

Magnum Energy

Utah Governor's Energy
Development Summit

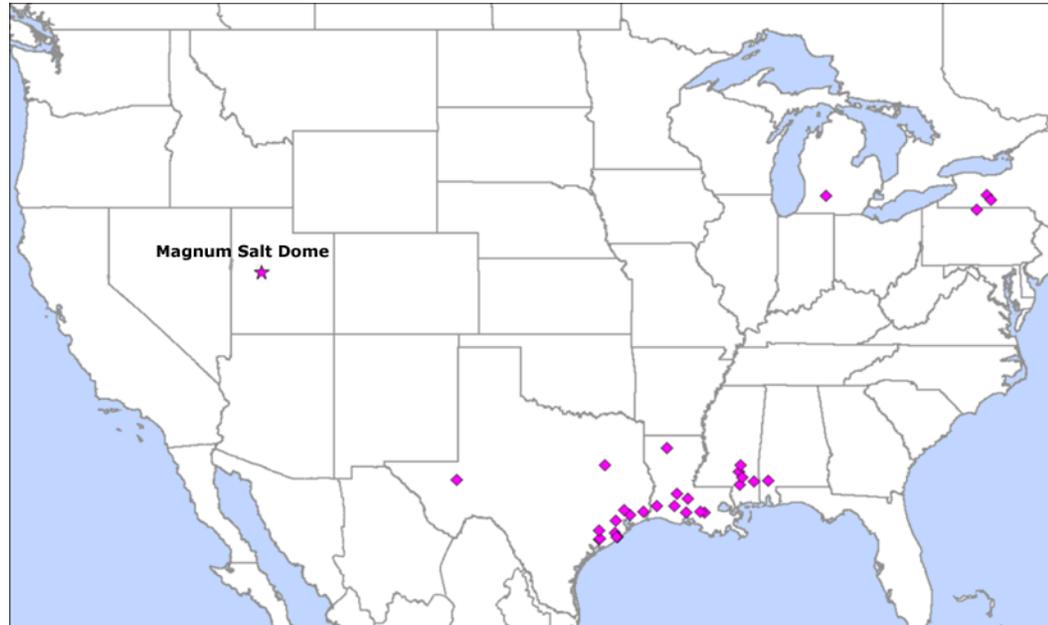
June 4, 2014



Salt Cavern Storage

Magnum Salt Dome is One-of-a-Kind:

- Only salt dome in the Western U.S.
- At the crossroads of energy and transportation infrastructure
- Strategic asset for the State of Utah and the West



Salt is the Ideal Storage Medium:

- Recognized by the U.S. Government (Strategic Petroleum Reserve)
- Broadly utilized by the energy industry

Salt Caverns Store a Wide Range of Energy Products:

- Natural Gas
- CAES (Compressed Air Energy Storage)
- Natural Gas Liquids
- Petroleum Products
- CO2

Strategic Location: At the Crossroads of Significant Existing Infrastructure

Connected to Multiple Power Markets:

- Significant existing onsite transmission connectivity to Mona (2 x 345KV – Utah), Gonder (230KV - Nevada) and Los Angeles (500DC)

Kern & Questar Natural Gas Pipelines:

- FERC 7C & BLM permitted 36-inch header to interconnect at Goshen, with backhaul capabilities to multiple other pipelines at Opal

UP Railroad Mainline:

