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# ***Copano Energy***

NASDAQ: CPNO

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## ***The Growing Impact of Natural Gas Resource Plays***

**RBC Capital Markets MLP Conference**

**Dallas, TX**

**November 15 – 16, 2007**

# Disclaimer

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The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information or future events.

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# ***Copano Overview***

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# Introduction to Copano Energy, L.L.C.

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- Growth-oriented midstream energy company founded in 1992
  - Built through acquisitions – over 40 acquisitions plus extensive construction and integration projects
  - Significant pipeline growth – from 23 miles to over 6,000 active miles
  - Six processing plants <sup>(a)</sup> – 1,070 MMcf/d of combined processing capacity
  
- Prominent producer services franchise in three active producing regions
  - Texas Gulf Coast – South Texas
  - Mid-Continent – Central and Eastern Oklahoma and Northern Fort Worth Basin in Texas
  - Rocky Mountains – Powder River Basin in Wyoming

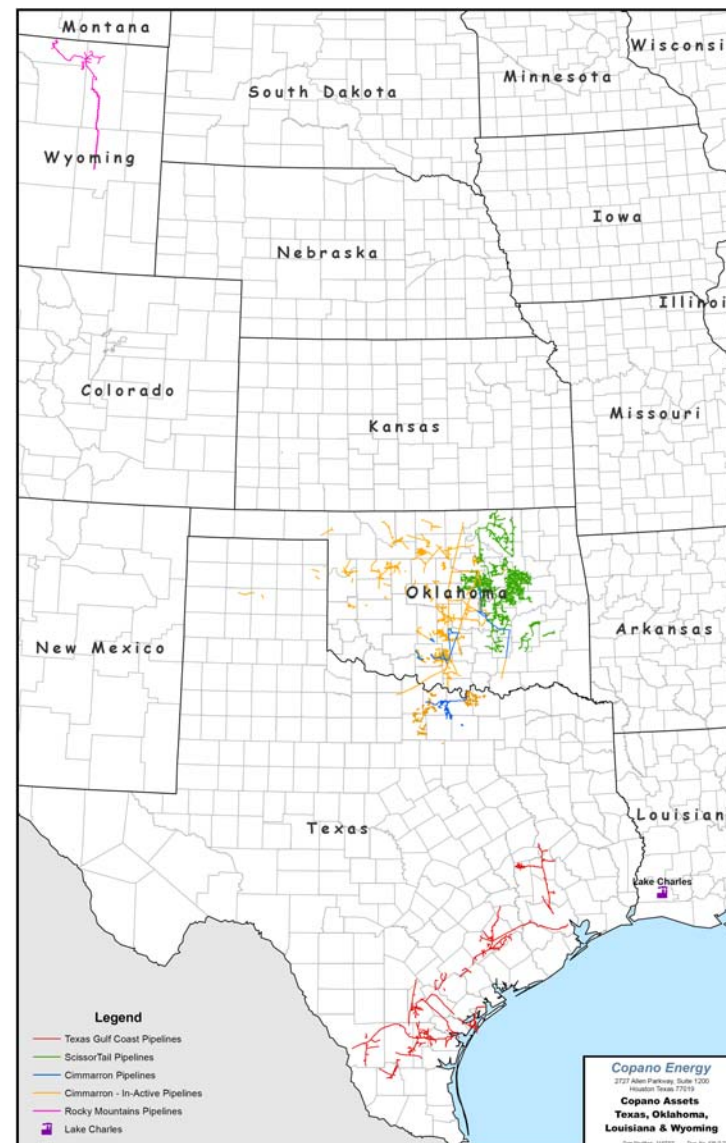
(a) includes majority interest in Southern Dome, LLC

# Overview

- Strong producer and customer focus
- Highly competitive and flexible services
- Provides midstream services to approximately 1,500,000 MMBtu/day of natural gas
- Financial Profile – LTM 9/30/07:
  - Revenue (a): \$991.2 million
  - Total Segment Gross Margin (a): \$188.1 million
  - EBITDA (a): \$122.1 million
  - Current Equity Market Cap: \$2.1 billion (b)
  - Current Enterprise Value: \$2.7 billion (b)

(a) Total Segment Gross Margin and EBITDA are non-GAAP financial measures. For definitions and reconciliations to comparable GAAP measures, see Appendix. Metrics do not include Cantera results from operations.

