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November 4, 1999

Mr. John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas and Petroleum Import and Export Activities
Fossil Energy
U.S. Department of Energy
Forrestal Building, Room 3E-042, FE-34
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: Docket No. FE99-*3*LNG

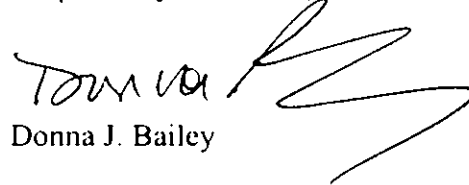
Dear Mr. Glynn:

Enclosed are an original and 15 copies of the Application of Sonat Energy Services Company for authority to import natural gas filed in accordance with the requirements of 10 C.F.R. § 590 of the Department of Energy's regulations.

Southern LNG Inc., an affiliate of the applicant, currently has a related application pending before the Federal Energy Regulatory Commission pursuant to sections 3 and 7 of the Natural Gas Act for authority to re-commission the LNG marine terminalling facilities on Elba Island in Savannah, Georgia and to utilize those facilities for the import of natural gas.

Sonat Energy Services Company respectfully requests that you date stamp one copy of the enclosed application and return it to the undersigned in the self-addressed stamped envelope.

Respectfully submitted,


Donna J. Bailey

DJB/jhc

Enclosures

399726 1

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

SONAT ENERGY SERVICES COMPANY)

DOCKET NO. FE99-936NG

APPLICATION OF SONAT ENERGY SERVICES COMPANY
FOR AUTHORIZATION TO IMPORT
LIQUIFIED NATURAL GAS FROM TRINIDAD AND TOBAGO

11/13/99
3:11:24
PPE/FE

Pursuant to Section 3 of the Natural Gas Act ("NGA"), and Part 590 of the Regulations of the Department of Energy ("DOE"), Office of Fossil Energy ("FE"), Sonat Energy Services Company ("SES") hereby submits the instant application for long-term authorization for the import of liquefied natural gas from Trinidad and Tobago.

I.
GENERAL

Correspondence and communications regarding this application should be addressed to the following:

Donna J. Bailey, Esq.
Balch & Bingham LLP
1710 Sixth Avenue North
Birmingham, AL 35203-2015
Telephone: (205) 226-3451
Facsimile: (205) 226-8798
E-mail: Dbailey@balch.com

Mike Varagona
Director-Southeast Trading & Operations
Sonat Energy Services Company
P.O. Box 2563
Birmingham, AL 35203-2563
Telephone: (205) 325-7185
Facsimile: (205) 325-3580

II.
BACKGROUND

The exact legal name of the company making this application is Sonat Energy Services Company ("SES"). It is a corporation organized under the laws of the State of Delaware, with its principal place of business at 1900 Fifth Avenue North, Birmingham, AL 35203. It is a subsidiary of El Paso Energy Corporation, a corporation organized under the laws of the state of Delaware with its principal place of business in Houston, Texas.

SES is primarily a holding company with interests in companies engaged in a variety of businesses including gas marketing, power marketing, and power development.

III. AUTHORIZATIONS REQUESTED

This application by SES requests import authorization under the DOE/FE's long-term authorization program for the importation of liquified natural gas from Trinidad and Tobago. This request results from SES obtaining, through an open season process, all of the firm capacity at the Elba Island LNG marine terminalling facilities owned by Southern LNG Inc. ("Southern LNG").

Southern LNG is the owner and operator of LNG facilities on Elba island in Savannah, Georgia. Southern LNG conducted an open season for the capacity at its Elba Island LNG facilities from June 1 through June 15, 1999 to determine whether there was sufficient interest in the facilities to warrant the re-commissioning of the facilities. Upon completion of review of the bids received, the capacity was awarded to SES.

SES was awarded the capacity at Elba Island based upon its bid for a term of 22 years. SES is requesting authorization for import authority for the same term.

At this time, SES seeks authority from DOE/FE to import up to 82 Bcf per year, for a total of up to 1804 Bcf over the 22-year term of the requested import authorization. SES will be purchasing the LNG from the North Coast Marine Area of Trinidad from a group of partners composed of British Gas Trinidad and Tobago Limited, AGIP Trinidad and Tobago Limited, Veba Oil & Gas Trinidad GmbH, and Petroleum Company of Trinidad and Tobago Limited (collectively "NCMA Partners"). Purchases are to commence no earlier than October 2002 and no later than October 2003.

The LNG will be received at the LNG facilities of Southern LNG on Elba Island in Savannah, Georgia. Transport from the Elba Island facilities will be accomplished through the interstate pipeline of Southern Natural Gas Company which connects to the LNG marine terminalling facilities on Elba Island. SES intends to market the gas throughout the southeastern United States, although the gas can be made available through the interstate pipeline grid to other geographic areas in the U.S.

The LNG is expected to be transported to the Elba Island facilities by the LNG tanker ship Osprey Maritime Hilli or a similar tanker. This ship's cargo load is approximately 2.5 Bcf. The point of entry into the United States of the LNG will be the Elba Island facility in Savannah Georgia.

On July 13, 1999, in Docket Nos. CP99-579-000, CP99-580-000, CP99-581-000 and CP99-582-000, Southern LNG filed certificate applications with the Federal Energy Regulatory Commission ("FERC") under Section 7 of the NGA for authority to re-commission the Elba island facilities and under Section 3 of the NGA for authorization for the LNG imports.

IV.
CONTRACT PROVISIONS

The key provisions of the agreement in principle between SES and the NCMA Partners are as follows:

Take-or-Pay

SES will have an obligation to take-or-pay for the annual contract quantity unless otherwise excused.

Make-up

SES shall have a five year period to make up any quantities of LNG paid for but not taken in a previous contract year or a period of time following expiration of the contract.

Volumes

The NCMA Partners will deliver to SES 100% of the LNG attributable to their interest in the North Coast Marine Area of Trinidad up to a maximum of 82 Bcf a contract year.

Base Price

The price of the LNG to be imported hereunder is at market prices.

Transportation and Reservation Fees

The NCMA partners bear all transportation costs associated with the delivery of the LNG to SES to Southern LNG's terminalling facility on Elba Island at Savannah, Georgia, and their pro rata share of the costs incurred for services performed by Southern LNG at Elba Island.

In the event any of these provisions are modified during the finalization of the definitive LNG Supply Agreement, SES will advise DOE/FE of such modification.

V.
PUBLIC INTEREST

The gas to be imported hereunder will be marketed primarily to the growing natural gas market in the southeastern United States. The Energy Information Administration ("EIA") has forecast significant growth in the demand for natural gas throughout the United States in the next 20 years. Energy Information Administration, Natural Gas 1998: Issues and Trends 5-17 (1999). The largest increase in demand forecast by EIA is in the southeastern United States. This growth in demand for natural gas is due in part to the need for meeting federal clean air requirements and the projected growth of the residential and industrial sectors in the southeast.

In addition, the interconnection of the Southern LNG facilities with Southern Natural Gas Company's pipeline and that pipeline's connection to the U.S. pipeline grid will potentially permit

the imported gas to be made available for sale to other areas of the United States to meet the growth in the national market forecasted by EIA.

Because the importation of natural gas will aid in meeting the significant demand growth anticipated in the United States over the next 20 years, SES submits that this application for import authority is in the public interest.

VI.
REPORTING REQUIREMENTS

SES agrees to comply fully with all applicable reporting requirements imposed by the DOE/FE in connection with its proposed importation of LNG.

Further, as is required by the DOE/FE regulations, SES will notify DOE/FE as soon as practicable of any prospective or actual changes to the information submitted with this application, including changes to the terms and conditions of the contract for the purchase of the natural gas; the volumes under contract; or the price paid for the gas. Also, if changes to SES' name occur due to a sale or merger, SES will promptly notify DOE/FE of such change.

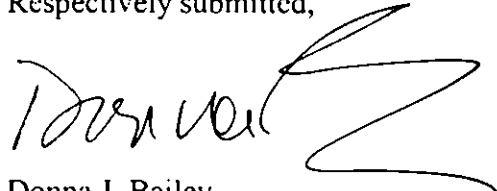
VII.
EXHIBITS

- Exhibit A. The required opinion of counsel is attached as Exhibit A.
- Exhibit B. The contract for the purchase of the natural gas from the NCMA Partners is currently being finalized. The contract will be filed following its finalization.

VIII.
CONCLUSION

SES respectfully requests that the DOE/FE expeditiously consider the instant application and, pursuant to section 3 of the Natural Gas Act, grant its request for long-term import authority.

Respectively submitted,



Donna J. Bailey
Balch & Bingham LLP
1710 Sixth Avenue North
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Telephone: (205) 226-3451

EXHIBIT A

OPINION OF COUNSEL

Sonat Energy Services Company ("SES") has applied to the Department of Energy Office of Natural Gas and Petroleum Import and Export Activities Fossil Energy pursuant to the procedures established in 10 C.F.R. part 590 (1999) of DOE's regulations for authorization to import natural gas. The point of entry for the import of the natural gas will be the LNG terminal facilities of Southern LNG Inc. on Elba Island in Savannah, Georgia.

As counsel for SES, I am familiar with SES' certificate of incorporation, bylaws, and corporate records. I furnish this opinion pursuant to section 590.103(b) of the DOE's regulations, 10 C.F.R. § 590.103 (1999). This section requires that SES provide, as Exhibit A, an opinion of counsel that the proposal is within the authorized powers of SES and that SES has complied with the laws and regulations of the states in which SES operates. For purposes of this opinion, I have examined SES's corporate documents and made examinations of law as I have deemed necessary.

Based upon the foregoing, I am of the following opinion:

- (i) The proposal is within the corporate powers of SES;
- (ii) SES is duly organized and existing under the laws of the State of Delaware and is authorized to do business within the State of Georgia, and in the State of Alabama.
- (iii) SES has complied with all applicable state laws and with the rules and regulations of state regulatory authorities in the states in which SES operates.

Respectively submitted,

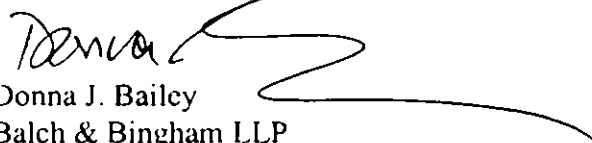

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EXHIBIT B

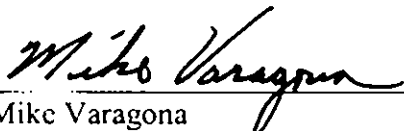
SES requests permission to file the contract following its finalization and execution by the affected parties.

