



News Release

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SEMPRA ENERGY LNG, SHELL INTERNATIONAL GAS LIMITED ANNOUNCE NEW CAPACITY AGREEMENT FOR MEXICAN LNG RECEIPT TERMINAL

SAN DIEGO and MEXICO CITY, Oct. 14, 2004 - Shell International Gas Limited (Shell) and Sempra Energy LNG, a subsidiary of Sempra Energy (NYSE:SRE), today announced a 20-year agreement that provides Shell with half the initial capacity of the Energía Costa Azul liquefied natural gas (LNG) regasification terminal in Baja California, Mexico. The agreement also gives Shell rights to half of any capacity additions as the project expands in the future.

Under the agreement, Sempra Energy LNG will own, construct and operate the terminal, which initially will have processing capacity of 1 billion cubic feet (Bcf) per day (7.5 million tonnes per year) of natural gas.

When it becomes fully operational in 2008, the Energía Costa Azul regasification terminal, located approximately 14 miles north of Ensenada, Mexico, will be the first LNG project on North America's West Coast. It will help Baja California, Mexico, meet its long-term energy needs, providing, at the same time, an outlet to the U.S. market for excess capacity.

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On Oct. 12, Sempra Energy LNG announced a supply agreement with BP and its Tangguh LNG partners for the supply of 3.7 million tonnes of LNG per year, (500 million Bcf/day) from Indonesia to Energía Costa Azul.

"We have worked cooperatively with Shell to develop this project over the past several months and Shell's technical expertise in the LNG business has contributed significantly to the design of the project," said Donald E. Felsing, president and chief operating officer of Sempra Energy. "We jointly determined that the consolidation of the ownership, construction and operation of the project and Shell's capacity agreement represented a mutually beneficial commercial arrangement for both companies. With Sempra Energy's continued role as owner of the Energía Costa Azul project, we will maintain our ongoing involvement with the local community and Mexican authorities. We are committed to developing the project in accordance with Mexican and international safety standards, which meet or exceed U.S. requirements."

"This agreement forges another vital link in North America's new West Coast LNG supply chain," Felsing added. "This supply chain, requiring the investment of billions of dollars in natural gas infrastructure that includes LNG liquefaction and regasification plants, ships and pipelines, ensures the delivery of significant new gas supplies to the region."

Shell Gas & Power Director, Americas and Africa, Catherine Tanna, said: "Shell is pleased with the joint progress made with Sempra Energy in the technical design and pre-construction efforts we have shared over the past months. We are confident that Sempra Energy will deliver the terminal to specifications and to contract. Shell is committed to the Mexican market, and looks forward to selling LNG into Mexico and, where appropriate, exporting gas to the United States."

Tanna said the LNG supply for the Shell capacity will come from the Sakhalin II project in eastern Russia, where Shell is the largest shareholder. "This is a landmark deal in many ways that is testament to the truly global nature of the LNG industry. For the first time, LNG from Russia will supply Mexico and California. This is good news for Mexico's energy supply and a significant step in bringing LNG into the North American West Coast," Tanna said.

Notes to Editors

In December 2003, Sempra Energy LNG and Shell first announced their intention to develop the Energía Costa Azul project under a joint development agreement. That agreement provided for the possibility of the capacity arrangement entered into today.

Shell is the world's leading privately owned equity producer of LNG with interests in six LNG production projects as well as the world's leading LNG shipper. Shell is active across the entire LNG value chain, including re-gasification terminals, marketing and pioneering innovative technology. Current LNG re-gasification projects under development in the Americas include the Altamira LNG project in Mexico to meet the growing demands for gas in northeastern Mexico and plans for a major new LNG project in the Gulf of Mexico.

Shell has also obtained substantial capacity rights at two existing East Coast LNG terminals - Elba Island and Cove Point. Shell International Gas Limited is part of the Royal Dutch/Shell Group of Companies. As used in this press release, "Shell" collectively refers to Shell International Gas Limited and other companies within the Royal Dutch/Shell Group of Companies.

In addition to Energía Costa Azul, Sempra Energy LNG also is developing LNG receipt terminals in Lake Charles, La., and Port Arthur, Texas.

Sempra Energy LNG is a subsidiary of Sempra Energy. Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2003 revenues of \$7.9 billion. The Sempra Energy companies' 13,000 employees serve more than 10 million customers in the United States, Europe, Canada, Mexico, South America and Asia.

LNG is natural gas that has been cooled to minus-260 degrees Fahrenheit (or minus-162 degrees Centigrade) and is condensed into a liquid that is stored at close to atmospheric pressure. LNG occupies 600 times less space than in its gas form, which allows it to be transported in ships from remote locations to markets where it is needed.

At the receiving terminal, LNG is unloaded and stored until it is regasified and moved via pipeline to customers.

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