(b) Equity value as of November 12, 2007. Reflects Cantera acquisition financings.



# Copano's LLC Structure

Characteristic	Typical MLP	<i>Copano Energy</i>	C-Corp
Non-Taxable Entity	Yes	Yes	No
Tax Shield on Distributions	Yes	Yes	No
Tax Reporting	Schedule K-1	Schedule K-1	Form 1099
General Partner	Yes	No	No
Incentive Distribution Rights	Yes; up to 50%	No	No
Voting Rights	No	Yes	Yes

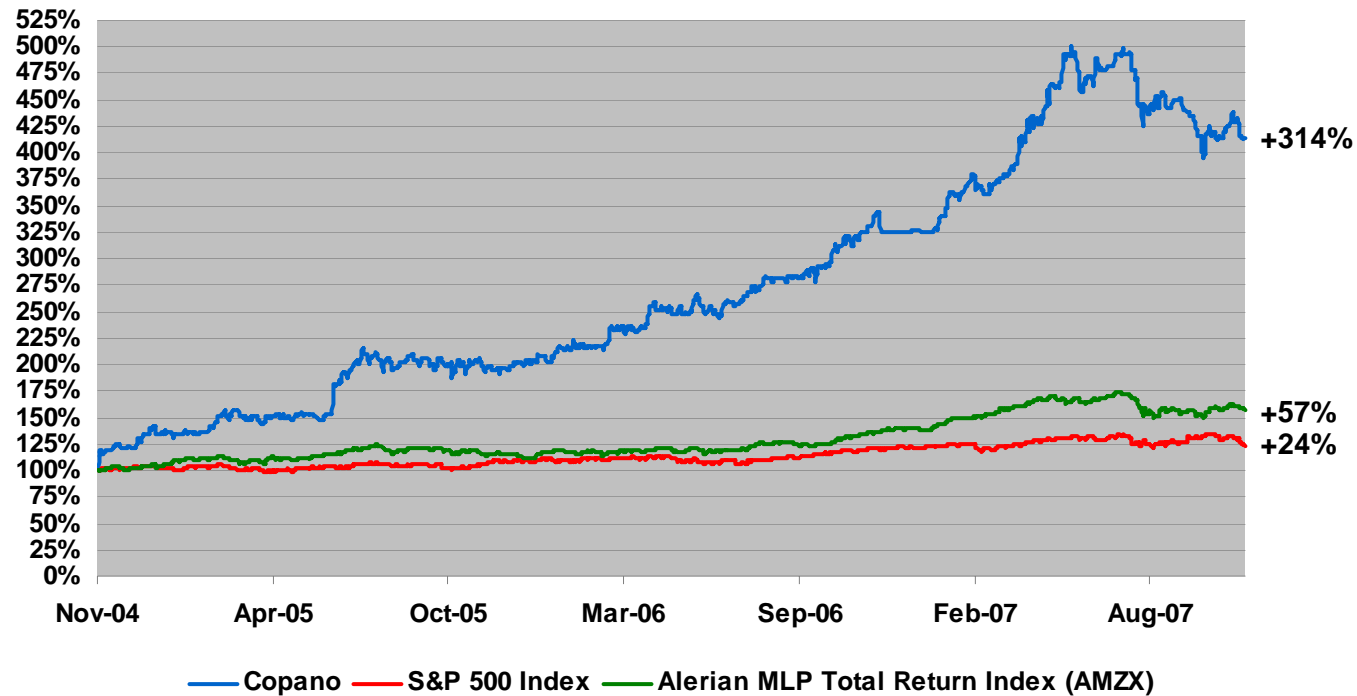
# LLC Benefits

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- **No entity-level taxation**
- **No general partner splits (“incentive distribution rights”)**
  - **Reduces cost of equity**
  - **Greater ease of equity issuance**
  - **Greater appeal to institutional investors**
- **Stronger governance**
  - **Truly independent board**
  - **Elected by unitholders**