STATE OF ALABAMA §

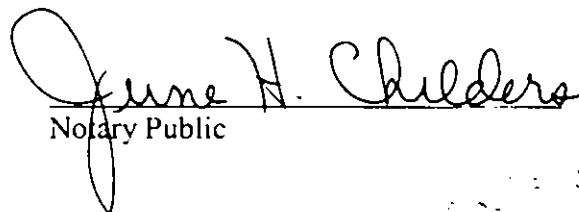
COUNTY OF JEFFERSON §

VERIFICATION

Pursuant to 10 C.F.R. 590.103 (1999), Mike Varagona, being dully sworn deposes and says that he is the Director - Southeast Trading & Operations of Sonat Energy Services Company, the applicant for the subject authorization to import natural gas, that he has read the forgoing application, that he knows the contents thereof, and that the same are true to the best of his knowledge and belief.


Mike Varagona

SUBSCRIBED AND SWORN to before me this 5th day of November, 1999.


Notary Public

My Commission Expires: 10-29-2003



UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

DOE/FE
1999 DEC -8 P 3:58

SONAT ENERGY SERVICES COMPANY)
_____)

FE DOCKET NO. 99-93-LNG

ORDER GRANTING LONG-TERM AUTHORIZATION TO
IMPORT LIQUEFIED NATURAL GAS FROM TRINIDAD AND TOBAGO

DOE/FE ORDER NO. 1549

DECEMBER 8, 1999

I. DESCRIPTION OF REQUEST

On November 8, 1999, Sonat Energy Services Company (SES) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{1/} and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to import liquefied natural gas (LNG) from Trinidad and Tobago. SES proposes to import up to 82 billion cubic feet (Bcf) of LNG per year over a term of 22 years. SES, a Delaware corporation, with its principal place of business in Birmingham, Alabama, is a wholly-owned subsidiary of El Paso Energy Corporation. SES is primarily a holding company with interests in companies engaged in, among other things, gas marketing, power marketing, and power development.

SES will be purchasing the LNG from the North Coast Marine Area of Trinidad from a group of partners composed of British Gas Trinidad and Tobago Limited, AGIP Trinidad and Tobago Limited, Veba Oil & Gas Trinidad GmbH, and Petroleum Company of Trinidad and Tobago Limited (collectively "NCMA Partners"), no earlier than October 2002, and no later than October 2003. The LNG will be received at the facilities of Southern LNG Inc. on Elba Island in Savannah, Georgia. Transport from the Elba Island facilities will be through the interstate pipeline of Southern Natural Gas Company. SES intends to market the gas throughout the southeastern United States.

Key provisions of an agreement in principle between SES and the NCMA Partners include an obligation for SES to take-or-pay for the annual contract quantity of 82 Bcf, a five-year make-up period, and market pricing. SES will advise DOE of modifications to these provisions and will submit to DOE a final LNG agreement after its execution.

^{1/} 15 U.S.C. § 717b.

In July 1999, Southern LNG Inc., an affiliate of SES, filed a related, and pending, application with the Federal Energy Regulatory Commission (Docket Nos. CP99-579-000, et al.). For authority under sections 3 and 7 of the NGA to re-commission the LNG marine terminalling facilities on Elba Island and to use those facilities to import the LNG.

II. FINDING

The application filed by SES has been evaluated to determine if the proposed import arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import of LNG is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by SES to import LNG meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Sonat Energy Services Company (SES) is authorized to import up to 82 billion cubic feet of liquefied natural gas (LNG) per year from Trinidad and Tobago over a period of 22 years beginning on the date of the first delivery, in accordance with final supply agreement with the MCNA Partners (SES British Gas Trinidad and Tobago Limited, AGIP Trinidad and Tobago Limited, Veba Oil & Gas Trinidad GmbH, and Petroleum Company of Trinidad and Tobago Limited) and authorizations of the Federal Energy Regulatory Commission, in Docket Nos. CP99-579-000 et al.

B. SES shall file with the Office of Natural Gas & Petroleum Import & Export Activities, within two weeks of its execution, a copy of the final supply agreement with the MCNA Partners.

C. SES shall file with the Office of Natural Gas & Petroleum Import & Export Activities, on a semi-annual basis, written reports describing the progress of the planned LNG import project. The reports shall be filed on April 1 and October 1 of each year, and shall include information on the status of the LNG supply contracts, the progress in the re-commissioning of the Elba Island facilities, including the estimated commercial start-up date of those facilities.

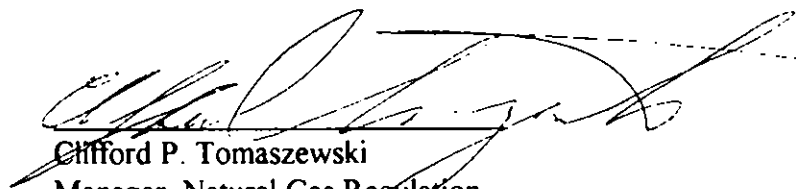
D. Within two weeks after deliveries begin, SES shall provide written notification of the date that the first import of LNG authorized in Ordering Paragraph A above occurred.

E. With respect to the LNG imports authorized by this Order, SES shall file, within 30 days following each calendar quarter, reports indicating whether imports of LNG have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports of LNG have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, SES must provide the total monthly volume in Mcf and MMBtu; transporters, including the name of the LNG tankers used; name(s) of the purchasers; and the average landed price of gas per MMBtu at the point of import. The monthly price information shall itemize separately the monthly demand and commodity charges. [OMB No.: 1901-0294]

F. The first quarterly report required by Ordering Paragraph E is due not later than 30 days after the calendar quarter in which the first import occurs, and should cover the period from the date of the first import until the end of the calendar quarter in which the import occurs.

G. The notification and reports required by Ordering Paragraphs B, C, D, and E of this Order shall be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585.

Issued in Washington, D.C., on December 8, 1999.



Clifford P. Tomaszewski
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy

BALCH & BINGHAM LLP

ATTORNEYS AND COUNSELORS

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00-4-NG

January 10, 2000

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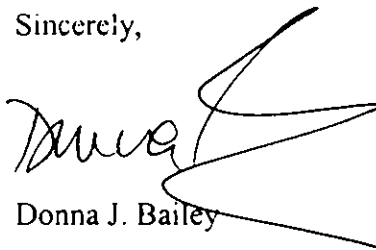
Mr. John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas and Petroleum
Import and Export Activities
Fossil Energy
U.S. Department of Energy
Forrestal Building, Room 3E-042, FE-34
1000 Independence Avenue, S.W.
Washington, DC 20585

Re: Docket No. FE 99-93-LNG

Dear Mr. Glynn:

Enclosed is a copy of a letter requesting transfer of certain authorization granted to Sonat Energy Services Company to import LNG from Trinidad and Tobago to an affiliate of Sonat Energy Service Company, El Paso Energy Merchant Energy-Gas, L.P. Will you please insure that one copy of the attached letter is stamped and returned to me in the enclosed self-addressed stamped envelope as verification for the filing. Thank you for your assistance.

Sincerely,



Donna J. Bailey

DJB/jhc

Enclosure

BALCH & BINGHAM LLP

ATTORNEYS AND COUNSELORS

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January 10, 2000

Mr. John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas and Petroleum
Import and Export Activities
Fossil Energy
U.S. Department of Energy
Forrestal Building, Room 3E-042, FE-34
1000 Independence Avenue, S.W.
Washington, DC 20585

Re: Docket No. FE 99-93-LNG

Dear Mr. Glynn:

By order dated December 8, 1999, in the above-captioned proceeding Sonat Energy Services Company ("SES"), was granted authorization to import LNG from Trinidad and Tobago. SES, a subsidiary of Sonat Inc., owned companies engaged in a variety of businesses including gas and power marketing.

On October 25, 1999, Sonat Inc. merged into El Paso Energy Corporation ("El Paso"). Subsequently, a number of organizational changes have occurred as the various Sonat Inc. subsidiaries have been integrated into the El Paso organization. As a result of those organizational changes, SES (now named El Paso Merchant Energy Holding Company) no longer has any involvement in natural gas marketing. All gas marketing activities in the El Paso organization will be conducted by a newly created entity - El Paso Merchant Energy-Gas, L.P. A copy of its certificate of limited partnership is attached hereto.

As a result of the foregoing organizational changes, SES desires to transfer its LNG import authorization in Docket No. FE 99-93-LNG to El Paso Merchant Energy-Gas, L.P., which will be the entity purchasing the LNG produced by the NCMA Partners. El Paso Merchant Energy-Gas, L.P. will also be the entity that will contract with Southern LNG Inc. for one hundred percent of the capacity at the Elba Island LNG receiving terminal.

BALCH & BINGHAM LLP

Page Two
January 10, 2000
Mr. John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas and Petroleum
Import and Export Activities
Fossil Energy
U.S. Department of Energy

For the foregoing reasons, El Paso Merchant Energy Holding Company (formerly named SES) respectfully requests that the authority granted it by order dated December 8, 1999, in this proceeding be transferred to its affiliate, El Paso Merchant Energy-Gas, L.P. Enclosed is a check in the amount of \$50.00 in connection with the processing of the subject request.

If you have any questions about this request or if you need additional information in connection with it, please do not hesitate to contact me.

Sincerely,



Donna J. Bailey

DJB/jhc

Enclosure

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

DOE/FE
A 10: 116

EL PASO MERCHANT ENERGY-GAS, L.P.)
(Successor to Sonat Energy Services Company))

FE DOCKET NO. 99-93-LNG

ORDER TRANSFERRING LONG-TERM AUTHORIZATION TO
IMPORT LIQUEFIED NATURAL GAS FROM TRINIDAD AND TOBAGO

DOE/FE ORDER NO. 1549-A

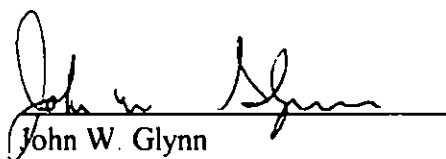
On December 8, 1999, the Office of Fossil Energy (FE) of the Department of Energy (DOE) granted long-term authorization to Sonat Energy Services Company (SES) in DOE/FE Order No. 1549 (Order 1549)^{1/} to import up to 82 billion cubic feet of liquefied natural gas (LNG) per year from Trinidad and Tobago over a period of 22 years beginning on the date of the first delivery, in accordance with authorizations of the Federal Energy Regulatory Commission, in Docket Nos. CP99-579-000 et al., and the final supply agreement with the MCNA Partners (SES British Gas Trinidad and Tobago Limited, AGIP Trinidad and Tobago Limited, Veba Oil & Gas Trinidad GmbH, and Petroleum Company of Trinidad and Tobago Limited).

^{1/} Not yet published.

On October 25, 1999, Sonat Inc., parent company of SES, merged into El Paso Energy Corporation (El Paso). As a result, SES, now named El Paso Merchant Energy Holding Company, no longer has any involvement in natural gas marketing. All gas marketing activities in the El Paso organization will now be handled by a newly created entity, El Paso Merchant Energy-Gas, L.P. As a result of the above mentioned organizational changes, SES (El Paso Merchant Energy Holding Company) requests the authority granted by Order 1549 be transferred to El Paso Merchant Energy-Gas, L.P., allowing the new entity to purchase the LNG produced by the NCMA Partners as well as contract with Southern LNG Inc. for one hundred percent of the capacity at the Elba Island LNG receiving terminal.