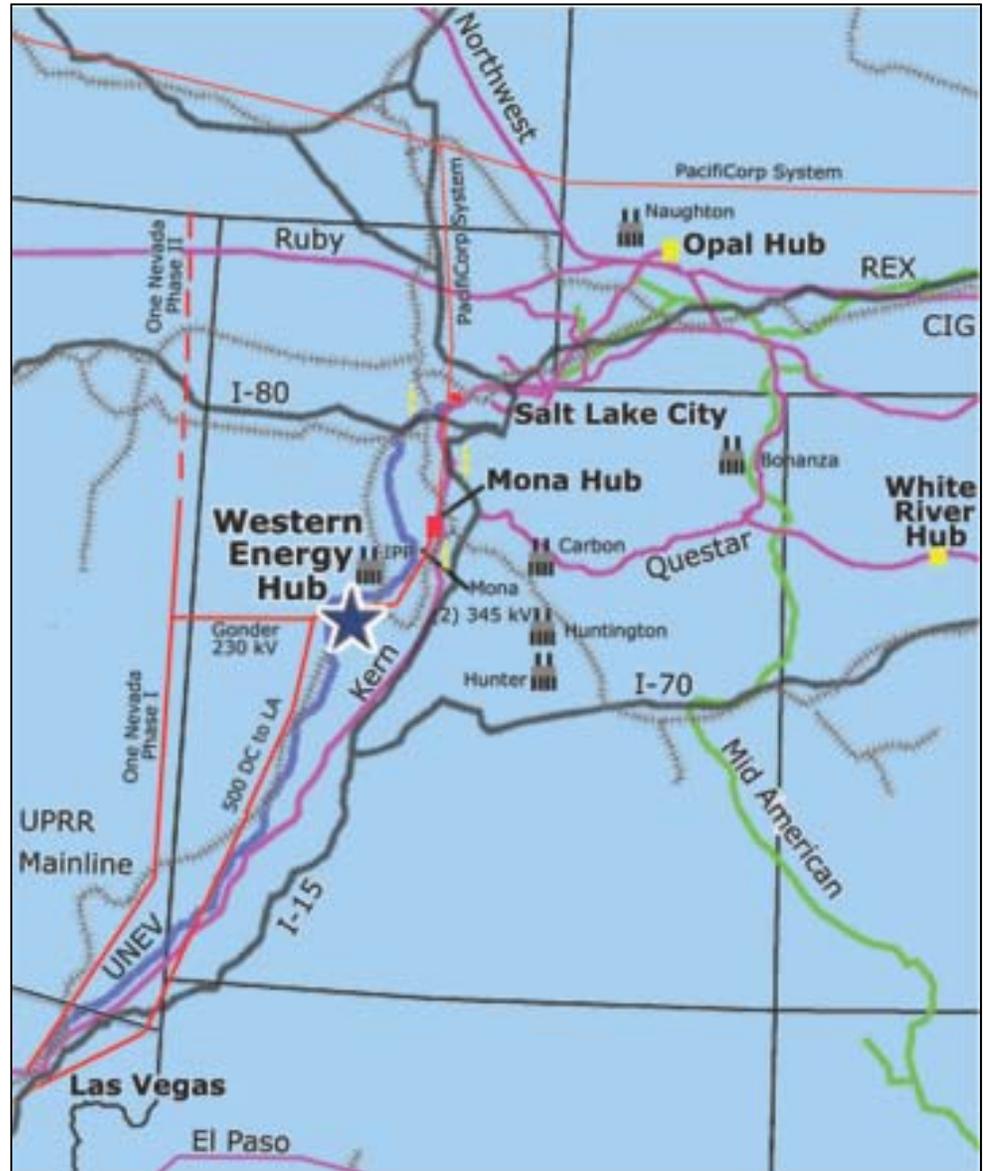
- 7-mile existing rail lead to Union Pacific Railroad Mainline

UNEV Pipeline:

- Adjacent to site; refined products pipeline with maximum capacity of 118,000 bpd; ability to transport NGLs in batches from Salt Lake refineries and beyond

I-15 and I-80 Highways:

- Direct access to interstate highway system and enough land to accommodate as many trucks as needed