# Total Return Performance (a)

- Copano has also outperformed both the Alerian MLP Total Return Index (AMZX) and the S&P 500 in terms of total return since its IPO

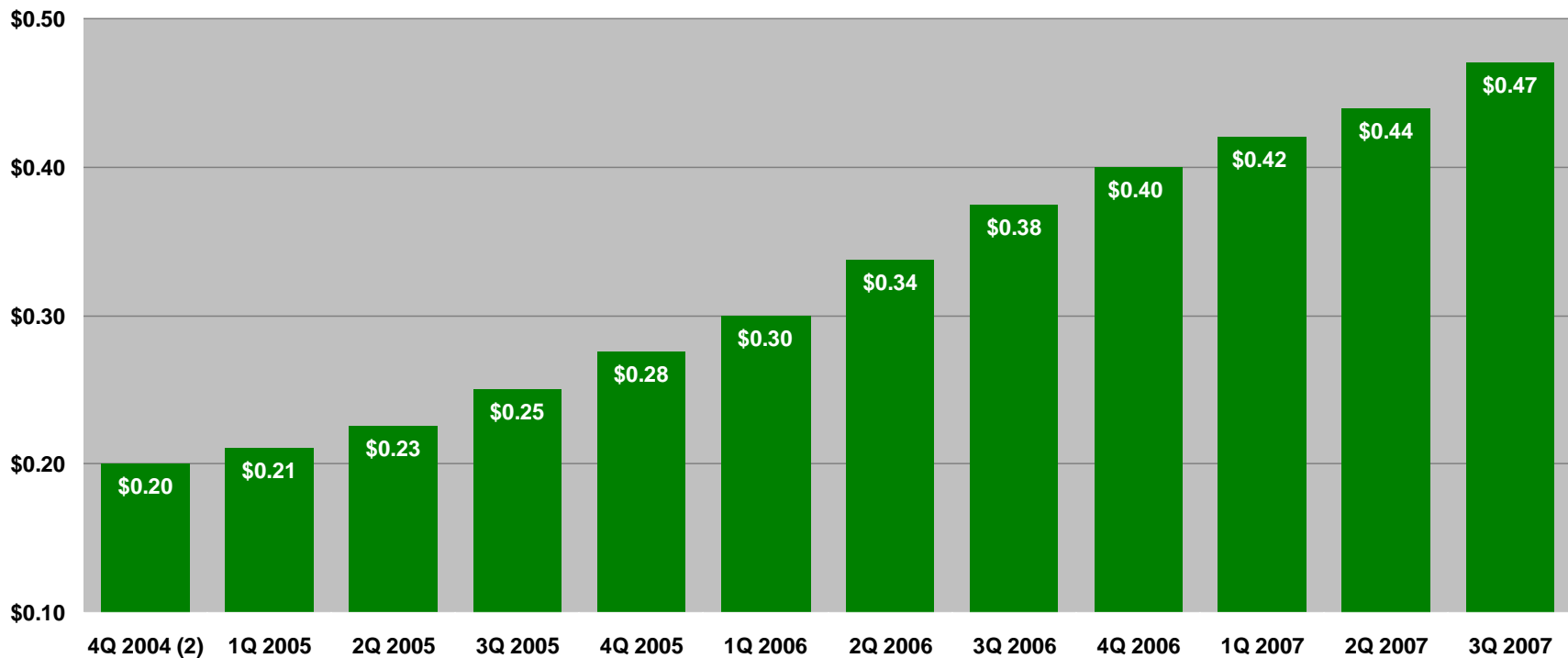


Source: Bloomberg

(a) As of November 12, 2007. Assumes distributions reinvested.

