POSEIDON Oil Pipeline Company L.L.C.

October 14, 2003

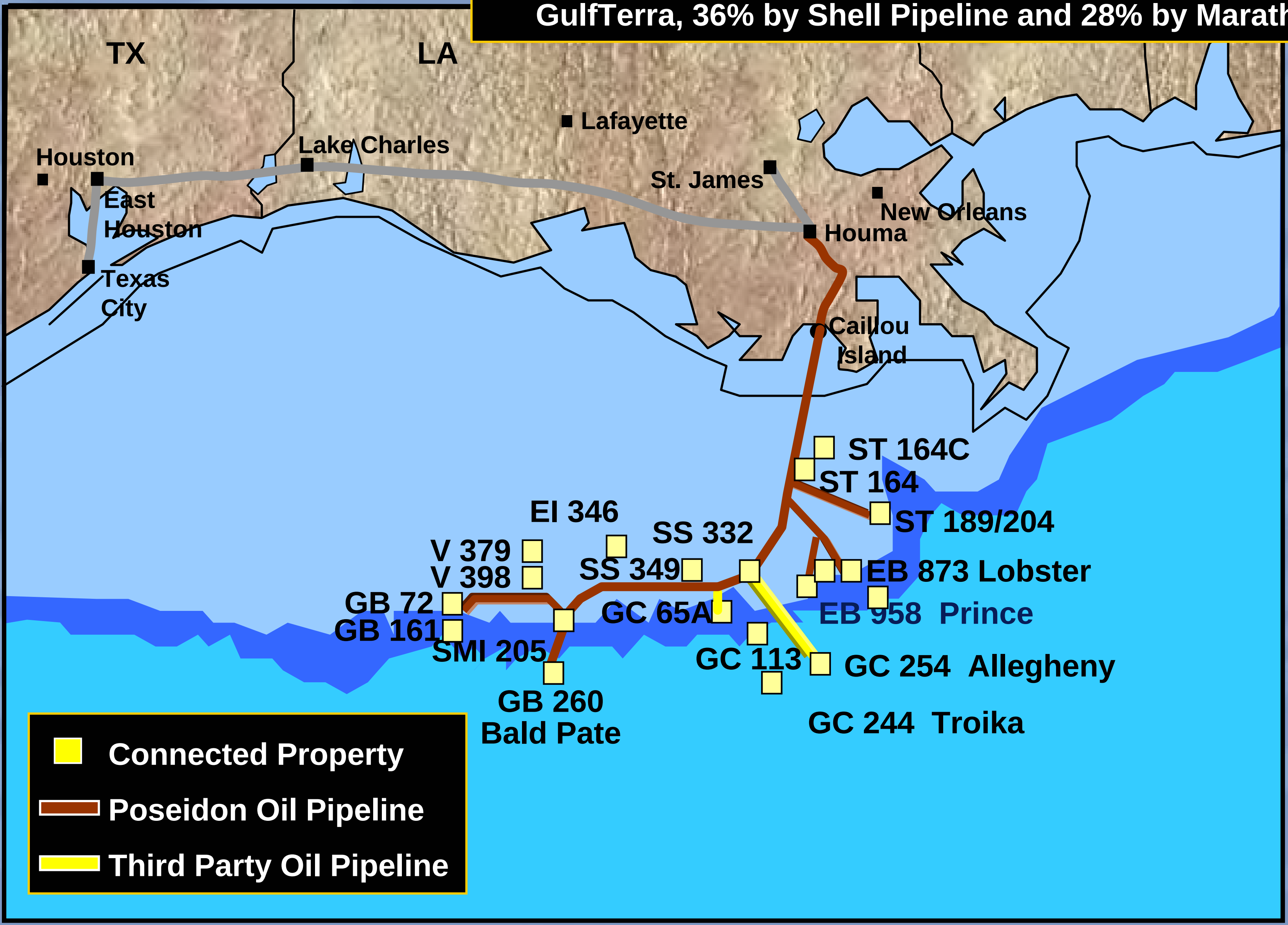
An Industry in Transition

Deep water oil Transportation

A Pipeline View

Ownership Summary

The Poseidon Oil Pipeline Company is owned 36% by GulfTerra, 36% by Shell Pipeline and 28% by Marathon.