Accordingly, pursuant to section 3 of the Natural Gas Act, Order 1549, is amended to substitute El Paso Merchant Energy-Gas, L.P. as the importer of the LNG. All other terms and conditions contained in Order 1549 shall remain in full force and effect.

Issued in Washington, D.C., January 21, 2000.


John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import and Export Activities
Office of Fossil Energy

2000 MAY 31 P 3:42

May 31, 2000

Mr. John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas and Petroleum
Import and Export Activities
Fossil Energy
U. S. Department of Energy
Forrestal Building, Room 3E-142, FE-34
1000 Independence Avenue, S.W.
Washington, DC 20585

Re: Docket No. FE 99-93-LNG
Semi-Annual Report

Dear Mr. Glynn:

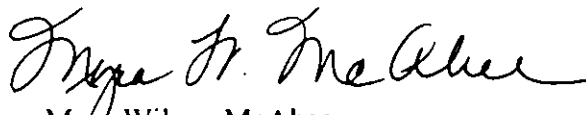
By Order 1549 dated December 8, 1999, as amended by Order 1549-A dated January 21, 2000, El Paso Merchant Energy-Gas, L. P. ("EPME") was granted authorization to import LNG from Trinidad and Tobago. The Order requires EPME to file on a semi-annual basis, written reports describing the progress of the planned LNG import project. Such reports are to include information on the status of the LNG supply contracts, the progress in the re-commissioning of the Elba Island facilities, including the estimated commercial start-up date of those facilities.

EPME has not yet finalized its LNG supply contracts, but the execution of these agreements appears to be imminent. As each agreement is executed, EPME will file a copy with the Office of Natural Gas & Petroleum Import & Export Activities as required by the Order in this docket.

Southern LNG Company has received and accepted authorization from the Federal Energy Regulatory Commission to recommission the Elba Island LNG terminal. The initial design and engineering work necessary to reactivate the terminal are well underway. EPME will provide written notice of the first import as directed by the Order.

Should you have any questions about this report or require additional information, please do not hesitate to call me at 205/325-7697.

Very truly yours,



Myra Wilson McAbee
Senior Counsel



August 8, 2000

Mr. John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas and Petroleum Import and Export Activities
Fossil Energy
U.S. Department of Energy
Forrestal Building, Room 3E-042, FE-34
1000 Independence Avenue, S.W.
Washington, DC 20585

Re: Docket No. 99-93-LNG
LNG Supply Contracts

REC'D DOE/FE
2000 AUG - 8 P 3:30


Dear Mr. Glynn:

Pursuant to ordering paragraph B of the Department of Energy, Office of Fossil Energy ("DOE/FE") Order No. 1549 dated December 8, 1999 in FE Docket No. 99-93-LNG and our conversation on August 3, 2000, El Paso Merchant Energy-Gas, L.P. ("EPME") hereby submits a complete copy and a redacted copy of its finalized Train 2 supply contract with Point Fortin LNG Exports Ltd. (formerly known as NCMA Partners) (the "PFLE Contract").

Pursuant to Sections 1004.11 et seq. of the DOE's General Provisions, EPME hereby notifies the DOE/FE that the PFLE Contract contains highly sensitive information that is exempt from public disclosure. Notwithstanding the filing of a redacted copy of the PFLE Contract, EPME reserves its right, pursuant to Section 1004.11(c), to be notified prior to any disclosure of this confidential information and to be allowed an opportunity to submit its views with respect to such disclosure.

Respectfully submitted,

EL PASO MERCHANT ENERGY-GAS, L.P.

By 

Myra W. McAbee, Senior Counsel
El Paso Merchant Energy-Gas, L.P.
Post Office Box 2563
Birmingham, Alabama 35202-2563
Telephone: 205/325-7697
Facsimile: 205/325-3711
E-mail: mcabeem2@epenergy.com

LNG SALE AND PURCHASE AGREEMENT (Train 2)

by and between

POINT FORTIN LNG EXPORTS LTD.

as Seller

and

EL PASO MERCHANT ENERGY-GAS, L. P.

as Buyer

June __, 2000

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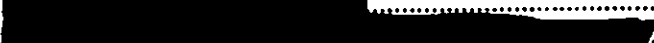
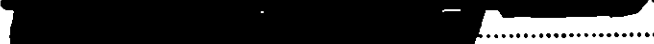






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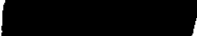


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LNG SALE AND PURCHASE AGREEMENT (TRAIN 2)

This LNG Sale and Purchase Agreement (Train 2) (the "Agreement") is made and entered into as of the ___ day of June, 2000 (the "Effective Date") by and between EL PASO MERCHANT ENERGY-GAS, L. P., a Delaware limited partnership ("Buyer"), and POINT FORTIN LNG EXPORTS LTD., a Republic of Trinidad and Tobago corporation ("Seller"). Buyer and Seller may be referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, Southern LNG Inc., a Delaware corporation ("Southern LNG"), and Sonat Energy Services, a Delaware corporation ("SES"), an Affiliate of Buyer, executed a precedent agreement, dated June 29, 1999, which was subsequently assigned to Buyer, pertaining to the execution, following the satisfaction or waiver of certain enumerated conditions, of a Service Agreement (the "Service Agreement"), pursuant to which Southern LNG will provide, on a firm basis, terminalling, storage and vaporization services for liquefied natural gas tendered by or for the account of Buyer at Southern LNG's marine terminalling, storage and regasification facility located on Elba Island in the vicinity of Savannah, Georgia (the "LNG Terminal");

WHEREAS, Southern LNG, on April 17, 2000, accepted from the United States Federal Energy Regulatory Commission (the "FERC") a certificate of public convenience and necessity under the Natural Gas Act authorizing Southern LNG to reactivate facilities and to provide services at the LNG Terminal (the "FERC Certificate");

WHEREAS, British Gas Trinidad and Tobago Limited ("BGT"), Agip Trinidad and Tobago Limited ("Agip"), Veba Oil & Gas Trinidad GmbH ("Veba"), and Petroleum Company of Trinidad and Tobago Limited ("Petrotrin" and, collectively with BGT, Agip and Veba, the "NCMA Parties") are authorized to carry out petroleum operations from certain off-shore natural gas fields in the North Coast Marine Area of the Republic of Trinidad and Tobago (the "NCMA");

WHEREAS, the NCMA Parties propose to enter into an agreement with Atlantic LNG 2/3 Company of Trinidad and Tobago Unlimited, a company incorporated under the laws of the Republic of Trinidad and Tobago with a place of business at 11-13 Victoria Avenue, Port of Spain, Trinidad ("Atlantic LNG 2/3") pursuant to which the NCMA Parties will sell and Atlantic LNG 2/3 will buy natural gas produced from the NCMA;

WHEREAS, Seller proposes to enter into an agreement with Atlantic LNG 2/3 pursuant to which Atlantic LNG 2/3 will sell and Seller will buy liquefied natural gas attributable to the natural gas produced from the NCMA; and

WHEREAS, Buyer desires to purchase from Seller and Seller desires to sell to Buyer certain quantities of liquefied natural gas under the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and stipulations set forth herein, the Parties hereby agree as follows:

Article 1. Definitions

Section 1.1 Interpretation. Unless the context of this Agreement otherwise requires, the following rules of interpretation shall apply with respect to this Agreement:

(a) references to this Agreement or any other agreement, deed, instrument, license, Law, code or other document of any description shall be construed as a reference to this Agreement or such other agreement, deed, instrument, license, Law, code or other document as the same may have been or may be amended, varied, supplemented, modified, superseded, restated or novated from time to time;

(b) references to any person shall include such person's successors and assigns;

(c) words denoting natural persons shall include partnerships, firms, companies, corporations, joint ventures, trusts, associations, organizations or other entities (whether or not having a separate legal personality);

(d) references to a particular clause, paragraph, sub-paragraph, Article, Section or Exhibit shall be a reference to that clause, paragraph, sub-paragraph, Article, Section or Exhibit in or to this Agreement;

(e) the headings are inserted for convenience only and are to be ignored for the purposes of construction;

(f) terms defined in the Exhibits hereto shall have the meanings ascribed thereto in the Exhibits when used elsewhere in this Agreement;

(g) the words "include" and "including" are to be construed without limitation; and

(h) references in the singular shall include references in the plural and vice versa.

Section 1.2 Definitions. The following terms shall have the meanings specified in this Section 1.2 when used with initial capitalization (unless otherwise specified in this Section 1.2):

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

"Affiliate" means, with respect to any Party, an individual or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, another individual or entity. The term "controls" (including the terms "controlled by" and "under common control with") refers to the possession, direct or indirect, of the power or authority to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract or otherwise. For the avoidance of doubt, the ownership directly or indirectly of fifty percent (50%) or more of the shares or voting rights in a company, partnership or other legal entity shall be deemed to be control of such company, partnership or legal entity.

"Agip" has the meaning specified in the recitals to this Agreement.

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"Annual Maximum Quantity" or "AMxQ" means, with respect to any Contract Year, seventy million (70,000,000) MMBtu, subject to any adjustments provided for pursuant to Sections 6.2, 8.2(b), 8.3(a) and 8.3(b).

[REDACTED]

"Annual Program" has the meaning specified in the Scheduling Terms.

"Arrival Notice" has the meaning specified in Section 12.6(h).

"Arrival Window"

(i) has the meaning [REDACTED]

[REDACTED]

[REDACTED]

"Atlantic 1" means Atlantic LNG Company of Trinidad and Tobago.

"Atlantic LNG 2/3" has the meaning specified in the recitals to this Agreement.

"Atlantic LNG Facility" means the integrated natural gas liquefaction facilities owned by Atlantic LNG 2/3 or Atlantic 1 in the Republic of Trinidad and Tobago including the liquefaction plant facilities onshore, gas transmission pipelines to the liquefaction plant, gas inlet facilities, gas pre-treatment and processing facilities, storage tanks, utilities, jetty, berthing and loading facilities and all ancillary facilities (as such facilities are modified or expanded from time to time, whether by Atlantic 1, Atlantic LNG 2/3, or another entity).

"Base Interest Rate" means the rate of interest announced from time to time to the press by Citibank, N.A., New York ("Citibank") as Citibank's base interest rate, which may not necessarily be the lowest rate charged by Citibank to its borrowers. If there is any doubt as to the base interest rate for any period, a written confirmation signed by an officer of Citibank shall conclusively establish the base interest rate in effect for such period. In the event that Citibank shall for any reason cease quoting a base interest rate as described above, then a comparable rate shall be determined by the Parties using rates then in effect and shall be used in place of the said base interest rate.