# Distribution Growth (1)

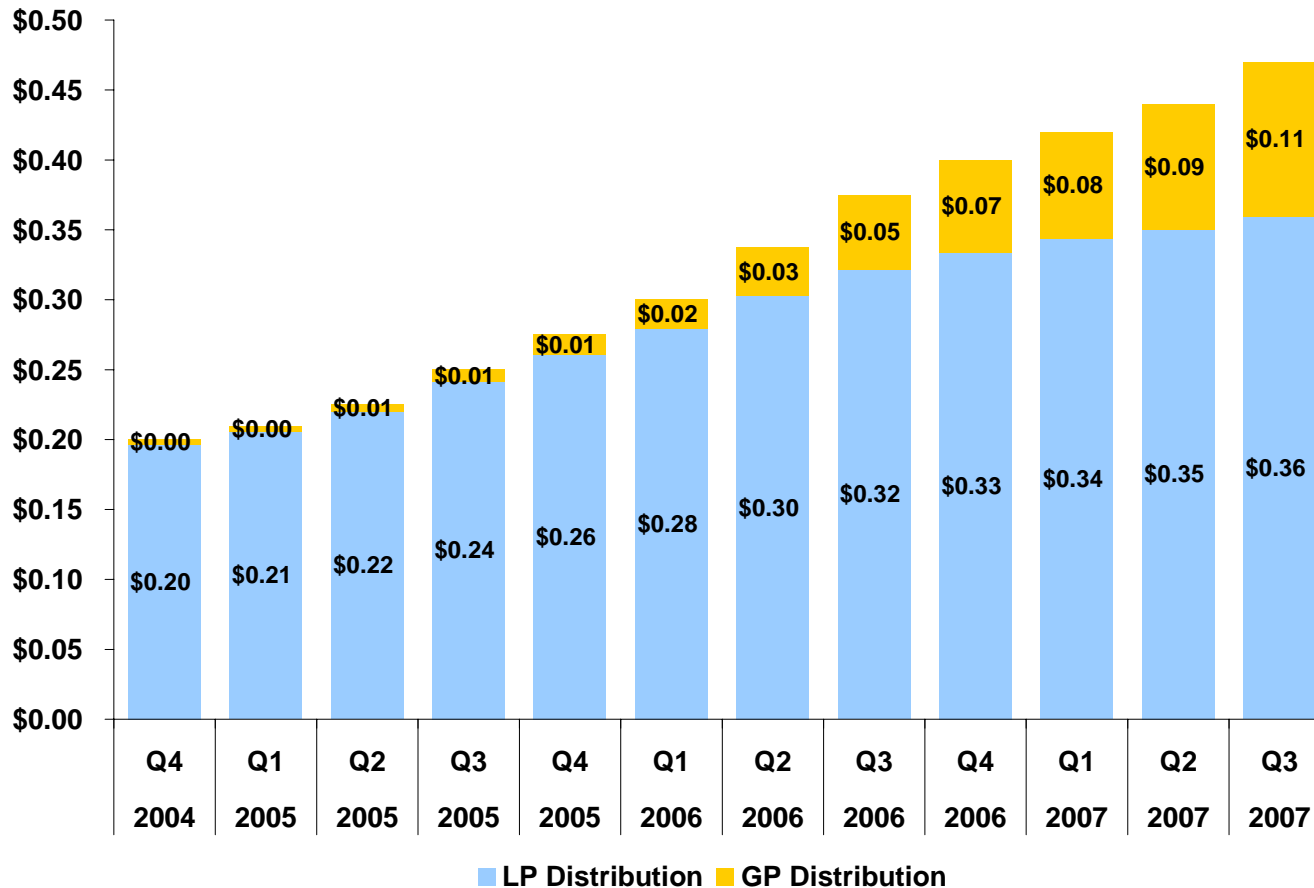
- On October 17, 2007, Copano announced its eleventh consecutive (3Q 2007) increase in quarterly distributions since its IPO. The distribution will be payable on November 14, 2007 to holders of record of Common Units at the close of business on November 1, 2007.



(1) All pre-1Q 2007 distributions are restated to account for the impact of Copano's 3/30/07 two-for-one unit split.

(2) Actual \$0.10 distribution per unit was for the partial quarterly period from the IPO closing on November 15, 2004 through December 31, 2004.