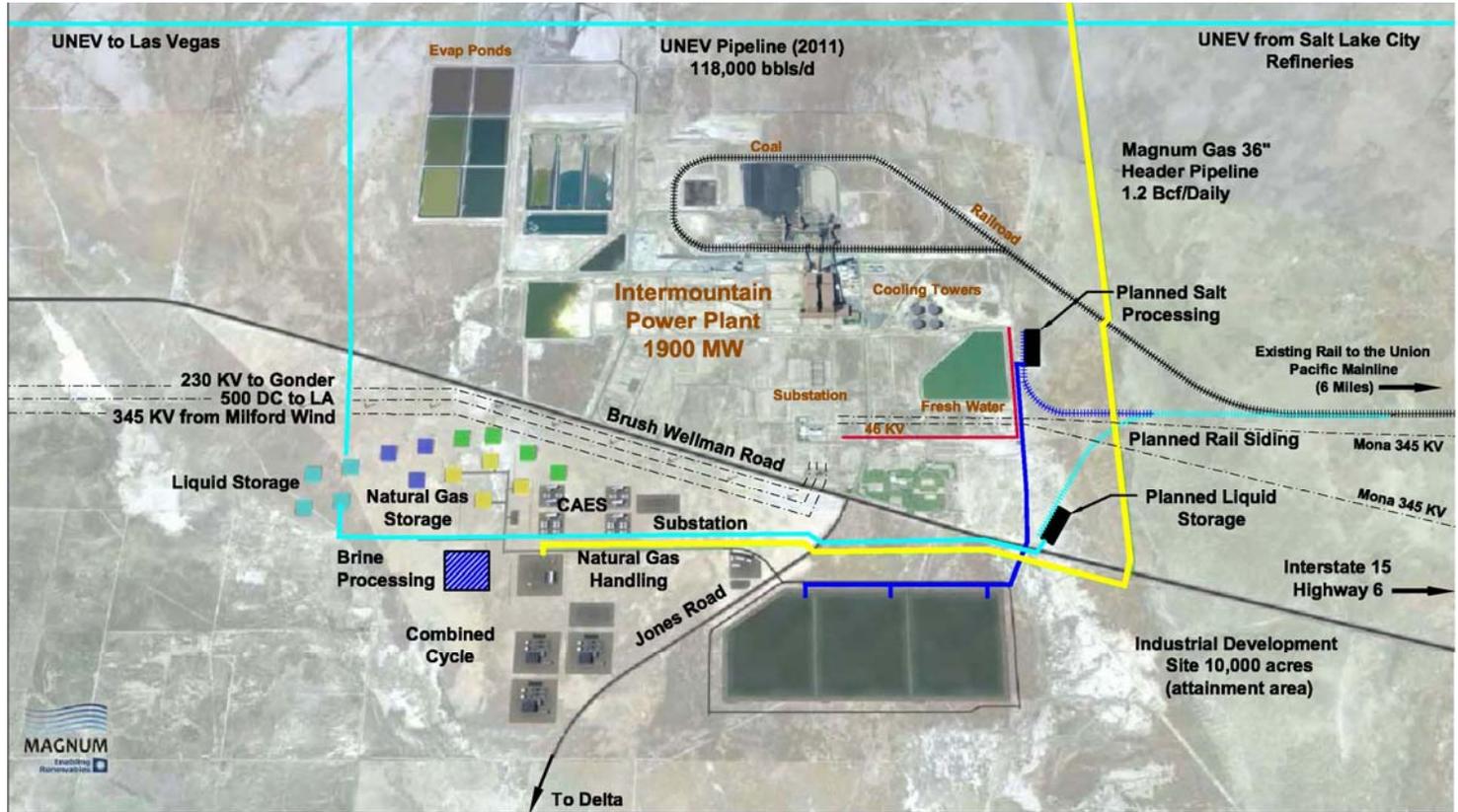
Salt Cavern Storage Basics

Magnum's Salt Dome Can Accommodate the Creation of a 100+ Caverns

- Each cavern contains a dedicated product
- Each cavern is custom designed
- Each cavern is solution mined by injecting water
- Brine is stored in double-lined leak detected ponds
- 1000s of salt caverns are in use around the world



Magnum's Western Energy Hub



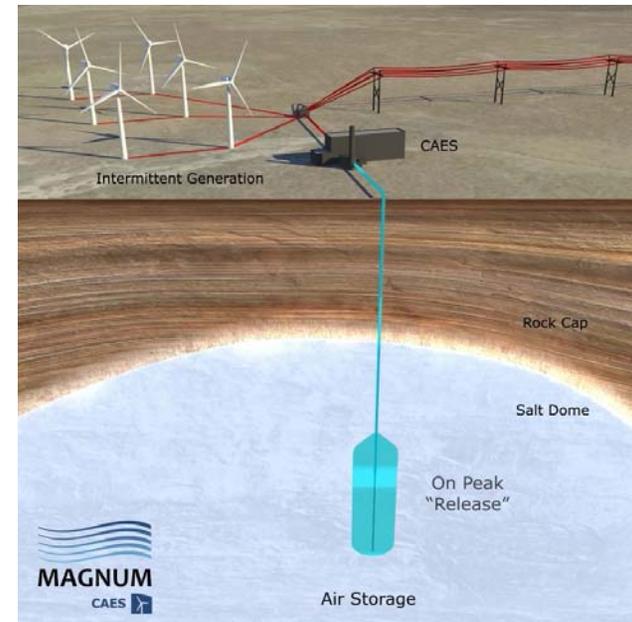
Business Platforms:



Magnum CAES

Compressed Air Energy Storage

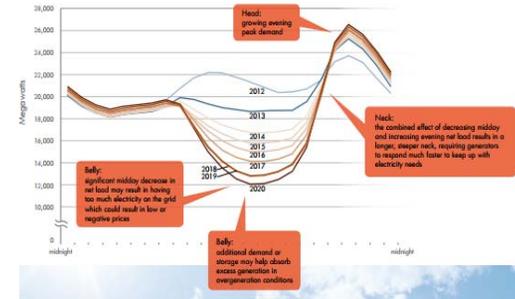
- Proven technology
 - Electric compressors w/ modified gas turbine
- Can be used to firm and shape intermittent power generation – renewable integration
- Optimize existing infra-structure
- Two operating facilities
 - McIntosh, Alabama (in-service 1991)
 - Huntndorf, Germany (in-service 1978)
 - Created directly above solution mined caverns on a salt dome
 - Salt dome also contains high deliverability gas storage
- Magnum CAES
 - 150 mW units that can be easily expanded as demand increases
 - Capex similar to CCGT
 - Can generate or store



