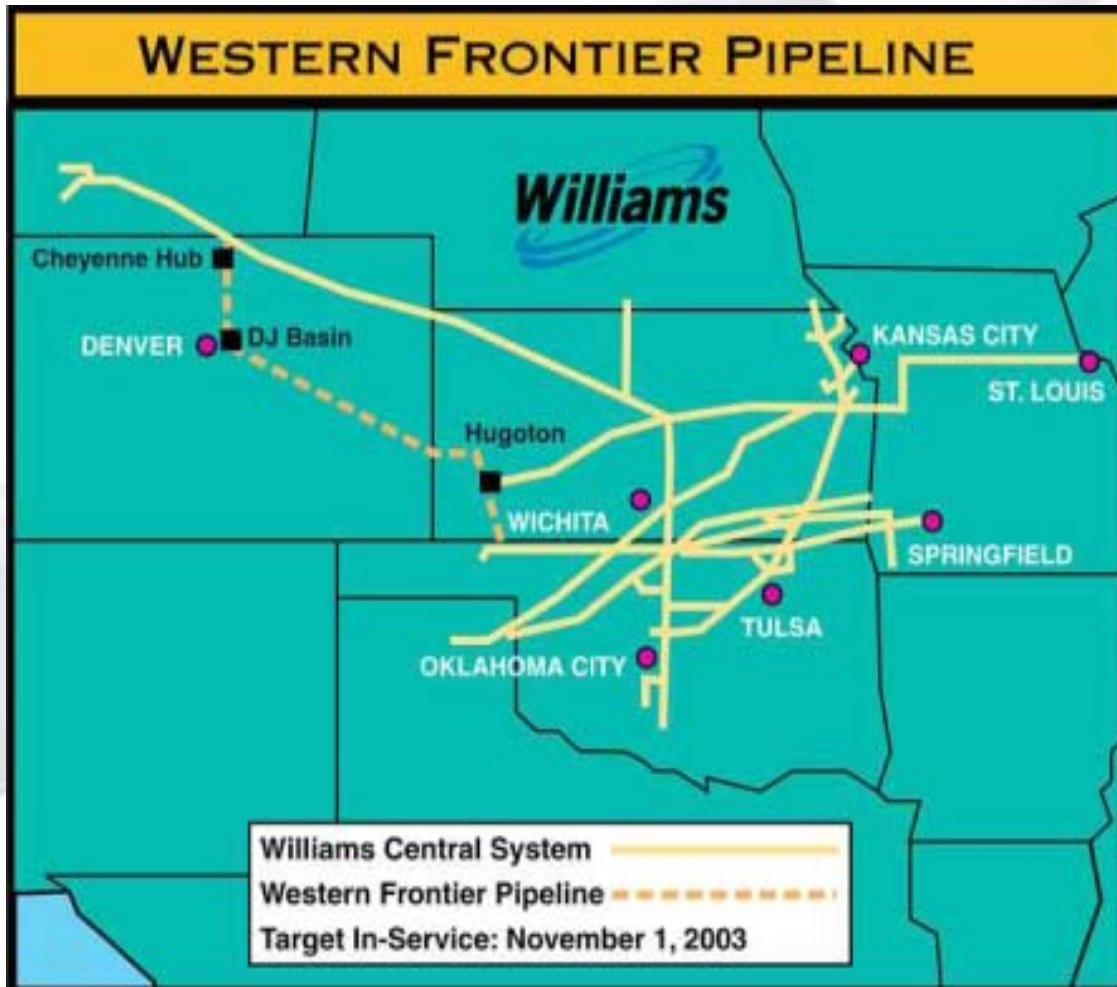


Western Frontier Pipeline

- Project Milestones
 - Binding Open Season 1st Qtr. 2001
 - Binding Precedent Agreements in Place by April 1, 2001
 - FERC Project Filing September 2001
 - Estimated FERC Approval and Response Completed February 2003
 - Pipeline In-Service Date of November 1, 2003



Western Frontier Pipeline



- 540,000 Dth/day
- 100% LF Rate to Hugoton is \$0.25
- 100% LF Rate to pipeline hub is \$0.30
- Anticipated Fuel 1%
- Binding Agreement Early 2001
- Targeted In-Service date of Nov. 2003

W I L L I A M S G A S P I P E L I N E

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QUESTIONS?
(888) 210-8475