# CPNO Distributions vs. MLP with IDR's

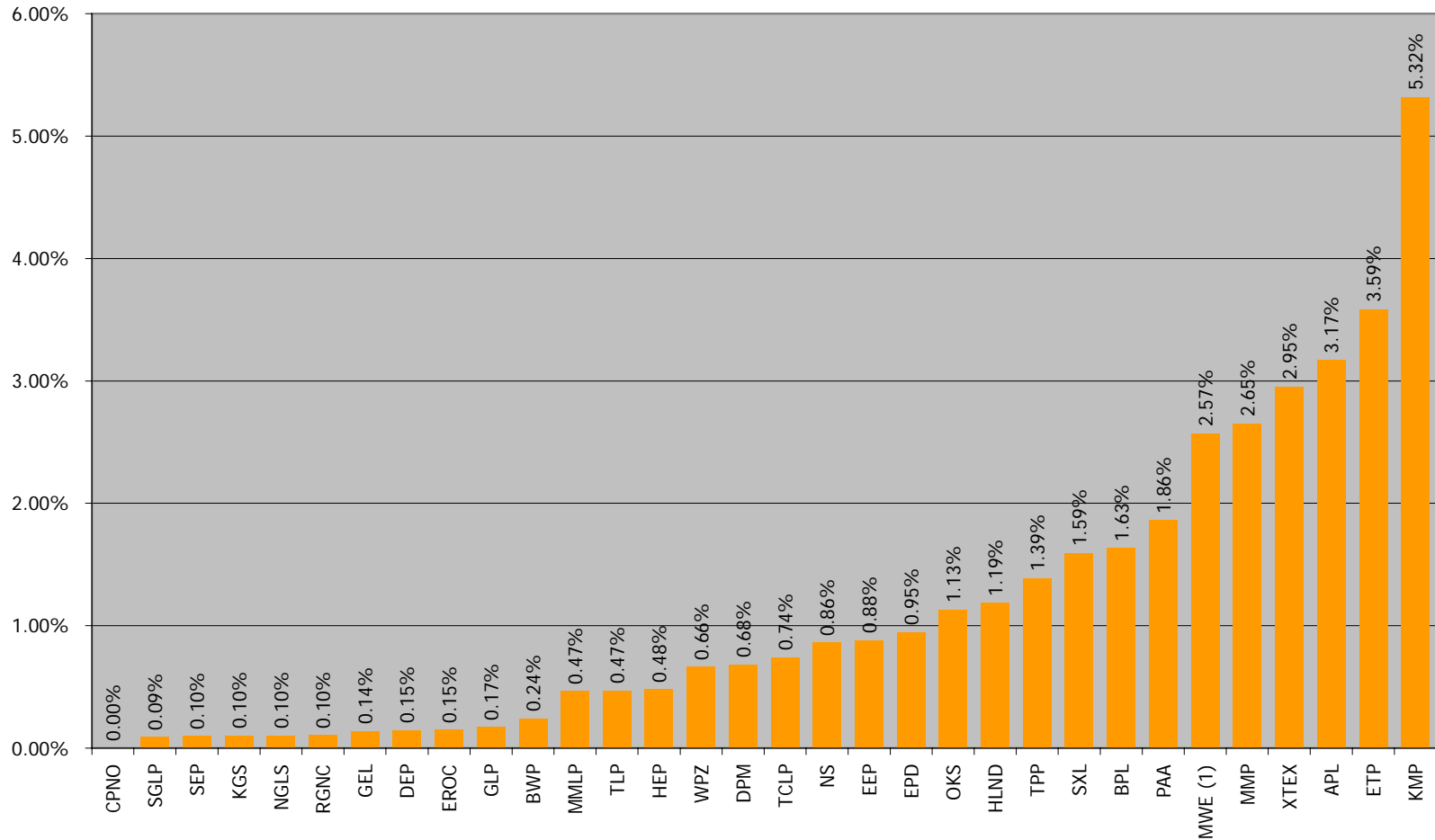


**Copano's Q3 2007 distribution is approximately 31% higher as an LLC than if it were a traditional MLP with IDRs**

Note: Assumes generic MLP splits with 10%, 25% & 50% increases in distributable cash flow to LP units resulting in incremental 13%, 23% and 48% increases in the percentage of total distributable cash flow applicable to the GP.