"Base Measuring Conditions" means fourteen and seventy-three one hundredths pounds per square inch absolute (14.73 psia) and sixty degrees Fahrenheit (60° F.). Conversion of pressure and temperature bases will be applied according to AGA Report No. 3 (API 14.3, GPA 8185-92, ANSI/API 2530-92).

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

or

(ii)

[REDACTED]

[REDACTED]

"Alternative Destination" means an alternative destination permitted in accordance with Article 13.

"Annual Contract Quantity" or "ACQ" has the meaning specified in Section 8.1.

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"Base Scheduling Quantity" means

- (i) with respect to any Scheduling Year that occurs prior to the Date of First Commercial Delivery, a quantity of LNG equal to the Cubic Meter equivalent of sixty-seven million three hundred thousand (67,300,000) Mcf (reduced pro rata if such Scheduling Year is less than three hundred sixty-five (365) Days), or
- (ii) with respect to any Scheduling Year that occurs on or after the Date of First Commercial Delivery, Seller's Maximum Quantity for the Contract Year that corresponds to such Scheduling Year (reduced pro rata if such Scheduling Year is less than three hundred sixty-five (365) Days).

"Bcf" means one billion (1,000,000,000) Scf.

"Berth" means the area at the LNG Terminal where the LNG Tanker unloads the LNG for receipt by Buyer or in the case of an Alternative Destination, the area at the LNG receiving facility at such Alternative Destination where the LNG Tanker unloads the LNG for receipt by Buyer.

"BGT" has the meaning specified in the recitals to this Agreement.

"Btu" means British thermal unit, which is equal to the amount of heat required to raise the temperature of one (1) avoirdupois pound of pure water from fifty-nine degrees Fahrenheit (59°F.) to sixty degrees Fahrenheit (60°F.) at a constant pressure of fourteen and six hundred ninety-six thousandths pounds per square inch absolute (14.696 psia).

[REDACTED]

"Buyer" has the meaning specified in the preamble to this Agreement.

"Buyer Event of Default" has the meaning specified in Section 20.2.

"Buyer Indemnified Parties" has the meaning specified in Section 23.1(a).

"Buyer's Guaranty" means the guaranty in favor of Seller with respect to Buyer's payment obligations under this Agreement.

"Buyer's Related Facilities" means the following facilities:

- (i) the 14" Savannah/Wrens 112 mile pipeline owned and operated by SNG;
- (ii) the 14" Savannah/Wrens 15.2 mile loop owned and operated by SNG;
- (iii) the 20" Savannah/Wrens 104.5 mile second loop owned and operated by SNG;

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- (iv) the parallel 30" Elba/Savannah 13.2 mile pipelines owned and operated by SNG;
- (v) the compressor station located at Wrens, Georgia owned and operated by SNG; and
- (vi) all electric power transmission facilities and other utility facilities necessary for the operation of the LNG Terminal.

"Calendar Year" means a period of twelve (12) consecutive Months running from January 1 through December 31.

"Claim" has the meaning specified in Section 23.1(a).

"Commissioning LNG" means LNG delivered or made available to Seller by Atlantic LNG 2/3 and subsequently delivered or made available to Buyer as a result of the testing and commissioning of Train 2.

"Confidential Information" has the meaning specified in Section 26.1.

"Confirmed Excess LNG" means any quantities of LNG delivered

- (i) in an Arrival Window other than a Firm Arrival Window; and
- (ii) for which
 - (A) Seller has provided notice pursuant to Section 8.6, and
 - (B) Buyer (x) has confirmed in writing to Seller that Buyer will accept or (y) is otherwise required to accept pursuant to Section 8.6(a).

"Confirmed Pre-Operational LNG" means any quantity of Pre-Operational LNG confirmed for delivery pursuant to Sections 5.1(a) or (b).

"Contract Year" means the period from October 1 in any Calendar Year through September 30 in the following Calendar Year; *provided, however*, that

- (i) the first Contract Year shall commence on the Date of First Commercial Delivery and end on the following September 30, and
- (ii) the final Contract Year shall commence on October 1 immediately preceding the end of the term of this Agreement and end on the last Day of the term of this Agreement.

[REDACTED]

"Cubic Foot" means a measure of the volume equal to the volume of a cube whose edge is one (1) foot. For purposes of reference, one foot equals three thousand and forty-eight ten thousandths (0.3048) meter and one Cubic Foot equals 0.0283168 Cubic Meter.

"Cubic Meter" means a measure of volume equal to the volume of a cube whose edge is one (1) meter.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

"Date of First Commercial Delivery" has the meaning specified in Section 6.1.

[REDACTED]

"Day" means a twenty-four (24) hour period beginning at 12:00 a.m. on any calendar day and ending at 12:00 a.m. on the following calendar day.

"Delivered Quantity" means, with respect to a given period, the total quantity of LNG (in MMBtu) delivered by Seller to the LNG Terminal or Alternative Destination during such period, as determined in accordance with Exhibit 10.1, net of Return Gas with respect to such quantity.

"Delivery Pattern" has the meaning specified in the Scheduling Terms.

"Delivery Point" means

- (i) with respect to LNG delivered to the LNG Terminal, the point, whether one or more, at which a flange at the outlet of the unloading piping of the LNG Tanker joins a flange at the entry of the receiving LNG pipeline at the LNG Terminal, and
- (ii) with respect to LNG delivered to an Alternative Destination, the point, whether one or more, at which a flange at the outlet of the unloading piping of the LNG Tanker joins a flange at the entry of the receiving LNG pipeline at the LNG unloading facilities located at such Alternative Destination.

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"Demurrage Rate" means

(i)

[REDACTED]

(ii)

[REDACTED]

provided, however, that during

[REDACTED]

(A)

[REDACTED]

(B)

[REDACTED]

"Dispute" has the meaning specified in Section 24.1(a).

"Dollars" or "\$" means the lawful currency of the United States.

"Effective Date" has the meaning specified in the preamble to this Agreement.

[REDACTED]

[REDACTED]

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[REDACTED]

"Estimated Cost of Service" means, [REDACTED]

[REDACTED]

"Estimated Time of Arrival" or "ETA" has the meaning specified in Section 12.6.

"Expected Delivery Quantity" means, with respect to a given LNG Tanker and a particular cargo of LNG to be sold under this Agreement that is projected to be loaded on such LNG Tanker, the net delivered quantity of LNG (in MMBtu) that such LNG Tanker is reasonably expected to deliver to Buyer at the Delivery Point based on:

- (i) the expected composition of the cargo of LNG anticipated to be loaded at the loading port for such cargo;
- (ii) the maximum loaded volume of such LNG Tanker;
- (iii) the expected boil-off rate for such LNG Tanker;
- (iv) the anticipated time required from completion of loading of such LNG Tanker to the completion of unloading of such LNG Tanker;
- (v) the anticipated quantity of heel required by such LNG Tanker; and
- (vi) the portion of LNG delivered on such LNG Tanker estimated to be needed for Return Gas.

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"FERC" has the meaning specified in the recitals to this Agreement. . . .

"FERC Certificate" has the meaning specified in the recitals to this Agreement.

"FERC Gas Tariff" means an effective tariff of a regulated jurisdictional company on file with the FERC, including service agreements, rate schedules and general terms and conditions of service.

"Firm Arrival Window" has the meaning specified in the Scheduling Terms.

"First Window Period" has the meaning specified in Section 5.2.

[REDACTED]

[REDACTED]

"FM Extension Period" means a period of time equal to the number of cargoes (or fractions of cargoes) scheduled to be delivered by Seller under this Agreement in Firm Arrival Windows during the first fourteen (14) years from the Date of First Commercial Delivery that Seller was unable to deliver to Buyer due to Force Majeure events experienced by either Buyer or Seller multiplied by the average interval, in Days, between the first Day of each of Seller's Firm Arrival Windows during the first fourteen (14) years from the Date of First Commercial Delivery; *provided, however, that*

- (i) if such inability to deliver a cargo is due to an event of Force Majeure experienced by Buyer, such cargo will not count towards the FM Extension Period if Seller sells such quantity of LNG to a third party;
- (ii) to the extent Seller has shipping capacity available for additional extensions, any cargoes that Seller was unable to deliver to Buyer due to Force Majeure events experienced by either Buyer or Seller during the portion of the term of this Agreement subsequent to the first fourteen (14) years from the Date of First Commercial Delivery shall be included in such calculation;
- (iii) the FM Extension Period shall not exceed three hundred sixty-five (365) Days; and
- (iv) the average interval between the first Day of each of Seller's Firm Arrival Windows utilized in this definition shall be adjusted proportionately if the average size of the cargoes proposed to be delivered by Seller during the FM Extension Period varies from the average size of the cargoes affected by Force Majeure.

"Force Majeure" has the meaning specified in Section 18.2.

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[REDACTED]

(i) [REDACTED]

(ii) [REDACTED]

"Fourth Window Period" has the meaning specified in Section 5.2(c).

[REDACTED]

"Fuel Gas" means, with respect to a given period, an amount (in MMBtu) equal to the total quantity of natural gas consumed by Southern LNG during such period in connection with the regasification of LNG delivered to the LNG Terminal to cover gas required for operations at the LNG Terminal, including gas used as fuel for compression, liquefaction, vaporization, power generation and gas otherwise lost and unaccounted for, including the difference between the sum of all LNG receipts during such period and the sum of all output volumes during such period, as adjusted for changes in inventory during such period; *provided, however*, that Fuel Gas shall not include any quantity of:

- (i) gas used by Southern LNG as a result of its failure to act as a Reasonable and Prudent Operator, or
- (ii) gas losses for which insurance proceeds are recovered by Southern LNG.

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"Guarantor" means:

- (i) with respect to Buyer, the guarantor on Buyer's Guaranty, and
- (ii) with respect to Seller, the guarantor on Seller's Guaranty.

"Government Entity" means

- (i) any legislative, judicial, regulatory or executive body (including any agency, bureau, department, commission or office) of the government of any sovereign state or any political subdivision thereof, or
- (ii) any entity, excluding Southern LNG, with the authority to regulate or otherwise control ingress to or egress from the Unloading Port.

"ICC" means the International Chamber of Commerce.

"ICC Court" means the International Court of Arbitration of the ICC.

"ICC Rules" means the Commercial Arbitration Rules of the ICC.

"In-Service Date" means the date when Buyer initially accrues an obligation to pay Southern LNG under the Service Agreement.

[REDACTED]

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[REDACTED]

"Laws" means all applicable laws, treaties, conventions, statutes, rules, regulations, decrees, ordinances, licenses, permits, compliance requirements, decisions, orders, directives, policies that are enforceable through regulatory and/or judicial processes.

"Lenders" has the meaning specified in Section 30.10.

"LNG" means liquefied natural gas meeting the quality specifications set forth in Section 9.1, liquefied natural gas that Buyer is required to accept pursuant to Section 9.1(a), and liquefied natural gas that Buyer is not required to accept, but which Buyer elects to accept.