Renewable Integration is Driving Storage Demand

California Sets Targets for Energy Storage Deployment for IOUs

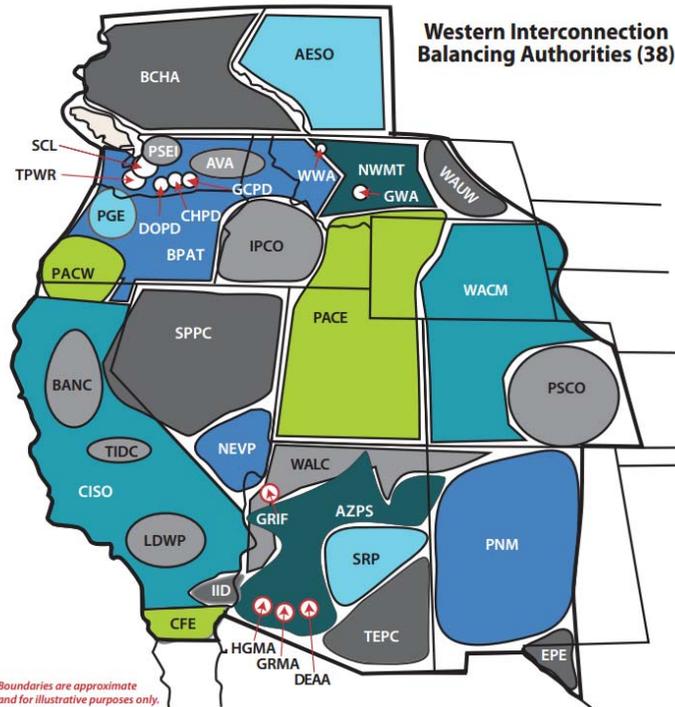
- World's Largest Procurement Commitment for Electricity Storage Solutions.



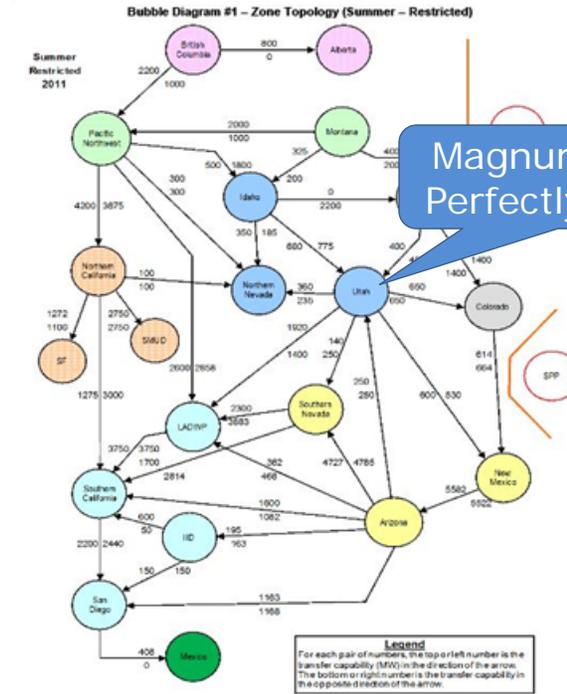
STORAGE GRID DOMAIN POINT OF INTERCONNECTION	2014	2016	2018	2020	TOTAL
Southern California Edison					
Transmission	50	65	85	110	310
Distribution	30	40	50	65	185
Customer	10	15	25	35	85
Subtotal SCE	90	120	160	210	580
Pacific Gas and Electric					
Transmission	50	65	85	110	310
Distribution	30	40	50	65	185
Customer	10	15	25	35	85
Subtotal PG&E	90	120	160	210	580
San Diego Gas and Electric					
Transmission	10	15	22	33	80
Distribution	7	10	15	23	55
Customer	3	5	8	14	30
Subtotal SDG&E	20	30	45	70	165
TOTAL - ALL 3 UTILITIES	200	270	365	490	1,325



...The Good News is that Magnum CAES Lies in the Heart of the WECC Grid



November 17, 2011 59



Magnum CAES is Perfectly Situated



Thank You

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