# General Partner Incentive Distribution Loads

Pipeline / Midstream MLPs  
General Partner Incentive Distribution Loads



Note: Market data as of 11/12/07

(1) To be adjusted pending shareholder vote of announced transaction between MWE & MWP

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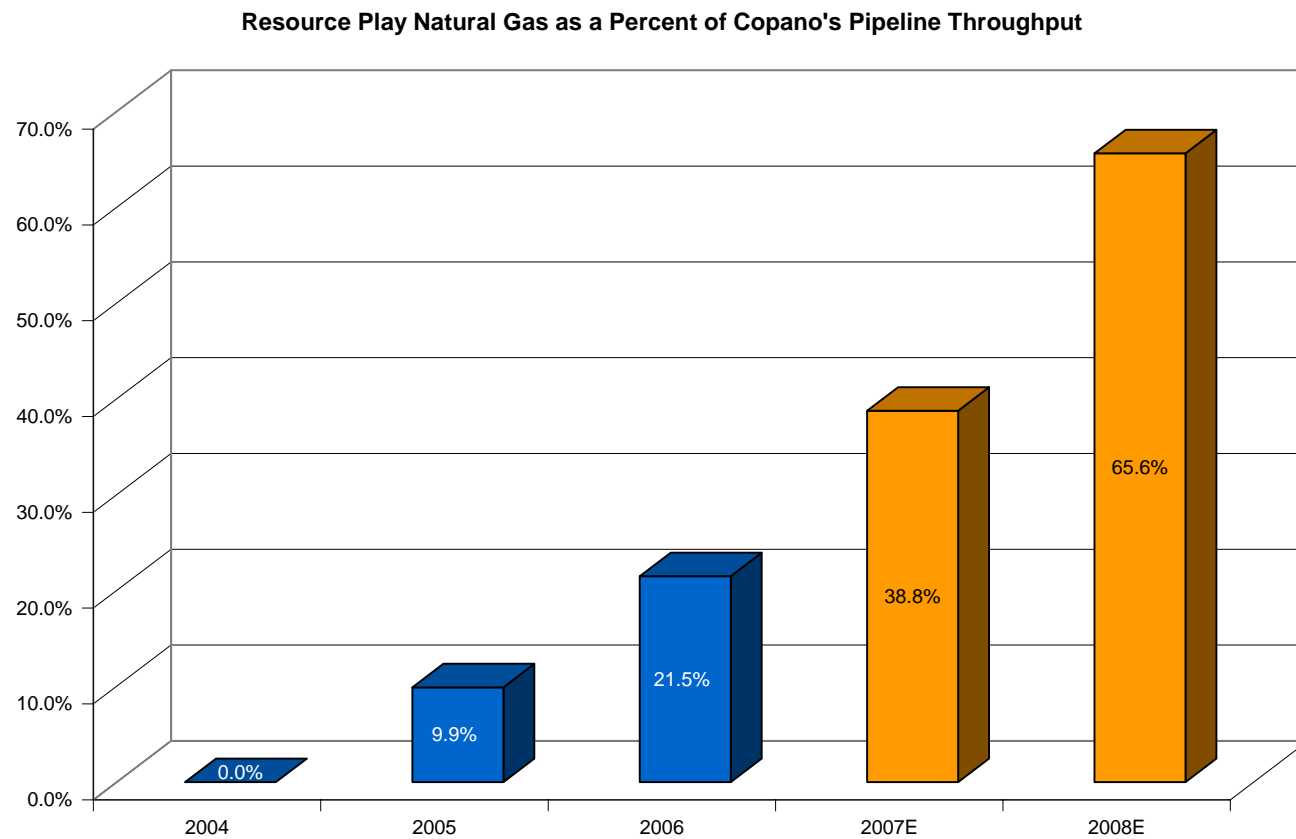
***Impact of Natural Gas  
Resource Plays***

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# Overview

- Copano defines a resource play as any large scale development play driven by execution rather than geologic risk
- Copano's access to resource play gas has increased significantly since IPO