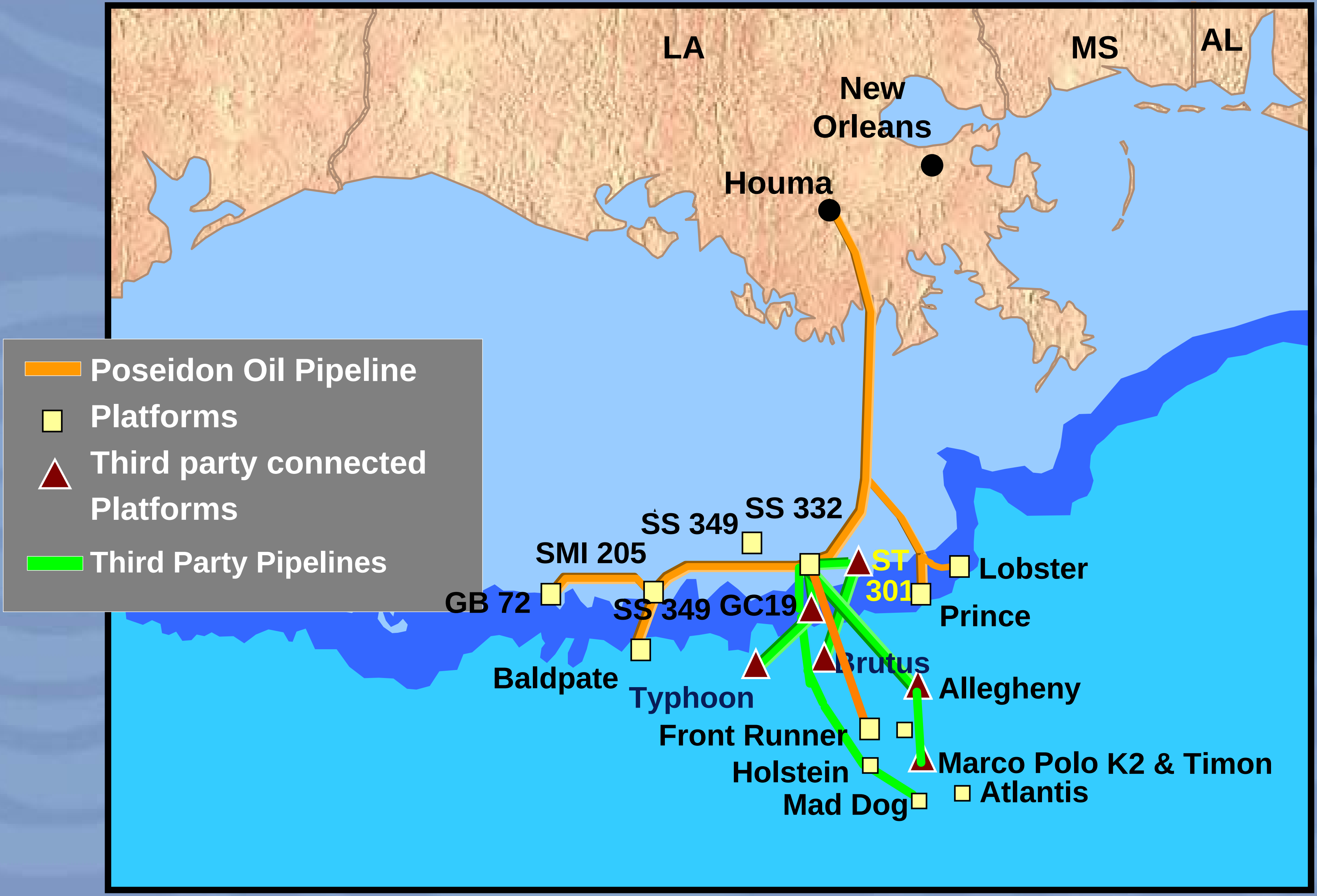
Asset Summary

- Longest GOM sour crude oil gathering system
- Owners: GulfTerra (36%), Shell Pipeline (36%) & Marathon (28%)
- 288 miles of 16-24 inch pipeline
- 400,000 barrels of oil per day Max. capacity
- 4 pipeline segments
- 6 major platform landing spots
- Comprehensive Central Louisiana delivery

Poseidon Company Strategy

- Provide economic delivery options for OCS and deepwater production.
- Strategic pipeline location
- Strong operatorship
- Life of reserve purchase augmented with short-term agreements
- Competitive buy / sell differentials
- Value-added market based quality bank
- Key platform capabilities
- Reserve firm capacity
- Preferred medium sour crude

Strategic connections



Transportation Only Part of Value

Lowest transport not determining factor

Market value is

- Tanker Value
  - Choose Market
  - Sell individual crude
  - Must develop Market
- Pipeline Value
  - Market set (can trade into others)
  - Individual crude part of common stream
  - quality bank adjustment