"LNG Sales Agreement" has the meaning specified in the Scheduling Terms.

"LNG Tanker" means an ocean-going vessel, meeting the requirements of Section 12.2, suitable for transporting LNG, which is used for the transportation of LNG delivered from Seller to Buyer under this Agreement.

"LNG Terminal" has the meaning specified in the recitals to this Agreement.

"Make-Up Extension Period" has the meaning specified in Section 8.5(c).

"Make-Up Quantity" has the meaning specified in Section 8.5(a).

"Mcf" means one thousand (1,000) Scf.

"Minimum Waiver Quantity" has the meaning specified in Section 14.4(a).

"MMBtu" means one million (1,000,000) Btu.

"Month" means a calendar month according to the Gregorian calendar.

"Monthly Quantity Deficiency" has the meaning specified in Section 8.4(f)(i).

"Multi-Party Arbitration" has the meaning specified in Section 24.2(a).

"Natural Gas Act" means the United States Natural Gas Act of 1938 (15 U.S.C. §§717 et seq.)

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"NCMA" has the meaning specified in the recitals to this Agreement.

"NCMA Parties" has the meaning specified in the recitals to this Agreement.

"Ninety-Day Schedule" has the meaning specified in the Scheduling Terms.

"No Notice Excess Deliveries" has the meaning specified in Section 8.6(b)(ii).

"Nominal Terminal Capacity" has the meaning specified in the Scheduling Terms.

"Nominees" has the meaning specified in Section 24.1(b).

"Notice of Readiness" has the meaning specified in Section 12.7.

"Notified Firm Rate" has the meaning specified in the Scheduling Terms.

"Notified Nominal Terminal Capacity" has the meaning specified in the Scheduling Terms.

"Operational Deliveries" means, with respect to a given Month in a Contract Year, cargoes of LNG that are delivered during such Month by Seller to Buyer at the LNG Terminal pursuant to the Annual Program, as part of the ACQ for such Contract Year.

"Operational LNG" means, in a Contract Year, any quantity of LNG scheduled to be delivered by Seller to Buyer at the LNG Terminal in a Firm Arrival Window pursuant to the Annual Program as part of the ACQ for such Contract Year.

"Other Dispute" means a Dispute arising out of or in connection with any LNG Sales Agreement other than this Agreement or the Train 3 Agreement.

"Party" has the meaning specified in the preamble to this Agreement.

"Payment Commencement Date" means the later of October 1, 2003 or the first Day of the Month following the Month in which the In-Service Date occurs.

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"Petrotrin" has the meaning specified in the recitals to this Agreement.

"PFLE2" means Point Fortin LNG Exports (No.2) Ltd.

"PFLE2 Agreement" means that certain LNG Sale and Purchase Agreement dated as of the date hereof between PFLE2 and Buyer.

"PFLE2's Maximum Quantity" has the meaning specified for the term "Seller's Maximum Quantity" in the PFLE2 Agreement.

"Precedent Agreement" means that certain Precedent Agreement dated as of May 28, 1999 by and between SES and the NCMA Parties.

"Pre-Operational Deliveries" means, with respect to a given Month, cargoes of LNG that are delivered during such Month by Seller to Buyer pursuant to Sections 5.1(a) and 5.1(b).

"Pre-Operational LNG" means Pre-Operational Spot LNG and Commissioning LNG.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

"Pre-Operational Spot LNG" has the meaning specified in Section 5.1(b).

"Pre-Train 3 Scheduling Year" means any Scheduling Year:

- (i) that commences prior to the Train 3 Date of First Commercial Delivery,
- (ii) for which PFLE2 has not requested a Seller's Requested Quantity (as such term is defined in the PFLE2 Agreement), and

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(iii) for which Seller will be allocated Firm Arrival Windows under the Scheduling Terms of this Agreement.

[REDACTED]

“Reasonable and Prudent Operator” means a person acting in good faith with the intention of performing its contractual obligations and who, in so doing and in the conduct of its undertaking, exercises that degree of skill, diligence, prudence and foresight which would reasonably and

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ordinarily be exercised by a skilled and experienced person complying with applicable Laws engaged in the same type of undertaking under the same or similar circumstances and conditions.

"Related Agreements" has the meaning specified in Section 24.1(d)(i).

"Requested Cost of Service" means an annual cost of service for the LNG Terminal requested by Southern LNG in any filing made with or proceeding before the FERC.

"Requested Roundup Quantity" has the meaning specified in Section 8.2(b).

"Return Gas" means, with respect to a given period, the total quantity of gas (in MMBtu) returned to LNG Tankers during such period to replace LNG discharged in connection with the unloading of such LNG Tankers.



"Roll-Up Costs Amortization Period" means the period beginning on the Payment Commencement Date and ending on the twenty-second (22nd) anniversary of the Payment Commencement Date.

"Scheduled Quantity Deficiency" has the meaning specified in Section 8.4(a).

"Scheduled Shortfall Quantity" has the meaning specified in Section 19.1.

"Scheduling Dispute" has the meaning specified in Section 24.2.

"Scheduling Modification Notice" has the meaning specified in Section 14.5(a).

"Scheduling Parties" has the meaning specified in the Scheduling Terms.

"Scheduling Quantity" has the meaning specified in the Scheduling Terms.

"Scheduling Terms" has the meaning specified in Section 14.1.

"Scheduling Year" has the meaning specified in the Scheduling Terms.

"Second Window Period" has the meaning specified in Section 5.2(a).

"Section 25.4(g) Notice Date" has the meaning specified in Section 25.4(g).

"Seller" has the meaning specified in the preamble to this Agreement.

"Seller Event of Default" has the meaning specified in Section 20.1.

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"Seller Indemnified Parties" has the meaning specified in Section 23.1(b).

"Seller Scheduling Dispute" has the meaning specified in Section 24.2(a).

"Seller's Adjusted Requested Quantity" has the meaning specified in the Scheduling Terms.

"Seller's Allocable Percentage" means [REDACTED]

"Seller's Conditions Precedent" has the meaning specified in Section 2.1.

"Seller's Guaranty" means the guaranty in favor of Buyer with respect to Seller's payment obligations under this Agreement.

"Seller's Maximum Quantity" means sixty-seven million three hundred thousand (67,300,000) Mcf of LNG per Contract Year, subject to any adjustments provided for pursuant to Section 6.2 or Section 8.2(b).

[REDACTED]

"Seller's Requested Quantity" has the meaning specified in the Scheduling Terms.

"Seller's Total Delivered Volume" means, with respect to a given period, the total volume of LNG (in Cubic Meters) delivered by Seller to the LNG Terminal during such period.

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“Service Agreement” has the meaning specified in the recitals to this Agreement.

“SES” has the meaning specified in the recitals to this Agreement.

“Seventeenth Anniversary” has the meaning specified in Section 7.1.

“Shortfall Quantity” has the meaning specified in Section 19.2.

“SNG” means Southern Natural Gas Company, a Delaware corporation.

“Southern LNG” has the meaning specified in the recitals to this Agreement.

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"Standard Cubic Foot" or "Scf" means the quantity of dry natural gas occupying a volume of one (1) Cubic Foot at the Base Measuring Conditions.

[REDACTED]

[REDACTED]

"Target DID" has the meaning specified in Section 5.2.

"Terminalling Costs" has the meaning specified in Section 15.7(a).

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[REDACTED]

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"Termination Notice" has the meaning specified in Section 7.1.

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"Third Party Scheduler" has the meaning specified in the Scheduling Terms.

"Third Party Scheduling Dispute" has the meaning specified in Section 24.2(a)(ii).

"Third Window Period" has the meaning specified in Section 5.2(b).

"Threshold Fuel Use Rate" has the meaning specified in Section 15.8.

"Title Transfer Point" has the meaning specified in Section 11.1.

"Total Delivered Volume" means, with respect to a given period, the total volume of LNG (in Cubic Meters) delivered to the LNG Terminal during such period.

"Total Vaporized Volume" means, with respect to a given period, the total volume of LNG (in Cubic Meters) vaporized and delivered out of the LNG Terminal during such period.

"Total Destruction" means, with respect to a given facility, the destruction beyond repair, due to an event of Force Majeure, of a sufficiently material portion of the buildings, machinery or equipment constituting such facility that a Reasonable and Prudent Operator would not consider restoration of the capability of such facility to be economic.

"Train 2" means the second liquefaction train of the Trinidad Facilities which Atlantic LNG 2/3 shall construct and own, as identified in the engineering, procurement and construction contract for such train and represented in the schematic attached as Exhibit 1.2, as such facilities may be modified or expanded from time to time, such modifications or expansions being deemed not to include additional liquefaction trains and ancillary facilities associated with such additional liquefaction trains.

"Train 2 / Train 3 Scheduling Party" has the meaning specified in the Scheduling Terms.

"Train 3" means the third liquefaction train of the Trinidad Facilities which Atlantic LNG 2/3 shall construct and own, as identified in the engineering, procurement and construction contract for such train and represented in the schematic attached as Exhibit 1.2, as such facilities may be modified or expanded from time to time, such modifications or expansions being deemed not to include additional liquefaction trains and ancillary facilities associated with such additional liquefaction trains.

"Train 3 Agreement" means that certain LNG Sale and Purchase Agreement (Train 3) dated as of the date hereof between Seller and Buyer.

"Train 3 Date of First Commercial Delivery" has the meaning specified for the term "Date of First Commercial Delivery" in the Train 3 Agreement.

"Train 3 Maximum Quantity" has the meaning specified for the term "Seller's Maximum Quantity" in the Train 3 Agreement.

"True-Up Filing" means a filing by Southern LNG to revise its rates to reflect the actual capital costs resulting from reactivation and any revised estimates of operating and maintenance expenses through either:

- (i) an amended certificate application prior to the In-Service Date, or
- (ii) a general or limited rate filing under Section 4 of the Natural Gas Act.

"True-Up Notice" has the meaning specified in Section 25.4(b)(iii).

"United States" means the United States of America.

[REDACTED]

"Unloading Port" means the port where the Delivery Point is located.

[REDACTED]

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"Veba" has the meaning specified in the recitals to this Agreement.

Section 1.3 Volumetric Conversion Factor.

(a) In converting any quantities of natural gas expressed in Bcf from or to quantities of LNG expressed in Cubic Meters, the following conversion factor shall apply: one (1) Bcf of natural gas equals forty-six thousand one hundred twenty (46,120) Cubic Meters of LNG.

(b) In converting any quantities of LNG expressed in Mcf equivalent from or to quantities of LNG expressed in MMBtu, the following conversion factor shall apply: one thousand forty (1040) Btu per Cubic Foot.