Note: Volumes are Mcf/d and are net for unconsolidated affiliates

# Copano's Natural Gas Resource Plays \*

<b>Play</b>	<b>Location</b>	<b>Date Copano Service Commenced</b>
<b>Hunton/Limestone De-watering</b>	<b>Central Oklahoma</b>	<b>August 2005</b>
<b>Osage Coalbed Methane</b>	<b>North Central Oklahoma</b>	<b>August 2005</b>
<b>Woodford Shale</b>	<b>Southeast Oklahoma</b>	<b>June 2006</b>
<b>Tri-County Barnett Shale Interval Oil Play</b>	<b>North Texas</b>	<b>May 2007</b>
<b>Powder River Basin Coalbed Methane</b>	<b>Wyoming</b>	<b>October 2007</b>

\* Geologic, engineering and drilling economics information are based on discussions with producers, independent reservoir engineers and other industry information sources but, has not been independently verified.

# Hunton/Limestone De-watering

<b>Location</b>	Central Oklahoma
<b>Copano System</b>	Stroud
<b>Potential Total Acreage of Play</b>	Approximately 1.5 – 2 million acres in Copano's operating region
<b>Approximate Copano Acreage Commitment</b>	1.3+ million acres
<b>Expected Well Density</b>	160 – 320 acres (eventual downsizing likely)
<b>Typical Expected EUR/well</b>	1.2 Bcf
<b>Typical Gas Quality</b>	6+ GPM with nitrogen
<b>Projected Typical F&amp;D Costs</b>	\$1.70/Mcf
<b>Notes</b>	Producers also recover condensate with rich gas

# Osage Coalbed Methane

<b>Location</b>	North Central Oklahoma
<b>Copano System</b>	Osage
<b>Potential Total Acreage of Play</b>	Approximately 700,000 acres
<b>Approximate Copano Acreage Commitment</b>	Pipeline capacity commitment
<b>Expected Well Density</b>	80 – 160 acres
<b>Typical Expected EUR/well</b>	150 – 300 MMcf
<b>Typical Gas Quality</b>	Pipeline quality gas (delivered at very low pressure)
<b>Projected Typical F&amp;D Costs</b>	\$2.00/Mcf
<b>Notes</b>	Well density depends on area; expected EUR depends on depth and number of coals; gas requires compression and dehydration.

# Woodford Shale

<b>Location</b>	<b>Southeast Oklahoma</b>
<b>Copano System</b>	<b>Cyclone (Mountains) &amp; Tomahawk Line</b>
<b>Potential Total Acreage of Play</b>	<b>2.5 million acres (current drilling activity area is 1 million acres)</b>
<b>Approximate Copano Acreage Commitment</b>	<b>Developing – over 50,000 acres</b>
<b>Expected Well Density</b>	<b>Up to 640 acres (potential downsizing to 160 acres)</b>
<b>Typical Expected EUR/well</b>	<b>1 – 4 Bcf</b>
<b>Typical Gas Quality</b>	<b>Varies up to 4+ GPM, CO<sub>2</sub> up to 9%</b>
<b>Projected Typical F&amp;D Costs</b>	<b>\$4.50 – \$5.00/Mcf</b>
<b>Notes</b>	<b>Highly competitive</b>

# Tri-County Barnett Shale Interval Oil Play

<b>Location</b>	North Texas
<b>Copano System</b>	Tri-County
<b>Potential Total Acreage of Play</b>	135,000 acres
<b>Approximate Copano Acreage Commitment</b>	50,000 acres
<b>Expected Well Density</b>	20 – 40 acres
<b>Typical Expected EUR/well</b>	Approximately 350 MMcf (varies)
<b>Typical Gas Quality</b>	5.5 GPM with CO <sub>2</sub> (4 – 9%)
<b>Projected Typical F&amp;D Costs</b>	\$3.00/Mcf (\$2.00/Mcfe)
<b>Notes</b>	Casinghead gas – oil alone justifies drilling economics