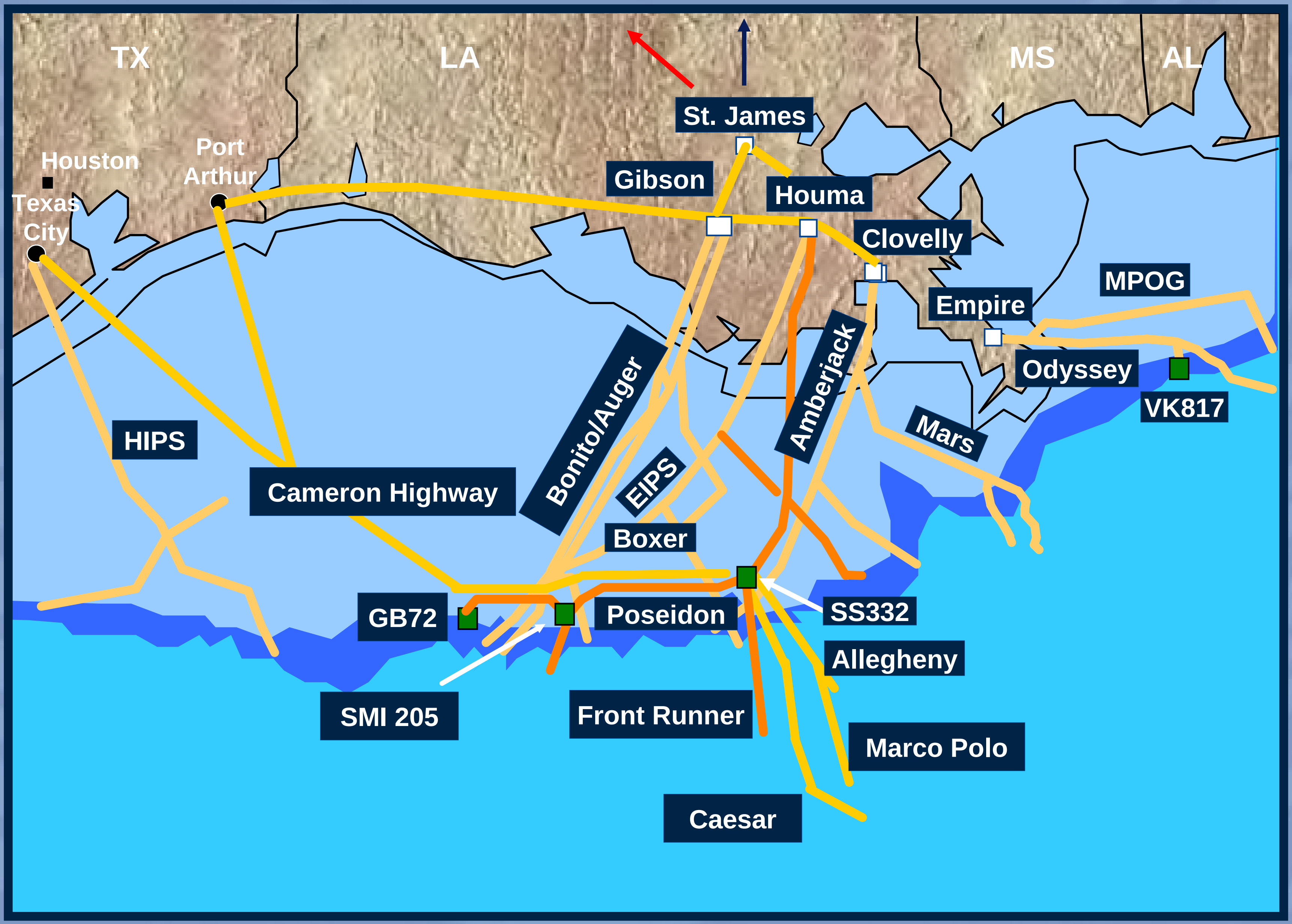
Transportation to Market

Producers want Market flexibility

- Tankers provide flexibility
  - Can go to most markets
  - (but at a cost)
  - new crude syndrome (Poseidon took 1.5 yrs)
  - variable transit times
  - weather delays

- Pipelines provide stability
  - market is established (Platts Posting)
  - Direct connected
  - No weather problems
  - Can offer flexibility (but at a cost)

Gulf of Mexico Oil Pipelines



Why not offer a combination?

Move storage facilities out to meet tankers

Lightering 100 miles from shore

Storage connected to several pipelines

Can have flexibility and reliable transportation

Can offer big market differences.