Article 2. Conditions Precedent; Early Termination

Section 2.1 Conditions Precedent. The rights and obligations of Seller hereunder are conditioned upon the satisfaction or waiver of the following conditions ("Seller's Conditions Precedent"):

(a) consent having been obtained from the current lenders to the Atlantic LNG Facility to the expansion of such facility; and

(b) the receipt by the NCMA Parties of all approvals and authorizations from the Government of the Republic of Trinidad and Tobago and any relevant governmental entities, ministries or other governmental authorities for the development of the NCMA;

provided, however, that Seller's Conditions Precedent will be deemed waived and satisfied as of the CP Notice Date.

Section 2.2 Mutual Undertakings. Seller shall use reasonable efforts to satisfy Seller's Conditions Precedent without undue delay and shall notify Buyer of the satisfaction of each of Seller's Conditions Precedent as soon as practicable after such condition is satisfied or waived by Seller; *provided, however*, that the Parties recognize that Seller shall not be required to request the approvals described in Section 2.1(b) prior to July 22, 2000. Buyer shall furnish reasonable assistance to Seller in fulfilling the conditions referred to in Section 2.1 upon request from Seller.

Section 2.3 Early Termination; Waiver of Seller's Conditions Precedent.

(a) If either of Seller's Conditions Precedent has not been satisfied, then at any time prior to June 30, 2001, Seller may provide written notice to Buyer terminating this Agreement, effective upon receipt of such notice by Buyer. In the event Seller exercises such right to terminate this Agreement subsequent to July 21, 2000, [REDACTED]

[REDACTED]

[REDACTED]

Article 3. Sale And Purchase

Section 3.1 Agreement. Seller agrees to sell and Buyer agrees to take and pay for, or pay for if not taken, LNG upon the terms and conditions stated in this Agreement.

Section 3.2 Source of LNG. The intended source of the LNG to be sold on a firm basis hereunder is LNG produced by Atlantic LNG 2/3 that is attributable to natural gas produced from the NCMA. Seller reserves the right to supply LNG from sources other than Atlantic LNG 2/3 or LNG from Atlantic LNG 2/3 that is attributable to natural gas from areas other than the NCMA, subject always to:

- (a) the LNG supplied meeting the specifications set forth in Section 9.1;
- (b) such supply not being prohibited by Laws of the United States; and
- (c) the appropriate importation license necessary to import such LNG having been obtained;

provided, however, that in the event of Force Majeure invoked by Seller, Seller shall have no obligation to seek LNG from sources other than the Atlantic LNG Facility or LNG from the Atlantic LNG Facility attributable to gas produced from sources other than the NCMA.

Article 4. Preliminary Activities; Reactivation of LNG Terminal

Section 4.1 Seller's Notices of Preliminary Activities. Subject to applicable confidentiality restrictions, Seller shall, prior to the Date of First Commercial Delivery, keep Buyer apprised on a monthly basis of its progress on the development of NCMA gas supply activities, the expansion of the Atlantic LNG Facility, and the LNG shipping and any other factors that may affect the project development schedule.

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Section 4.2 Buyer's Notices of Preliminary Activities. Buyer shall, prior to the Date of First Commercial Delivery, keep Seller apprised on a monthly basis of progress on the reactivation of the LNG Terminal and any other factors that may affect the project development schedule.

[REDACTED]

Article 5. Pre-Operational Period

Section 5.1 Pre-Operational LNG Deliveries.

(a) During the Pre-Operational Period, Seller shall deliver and sell, and Buyer shall receive and purchase, all quantities of Commissioning LNG that are:

(i) scheduled and tendered in compliance with the Scheduling Terms, and

(ii) [REDACTED]

(b) After the Reactivation Date and before the Date of First Commercial Delivery, Seller shall deliver and sell, and Buyer shall receive and purchase, in addition to the volumes described in Section 5.1(a), all quantities of LNG from Atlantic LNG 2/3 or any other source, ("Pre-Operational Spot LNG"), that are

(i) scheduled and tendered in compliance with the Scheduling Terms, and

(ii) [REDACTED]

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Section 5.2 Target Date of Initial Delivery. The Target DID may be any Day in the period from July 1, 2002 through June 30, 2003 (the "First Window Period"), as determined pursuant to this Section 5.2.

(a) By August 3, 2000, Seller shall notify Buyer of a one hundred eighty (180) Day period (the "Second Window Period") falling within the First Window Period for the Target DID.

(b) By three hundred sixty-five (365) Days in advance of the first Day of the Second Window Period, Seller shall notify Buyer of a ninety (90) Day window (the "Third Window Period") falling within the Second Window Period for the Target DID.

(c) By one hundred eighty (180) Days in advance of the first Day of the Third Window Period, Seller shall notify Buyer of a forty-five (45) Day window (the "Fourth Window Period") falling within the Third Window Period for the Target DID.

(d) By thirty (30) Days in advance of the first Day of the Fourth Window Period, Seller shall notify Buyer of a date falling within the Fourth Window Period which date shall be the "Target DID."

(e) If Seller fails to provide the notice required by Section 5.2(a), the Target DID will be June 30, 2003. If Seller fails to provide the notice required by Section 5.2(b), the Target DID will be the last date in the Second Window Period. If Seller fails to provide the notice required by Section 5.2(c) the Target DID will be the last date in the Third Window Period. If Seller fails to provide the notice required by Section 5.2(d), the Target DID will be the last date in the Fourth Window Period.

Section 5.3 Pre-Operational Period Payment. The amount payable for Pre-Operational LNG shall be calculated in accordance with Section 15.3.

Section 5.4 [REDACTED]

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Article 6. First Commercial Delivery

Section 6.1 Date of First Commercial Delivery. The Date of First Commercial Delivery shall be the earlier of:

(a) one hundred eighty-three (183) Days after the earlier of the Target DID or the DID,
or

(b) such earlier date (subsequent to the later of the DID or the Target DID) as may be specified by Seller on thirty (30) Days notice.

Section 6.2 Adjustment. The AMxQ and Seller's Maximum Quantity shall each be adjusted pro-rata for any Contract Year or Scheduling Year, respectively, of less than three hundred sixty-five (365) Days.

Article 7. Term

Section 7.1 Term; Early Termination. The term of this Agreement shall commence on the Effective Date and shall continue for a period of twenty-two (22) years from the Date of First Commercial Delivery plus any FM Extension Period, unless earlier terminated in accordance with the provisions of this Agreement; *provided, however*, that Seller may terminate this Agreement on or after the seventeenth (17th) anniversary of the Date of First Commercial Delivery (the "Seventeenth Anniversary") by written notice (the "Termination Notice") delivered to Buyer not later than the fourteenth (14th) anniversary of the Date of First Commercial Delivery. In such case, this Agreement shall terminate on the date set forth for termination in the Termination Notice, which date must be any date on or after the Seventeenth Anniversary and on or before the twenty-second (22nd) anniversary of the Date of First Commercial Delivery, subject to any applicable FM Extension Period. In the event Buyer elects to extend this Agreement for the Make-Up Extension Period, the terms and provisions of this Agreement shall continue in effect for such Make-Up Extension Period only to the extent necessary to allow for the delivery and receipt of any Make-Up Quantities to be delivered during such Make-Up Extension Period.

Article 8. Quantities

Section 8.1 Quantity. Following the Date of First Commercial Delivery, Seller shall deliver and sell to Buyer and Buyer shall receive and purchase, in each Contract Year the quantity of LNG (in MMBtu) notified by Seller to Buyer in accordance with this Article 8 (the "Annual Contract Quantity" or "ACQ") or the Seller's Requested Quantity if Seller's Requested Quantity is less than the ACQ.

Section 8.2 Annual Contract Quantity.

(a) Seller shall notify Buyer eighty-five (85) Days prior to the commencement of each Contract Year of the ACQ for such Contract Year, which shall not be less than the AMQ nor greater than the AMxQ. At the time Seller notifies Buyer of the ACQ with respect to each Contract Year, Seller shall also notify Buyer if Seller intends to exercise its rights under Sections 8.3(c) or 8.3(d) during such Contract Year. If Seller fails to notify Buyer in a timely manner of the ACQ for any Contract Year, the ACQ for such Contract Year shall be:

- (i) the same as the ACQ for the immediately preceding Contract Year or
- (ii) if there was not a preceding Contract Year, the same as the AMQ.

(b) If, with respect to any Contract Year, Seller desires to establish an ACQ that is at least equal to seventy million (70,000,000) MMBtu, Seller may request to schedule, for delivery in such Contract Year, a quantity of LNG (a "Requested Roundup Quantity") in addition to seventy million (70,000,000) MMBtu up to the volume of one (1) full cargo of LNG in order to permit Seller to schedule the full amount of the otherwise applicable Base Scheduling Quantity and also schedule a whole number of full cargoes to be included in the Annual Program for such Contract Year. Buyer shall be entitled to either accept or reject such request in its sole discretion. If Buyer accepts such request then the ACQ shall be increased by the Requested Roundup Quantity and each of the AMxQ and Seller's Maximum Quantity for the following Contract Year shall be decreased by the Requested Roundup Quantity (or the Mcf equivalent of the Requested Roundup Quantity with respect to Seller's Maximum Quantity). If Buyer denies Seller's request, the AMxQ and Seller's Maximum Quantity for the Contract Year immediately following the Contract Year for which such request was made shall be increased by the portion of the ACQ that could not be delivered as a result of such denial (or the Mcf equivalent of such portion of Seller's Maximum Quantity). If the ACQ is increased pursuant to this Section 8.2(b) with respect to any Contract Year, Seller's Maximum Quantity with respect to such Contract Year shall be increased by the Mcf equivalent (assuming a heat content of one thousand forty (1040) Btu per Cubic Foot) of such increase in the ACQ.

Section 8.3 [REDACTED]

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Section 8.4 Commercial Deliveries; Demurrage; Take or Pay.

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Section 8.5 Make-Up Quantities.

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Section 8.6 Excess Quantities.

(a) In addition to the ACQ in any Contract Year, Seller shall have the right to request not later than eighty-five (85) Days prior to such Contract Year, to deliver additional quantities of LNG to the LNG Terminal during such Contract Year, *provided that* Seller requests to deliver such LNG in Arrival Windows allocated to Seller in the Annual Program other than Firm Arrival Windows. Buyer shall use reasonable efforts to accept such quantities; *provided, however, that:*

- (i) the total quantity of LNG delivered by Seller to Buyer for the Scheduling Year corresponding to such Contract Year shall not exceed Seller's Requested Quantity for such Scheduling Year, and
- (ii) Buyer shall have no obligation during such Contract Year to use reasonable efforts to receive any such excess quantities if, at the time the Annual Program for the Scheduling Year corresponding to such Contract Year was established, Buyer requested that Make-Up Quantities be scheduled and Seller refused to schedule delivery of such Make-Up Quantities.

[REDACTED]

Article 9. Quality

Section 9.1 Acceptance and Rejection.