# Powder River Basin Coalbed Methane

<b>Location</b>	Wyoming
<b>Copano System</b>	Bighorn & Fort Union
<b>Potential Total Acreage of Play</b>	5.5 million acres
<b>Approximate Copano Acreage Commitment</b>	Bighorn – over 1 million acres Fort Union – 3 million acres (area of mutual interest)
<b>Expected Well Density</b>	80 acres (Wyoming statewide proration rule)
<b>Typical Expected EUR/well</b>	500 MMcf (varies)
<b>Typical Gas Quality</b>	Pipeline quality gas (delivered at very low pressure)
<b>Projected Typical F&amp;D Costs</b>	\$2.15 – \$3.25/Mcf
<b>Notes</b>	Most active coalbed methane play in the U.S.

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# Appendix

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# Reconciliation of Non-GAAP Financial Measures

## Gross Margin

- We define our total segment gross margin as our segment revenue less cost of sales. Cost of sales includes the following costs and expenses: cost of natural gas and NGLs purchased by us from third parties, cost of natural gas and NGLs purchased by us from affiliates, costs we pay third parties to transport our volumes and costs we pay our affiliates to transport our volumes. We view total segment gross margin as an important performance measure of the core profitability of our operations. This measure is a key component of our internal financial reporting and is used by our senior management in deciding how to allocate capital resources among business segments. We believe that investors benefit from having access to the same financial measures that our management uses. The GAAP measure most directly comparable to total segment gross margin is operating income.
- The following table presents a reconciliation of the non-GAAP financial measure of total segment gross margin (which consists of the sum of individual segment gross margins) to operating income on a historical basis:

### Copano Energy, L.L.C.

(\$ in millions)

	<u>Year Ended</u> <u>December 31,</u> <u>2006</u>	<u>9 Mos. Ended</u> <u>9/30/2006</u>	<u>9 Mos. Ended</u> <u>9/30/2007</u>	<u>LTM Sep. 30,</u> <u>2007</u>
Operating income	\$96.3	\$72.6	\$59.1	\$82.9
Add:				
Operations and maintenance expenses	32.5	23.5	28.7	37.7
Depreciation and amortization	32.0	23.7	28.4	36.8
General and administrative expenses	26.5	19.9	23.8	30.4
Taxes other than income	2.1	1.6	2.6	3.0
Equity in (earnings) loss of unconsolidated affiliate	(1.3)	(0.6)	(2.0)	(2.7)
Total segment gross margin	<u>\$188.1</u>	<u>\$140.7</u>	<u>\$140.6</u>	<u>\$188.1</u>

# Reconciliation of Non-GAAP Financial Measures

## EBITDA

- We define EBITDA as net income (loss) plus interest expense, provision for income taxes and depreciation and amortization expense. EBITDA is used as a supplemental financial measure by our management and by external users of our financial statements such as investors, commercial banks, research analysts and others, to assess:
  - the financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
  - the ability of our assets to generate cash sufficient to pay interest costs and support our indebtedness;
  - our operating performance and return on capital as compared to those of other companies in the midstream energy sector, without regard to financing or capital structure; and
  - the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.
- EBITDA is also a financial measurement that, with certain negotiated adjustments, is reported to our lenders and is used to compute our financial covenants. EBITDA should not be considered an alternative to net income, operating income, cash flows from operating activities or any other measure of financial performance presented in accordance with GAAP. Our EBITDA may not be comparable to EBITDA or similarly titled measures of other entities, as other entities may not calculate EBITDA in the same manner as we do.
- The following table presents a reconciliation of the non-GAAP financial measure of EBITDA to the GAAP financial measure of net income (loss):

### Copano Energy, L.L.C.

(\$ in millions)	Year Ended			
	December 31, 2006	9 Mos. Ended 9/30/2006	9 Mos. Ended 9/30/2007	LTM Sep. 30, 2007
Net (loss) income	\$65.1	\$48.6	\$41.7	\$58.2
Add:				
Depreciation and amortization	32.0	23.7	28.4	36.8
Interest and other financing costs	32.9	25.3	18.3	25.9
Provision for Income Taxes			1.2	1.2
EBITDA	\$130.0	\$97.6	\$89.6	\$122.1

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