

Shrinking gas to meet growing demand

*European demand for natural gas is rising. Yet local production is set to decline.
So how do we make sure Europe continues to get the gas it needs?*

We rely on natural gas to warm our homes, cook our food and heat our water. It is also increasingly important as a fuel for power stations generating electricity, and for manufacturers producing everyday items like paper, food and medicines.

While European demand is projected to rise at around 1.2% a year, indigenous gas production is decreasing. This will mean more imports: from 45% of EU supply in 2000 to over 80% in 2030.

So, while energy companies continue to explore for new local supplies in areas like the North Sea, Europe must also be ready to receive these imports.

Pipelines are an important means of transporting gas to Europe, but technological advances in Liquefied Natural Gas (LNG) mean that we will no longer be dependent on pipelines alone.

LNG is natural gas which is cooled until it shrinks to a liquid that is 600 times smaller than its original volume. In this form, it is transported by special ships. With our joint venture partners, ExxonMobil has been at the forefront of the development of this technology for over 25 years. And we've contributed to recent

breakthroughs that have increased the scale of LNG production and transportation by over 50%.

In addition to multi-billion euro investments with our partners in new facilities, liquefaction plants and ships, ExxonMobil is also developing regasification terminals in Europe to receive the new supplies.

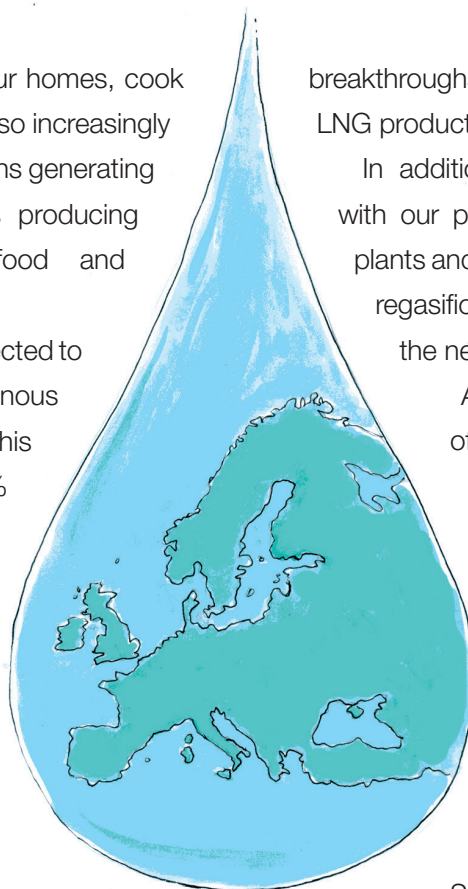
At Milford Haven in Wales, affiliates of Qatar Petroleum and ExxonMobil are converting a former refinery site into the South Hook LNG terminal.

It will begin to accept imports from Qatar in the winter of 2007/2008.

And, off the coast of Rovigo Province in Italy, we are partners with Qatar Petroleum and Edison in constructing the world's first concrete offshore LNG terminal.

Starting in 2008, the Adriatic terminal will deliver gas from Qatar to the Italian market.

By shrinking gas on a massive new scale, the LNG industry has effectively bridged the distance between some of the world's largest (but often remote) gas fields and the countries that seek additional sources – and security – of supply. For a continent that will need more imported gas to maintain economic growth and prosperity, this is welcome news.



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