(a) Buyer will examine or cause Southern LNG to examine promptly the results of the inspection and tests described in Article 10 to determine whether Buyer accepts or rejects Seller's delivery of LNG. Buyer shall have the right to reject any delivery that does not comply in all respects with the specifications set forth in Exhibit 9.1; *provided, however,* that Buyer shall use reasonable efforts to accept, and shall cause Southern LNG to use reasonable efforts to accept, LNG that does not meet the specifications set forth in Exhibit 9.1 (including the provision of Injection Services to the extent such Injection Services are available to Southern LNG); *provided further, however,* that if Southern LNG, having exercised reasonable efforts, nonetheless rejects any quantity of LNG that does not meet the specifications set forth in Exhibit 9.1, Buyer will be deemed to have rejected such quantity of LNG and shall have no liability to Seller with respect to such quantity.

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(b) In the event that Seller becomes aware prior to loading of a cargo that the LNG in question will not conform to the specifications set forth in Exhibit 9.1, Seller shall notify Buyer of such non-conformity and, if requested by Seller, Buyer shall use reasonable efforts to notify Seller, within the time specified by Seller, of whether it will accept or reject such cargo; *provided, however*, that if Buyer fails to so notify Seller, such failure shall not be considered acceptance of Seller's request to take such cargo. Buyer's election to accept shall be binding (subject to Section 9.2) so long as the quality of the LNG at the Delivery Point is consistent with the quality notified to Buyer prior to the loading of such cargo. At the time Buyer notifies Seller of its willingness to accept such cargo, Buyer shall provide Seller a good faith estimate of the costs described in Section 9.2, which estimate shall not limit or otherwise affect Buyer's right to compensation under Section 9.2.

Section 9.2 Results of Acceptance. In the event Buyer accepts delivery of LNG that does not meet the specifications set forth in Exhibit 9.1, regardless of whether Seller has provided notice of such nonconformity pursuant to Section 9.1(b),

(a) Seller shall pay Buyer any incremental costs reasonably incurred by Buyer in connection with such nonconforming LNG, and

(b) upon such payment by Seller, such LNG shall be deemed, for purposes of this Article 9, to meet the specifications set forth in Exhibit 9.1.

Section 9.3 Results of Rejection. If Buyer rejects a delivery of LNG:

(a) title to such LNG shall be deemed to remain at all times with Seller;

(b) the risk of loss associated with such LNG shall remain at all times with Seller;

(c) Buyer shall have no obligation to pay for such LNG or any demurrage or other costs resulting from such rejection;

(d) Buyer shall have no take-or-pay liability with regard to such cargo; and

(e) Seller shall be deemed, for all purposes of this Agreement, including Article 19, to have failed to deliver the quantity of LNG rejected by Buyer.

Article 10. Testing and Measurement

Section 10.1 Testing and Measurement Equipment. All LNG delivered by Seller to Buyer hereunder shall be measured as specified in Exhibit 10.1.

Section 10.2 Testing by Seller. Seller shall, at its own expense, test all of the LNG it seeks to deliver hereunder to determine if such LNG meets the specifications set forth in Exhibit 9.1. Each such test shall be conducted according to the standards and procedures described in Exhibit 10.2.

In addition, Southern LNG and Buyer shall have the right to test such LNG at the Delivery Point according to the standards and procedures described in Exhibit 10.2 to determine if such LNG meets the specifications set forth in Exhibit 9.1.

Article 11. Title and Risk of Loss

Section 11.1 Title. Title to the LNG sold and purchased under this Agreement will transfer from Seller to Buyer at a point (the "Title Transfer Point") which is the last point where the LNG Tanker carrying the LNG is outside the territorial waters of the United States or another point to be mutually agreed upon; *provided, however*, that Seller will fully indemnify Buyer and the Buyer Indemnified Parties, pursuant to Article 23, for all risks of loss, liabilities and Claims associated with such passage of title prior to transfer of custody of the LNG at the Delivery Point; *provided, further, however*, that in the event delivery of such cargo to the Delivery Point is cancelled, title will revert from Buyer to Seller upon the effectiveness of such cancellation.

Section 11.2 Risk of Loss. The risk of loss of the LNG and any liabilities resulting therefrom will remain with Seller until transferred to Buyer upon delivery of the LNG by Seller at the Delivery Point.

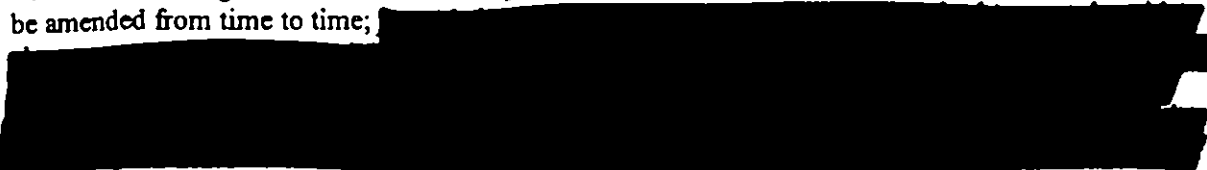
Article 12. Transportation and Unloading

Section 12.1 Seller's Responsibility for Shipping and Unloading.

(a) Seller shall be responsible for arranging, and shall pay all costs (including shipping costs, port charges and insurance costs) associated with the transportation of LNG to the LNG Terminal and, subject to the provisions of Article 13, to Alternative Destinations, except as provided in Section 16.1 of this Agreement.

(b) Seller shall inform Buyer, as soon as practical, of the identity of any LNG Tanker that Seller intends to use to deliver LNG to Buyer under this Agreement in lieu of any LNG Tanker specified pursuant to the Scheduling Terms and shall provide all necessary details concerning the dimensions, specifications, operating characteristics and requirements of such LNG Tanker; *provided, however*, that such substitution by Seller of an LNG Tanker will in no way affect Buyer's obligations to take or Seller's obligations to deliver the quantities of LNG that were scheduled for delivery under this Agreement pursuant to the Annual Program for the Scheduling Year in which such LNG Tanker is substituted.

Section 12.2 LNG Tanker Requirements.

(a) The LNG Tankers at all times shall be maintained and safely operated, compatible with the Unloading Port facilities and compliant with Southern LNG's FERC Gas Tariff as it may be amended from time to time; 

Tankers used by Seller shall, at a minimum and without limitation, at all times comply with the following:

- (i) be designed, equipped and manned so as safely to permit the unloading of a full cargo of LNG, from the port side of such LNG Tanker, during a period of less than [REDACTED] hours at an average pressure of forty pounds per square inch gauge (40 psig), such [REDACTED] hours not to include time for connection and cooldown of LNG unloading arms, pipes and other transfer equipment;
- (ii) be equipped with communications equipment that is in compliance with all applicable Laws or other requirements and that permits the LNG Tanker to be in communication with land stations and the control rooms of Southern LNG;
- (iii) be equipped with adequate facilities for mooring, unmooring and handling LNG at the Delivery Point and related port navigation;
- (iv) be in compliance with all applicable Laws and other requirements of the country of vessel registry and the United States that relate to seaworthiness, design, safety, environmental protection, navigation, operation and similar technical and operational matters as with respect to such LNG Tanker that may be in effect from time to time;
- (v) be manned with a qualified and competent crew, including the master and enough crew members fluent in written and spoken English to coordinate with personnel at the Unloading Port and a master, chief engineer, chief mate and cargo engineer (and such other officers having responsibilities associated with the preparation of the LNG Tanker for the discharge and unloading of LNG) who are all experienced in LNG Tanker operations;
- (vi) be maintained in class with either the American Bureau of Shipping, Lloyds Register of Shipping, Nippon KK or Det Norske Veritas or any other classification society that is mutually agreeable to the Parties;
- (vii) be adequately covered by marine insurance policies
 - (A) in amounts and at levels customarily maintained by first class operators and meeting the minimum insurance requirements set forth in Exhibit 22.2, and
 - (B) if requested by Southern LNG or the terminal operator at an Alternative Destination, provide to Southern LNG and such other operator with a satisfactory certificate of such insurance prior to berthing of such LNG Tanker;

- (viii) be capable of carrying a cargo of at least seventy thousand (70,000) Cubic Meters of LNG but no more than one hundred forty-three thousand (143,000) Cubic Meters of LNG;
- (ix) be able to berth safely at, and compatible in all respects with, the LNG Terminal as it is configured as of the Effective Date; and
- (x) in the event that:
 - (A) LNG Tankers are required by any Government Entity to unload at the LNG Terminal from the starboard side of such LNG Tankers, and
 - (B) the LNG Terminal provides facilities for unloading of LNG Tankers on the starboard side,

then each such LNG Tanker must be designed, equipped and manned so as safely to permit the unloading of a full cargo of LNG from the starboard side of such LNG Tanker, during a period of less than [REDACTED] hours at an average pressure of forty pounds per square inch gauge (40 psig) such [REDACTED] hours not to include time for connection and cooldown of LNG unloading arms, pipes and other transfer equipment.

Section 12.3 LNG Tanker Inspection.

(a) Before the berthing and commencement of unloading of any LNG Tanker at the Unloading Port, Buyer shall have the right to conduct an inspection of the LNG Tanker for the purpose of determining Seller's compliance with Section 12.2, which Seller shall facilitate by providing Buyer, Southern LNG and their respective agents reasonable access to the LNG Tanker and such information regarding its condition and operation as is reasonably requested by Buyer, Southern LNG, the operator of any Alternative Destination or their respective agents. If:

- (i) such inspection reveals that the LNG Tanker fails to comply with the Section 12.2 standards to the extent that a Reasonable and Prudent Operator would not permit such LNG Tanker to berth, or if berthed to unload, and
- (ii) Buyer has confirmation in writing that Southern LNG will not permit such LNG Tanker to berth, or if berthed to unload,

then Buyer shall have the right to reject the LNG Tanker.

(b) Rejection of an LNG Tanker pursuant to this Section 12.3 shall be deemed failure by Seller to deliver the Expected Delivery Quantity of the cargo scheduled for delivery on such LNG Tanker.

Section 12.4 LNG Terminal Facility Inspection. Before the berthing and commencement of unloading of any LNG Tanker at the LNG Terminal, Seller shall have the right to conduct an inspection of the LNG Terminal for the purpose of determining Buyer's compliance with Exhibit 12.5(e) which Buyer shall facilitate by providing Seller and its agents reasonable access to the LNG Terminal facilities and such information regarding their condition and operation as is reasonably requested by Seller or its agents. If:

(a) such inspection reveals that Buyer has materially failed to comply with Exhibit 12.5(e) to the extent that a Reasonable and Prudent Operator of an LNG Tanker would not permit such LNG Tanker to berth, or if berthed, to unload, and

(b) Seller has confirmation in writing that the master of such LNG Tanker will not permit such LNG Tanker to berth,

then Seller shall have the right to refuse to unload at such facilities and such refusal shall be deemed failure by Buyer to accept the Expected Delivery Quantity of the cargo scheduled for delivery on such LNG Tanker.

Section 12.5 Unloading Port Obligations.