Market Examples

Tanker crude will compete directly with foreign crudes

Lets look at some and what would happen if we put them in three different pipeline systems.

			Pipeline Value		
Crude	Gty	Sul	A	B	C
Cusiana	39	.17	-$0.70	-$2.59	$0.60
Basrah	33	2.0	$2.69	$2.80	$3.97
Oriente	25	1.7	$2.59	$2.85	$4.02

Value is at moderate Sweet sour differential 2001

Common stream value and transport not considered

Market Examples

Tanker crude will compete directly with foreign crudes

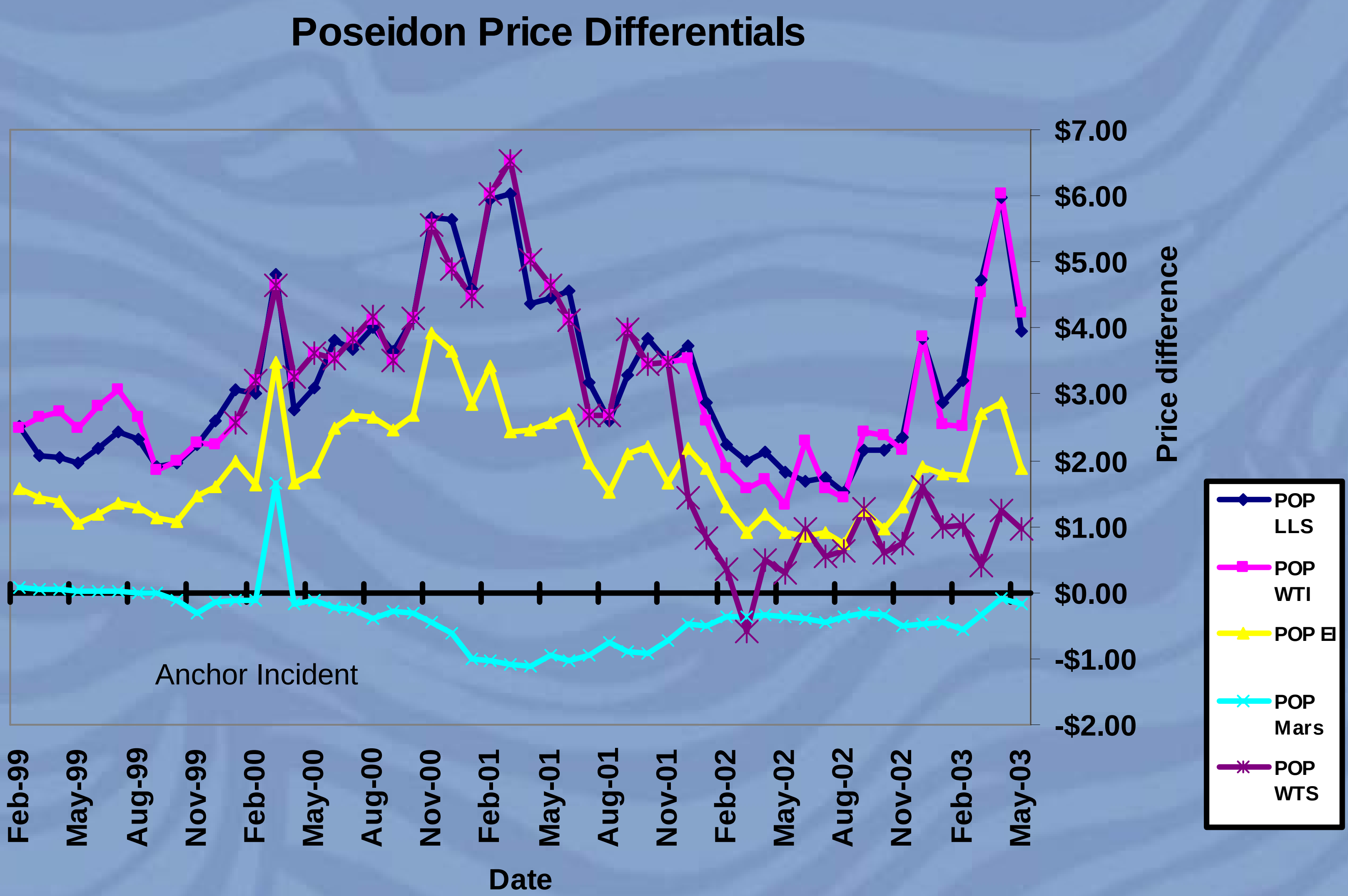
New crude using foreign cargoes as value example

			Pipeline		
			Value		
Crude	Gty	Sul	A	B	C
Cusiana	39	.17	$1.12	$0.01	$0.86
Basrah	33	2.0	$2.03	$2.05	$2.08
Oriente	25	1.7	-$2.07	-$1.60	-$1.58
Myan	22	3.4	-$1.58	$0.91	$0.93

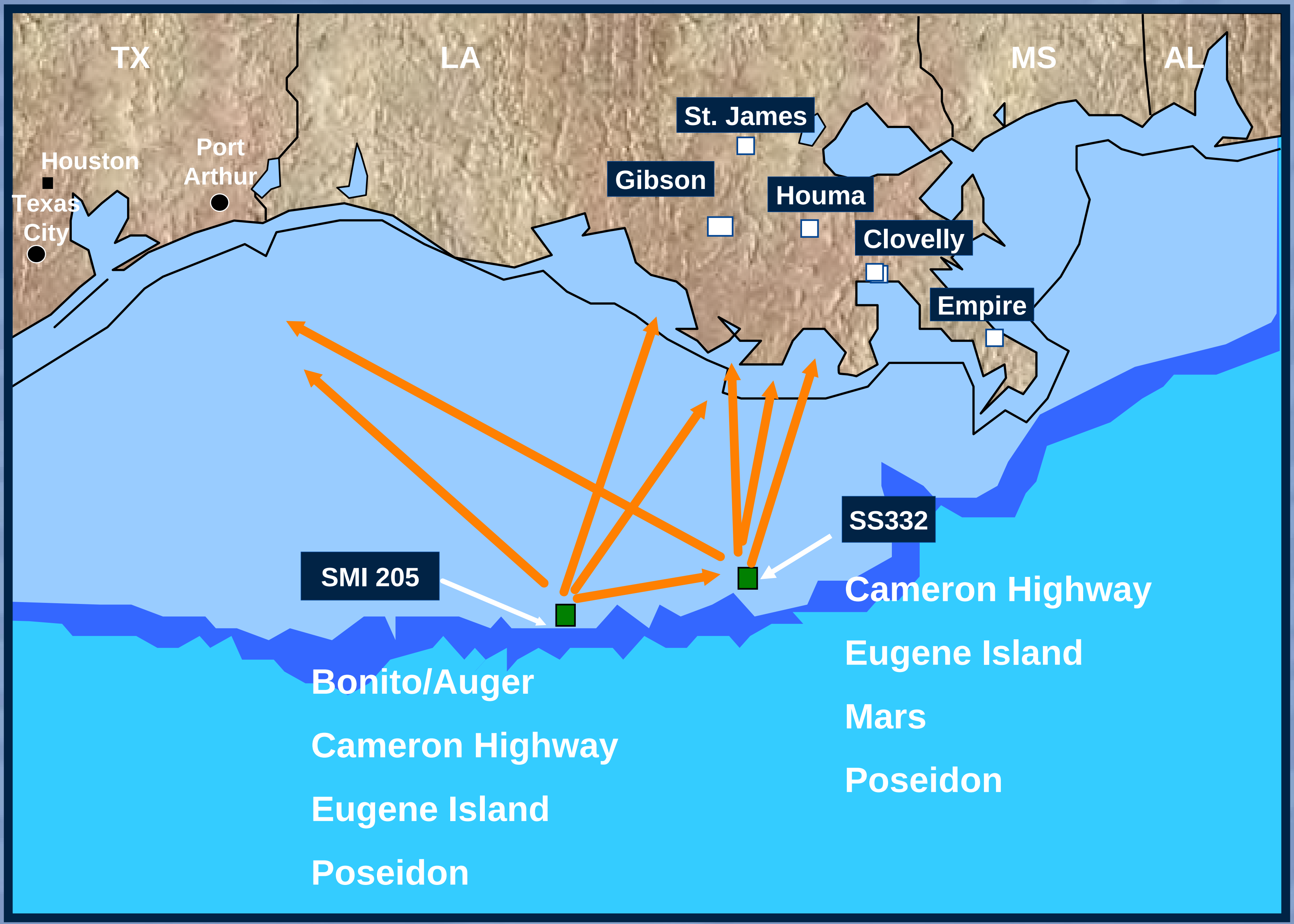
Value is at large Sweet Sour Price Differential

2003 Common stream value and transport not considered

POSEIDON
Crude Differentials



Gulf of Mexico Oil Pipelines



Transportation Only Part of Value

Market Value is determining factor

- Market has drastic swings
- New Crude will compete for market
- Pipelines can offer flexibility
- Pipelines can capture value immediately
- With offshore terminal Tankers can access pipelines