(a) Seller shall cause each of the LNG Tankers that utilize the Unloading Port to observe and comply with all applicable Laws.

(b) Any tugs, pilots, escort vessels or other vessels attending the LNG Tanker while at the Unloading Port shall be employed by and at the sole risk and expense of Seller.

(c) Seller shall, at no cost or expense to Buyer, obtain and maintain, or cause to be obtained and maintained, all approvals (including all port approvals, marine permits, and other technical and operational authorizations) required from Government Entities for each LNG Tanker to enter and travel in the territorial waters of the United States, to enter the Unloading Port, to berth and unload its cargo, to depart from the Unloading Port, and to leave the territorial waters of the United States.

(d) Seller shall be responsible for the payment of:

(i) all amounts due for supplies and services requested by masters of LNG Tankers delivering LNG under this Agreement, and

(ii) all port charges, including costs of dockage and wharfage, port service charges, line handling fees, harbor dues, inspection and customs fees, telephone and postage fees and charges, tonnage taxes and other similar costs incurred in connection with the delivery of LNG by such LNG Tankers to the Delivery Point.

With respect to any such charges imposed by Southern LNG, Seller shall only be responsible for payment of such charges to the extent that these charges are uniformly applied to all LNG vessels

delivering LNG to the Delivery Point and to the extent that such charges are permitted under Southern LNG's FERC Gas Tariff.

(e) Buyer shall cause Southern LNG to:

- (i) provide reasonable assistance to Seller in coordinating delivery of equipment, supplies and services for LNG Tankers berthing at the LNG Terminal; and
- (ii) provide, maintain, and operate or cause to be provided, maintained and operated at the LNG Terminal a berth and receiving facilities substantially as described in Exhibit 12.5(e).

(f) Buyer shall arrange for line handling services to be provided to Seller at the LNG Terminal; *provided, however*, that Seller will reimburse Buyer for any costs reasonably incurred by Buyer in connection with such line handling service.

Section 12.6 Notices of Estimated Time of Arrival. Seller shall provide, or cause each LNG Tanker delivering a cargo of LNG to Buyer to provide, to each of Buyer and Southern LNG the series of notices regarding the delivery of such cargo of LNG set forth below (or if such LNG Tanker is travelling to an Alternative Destination, such LNG Tanker will provide the notices reasonably required by the operator of such Alternative Destination to addresses which have been given to Seller at the time the Alternative Destination has been designated by Buyer), with each such notice specifying the name of such LNG Tanker, the total quantity of LNG (in Cubic Meters) to be delivered to Buyer by such LNG Tanker, any operational deficiencies in the LNG Tanker that may affect its performance at the Delivery Point, and the estimated date and time of the arrival (the "Estimated Time of Arrival" or "ETA") of such LNG Tanker at the Delivery Point:

- (a) first notice [REDACTED] hours before such LNG Tanker departs the port of loading, following receipt of which Buyer shall, or shall cause Southern LNG to, notify Seller whether Southern LNG is able to schedule the arrival of Seller's LNG Tanker at the date and hour stated in Seller's notice;
- (b) a second notice when such LNG Tanker departs the port of loading;
- (c) a third notice for receipt ninety-six (96) hours before the ETA; and if such ETA changes by more than twelve (12) hours and the notice set forth in Section 12.6(d) has not yet been given then an updated notice will be sent;
- (d) a fourth notice for receipt seventy-two (72) hours before the ETA; and if such ETA changes by more than six (6) hours and the notice set forth in Section 12.6(e) has not yet been given then an updated notice will be sent;
- (e) a fifth notice for receipt forty-eight (48) hours before the ETA; and if such ETA changes by more than six (6) hours and the notice set forth in Section 12.6(f) has not yet been given then an updated notice will be sent;

(f) a sixth notice for receipt twenty-four (24) hours before the ETA; and if such ETA changes by more than two (2) hours and the notice set forth in Section 12.6(g) has not yet been given then an updated notice will be sent;

(g) a seventh notice for receipt five (5) hours before the ETA; and if such ETA changes by more than two (2) hours and the notice set forth in Section 12.6(h) has not yet been given then an updated notice will be sent;

(h) an eighth notice (the "Arrival Notice") when such LNG Tanker has:

(i) arrived at the location where a pilot is first required to be on board the LNG Tanker, as established in accordance with the port regulations of the Unloading Port, and

(ii) received all approvals required under applicable Laws to:

(A) in the case of deliveries to the LNG Terminal, to enter the channel of the Savannah River (exclusive of any approvals that could not be obtained due to the actions or omissions of Buyer, the actions or omissions of Southern LNG or the presence at the Berth or in the channel of the Savannah River of another LNG Tanker), or

(B) in the case of deliveries to an Alternative Destination, to proceed to the Berth at the Alternative Destination;

provided, however, that if such Arrival Notice is issued prior to the Arrival Window established for such LNG Tanker in the current Ninety-Day Schedule, the Arrival Notice shall be deemed effective as of 6:00 a.m. local time at the Unloading Port during the first twenty-four (24) hour period of the Arrival Window established for such LNG Tanker; and

(i) a ninth notice when such LNG Tanker enters the channel of the Savannah River.

Section 12.7 Notice of Readiness. Following the arrival of each LNG Tanker at the Berth and its receipt of all necessary clearances to discharge LNG, Seller shall cause the master of such LNG Tanker to provide its notice of readiness to discharge LNG (the "Notice of Readiness"). At any time after the LNG Tanker has delivered its Notice of Readiness, Buyer shall be entitled to send a representative of Buyer and/or Southern LNG to board such vessel and act as an observer with respect to all activities occurring after the delivery of such Notice of Readiness until the completion of unloading of the LNG Tanker.



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Article 13. Alternative Destinations

Section 13.1

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Section 13.2

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Section 13.3

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Article 14. LNG Delivery Schedule

Section 14.1 Scheduling Terms.

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Section 14.2

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Section 14.3

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Section 14.4

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Article 15. Price

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Section 15.6 Price

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Section 15.7 Terminalling Costs.

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- (c) A notice shall be deemed to have been served:
- (i) when delivered by hand at the appropriate address for the receiving party,
 - (ii) when received by facsimile copy or electronic mail,
 - (iii) if sent by first class mail postage prepaid five (5) Days after it was posted, or
 - (iv) if given by radio (in the case of communication contemplated by this Agreement to be given or received by LNG Tankers), when receipt of such radio transmission has been acknowledged by the receiving Party.

In proving service by first class mail, it shall be sufficient to prove that the letter containing the notice was properly addressed and stamped and posted. The names and addresses for the service of notices referred to in this Section are:

For notices to Buyer, to:

El Paso Merchant Energy-Gas, L.P.
AmSouth - Sonat Tower
1900 5th Avenue North
P.O. Box 2563
Birmingham, Alabama 35203
Attention: Senior Vice President
Facsimile: 1-205-327-2291
Telephone: 1-205-325-7185

For notices to Southern LNG, to:

Southern LNG Inc.
AmSouth - Sonat Tower
1900 5th Avenue North
P.O. Box 2563
Birmingham, Alabama 35203
Attention: General Counsel
Facsimile: 1-205-327-2253
Telephone: 1-205-325-7126

For notices to Seller, to:

Point Fortin LNG Exports, Ltd.
BG House
6 Stanmore Avenue
Port of Spain
Trinidad, W.I.
Attention: General Manager

Facsimile: 1-868-627-4058
Telephone: 1-868-627-8106

Either Party may change its notice address, telephone number or facsimile number by notice to the other Party in the manner specified above. Both Parties agree to promptly notify the other Party of a change in address, telephone number or facsimile number.

Article 29. Assignment

Section 29.1 Assignment.

(a) Except as provided in clauses (b), (c) and (d) below, neither Party shall assign any or all of its rights or obligations under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed.

(b) Seller shall have the right to assign any or all of its rights under this Agreement, without the consent of Buyer, in order to obtain financing or to utilize risk management products, provided that any such assignee of this Agreement also has been assigned and has assumed all of Seller's rights and obligations under the Train 3 Agreement and Seller's contracts with Atlantic LNG 2/3.

(c) Buyer shall have the right to assign any or all of its rights under this Agreement, without the consent of Seller in order to obtain financing or to utilize risk management products.

(d) Each of the Parties shall have the right to assign all of its rights and obligations under this Agreement, without the consent of the other Party, either to an Affiliate or in connection with a merger, corporate reorganization or transfer of all or substantially all of its assets. In addition, Seller shall have the right to assign all of its rights and obligations under this Agreement, without the consent of Buyer, to any of the NCMA Parties.

(e) Notwithstanding the foregoing provisions of this Section 29.1, no assignment of this Agreement by Buyer or Seller, whether with or without the consent of the other Party, shall relieve the assigning Party of any of its obligations hereunder.

Article 30. Miscellaneous

Section 30.1 Governing Law. The interpretation and performance of this Agreement shall be governed by and construed in accordance with the Laws of the State of New York, without regard to the law thereof regarding the conflict of laws (other than Section 5-1401 of the General Obligations Law). The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.

Section 30.2 Compliance with Laws. Each Party shall, in the performance of this Agreement, comply with all applicable Laws in effect on the date this Agreement was entered into, and as they may be amended from time to time. Notwithstanding anything to the contrary, this Agreement shall not be interpreted or applied so as to require either Party to do, or to refrain from

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doing, anything that would constitute a violation of any applicable Laws, including, the Foreign Corrupt Practices Act of 1977.

Section 30.3 Language. The language of this Agreement and all other documentation and notices relating to this Agreement shall be the English language.

Section 30.4 Amendment. This Agreement may only be amended, modified or supplemented by a written instrument signed by both Parties.

Section 30.5 Waiver. Neither Party shall be deemed to have waived any right under this Agreement, unless such Party shall have delivered to the other Party a written waiver signed by an authorized officer of such waiving Party. No delay or omission in the exercise of any power or remedy shall be construed to be a waiver of any default or an acquiescence therein.

Section 30.6 Entire Agreement; Exhibits. This Agreement, together with Buyer's Guaranty and Seller's Guaranty, constitutes the entire agreement between Buyer and Seller concerning the subject matter hereof. All previous documents, undertakings and agreements whether oral, written or otherwise, between the Parties concerning the subject matter hereof, including the Precedent Agreement, are hereby cancelled and shall not affect or modify any of the terms or obligations set forth in this Agreement, except as the same may be made part of this Agreement in accordance with its terms, including the terms of any of the Exhibits. The Exhibits are hereby made an integral part of this Agreement and shall be fully binding upon the Parties.

Section 30.7 Third Party Beneficiaries. Other than as specifically required under Article 23, this Agreement shall not be construed as creating any rights or benefits in any person or entity, other than the Parties hereto and their respective successors and permitted assigns.

Section 30.8 No Partnership. Nothing contained in this Agreement shall be construed to create an association, trust, partnership or joint venture, to impose a trust or partnership duty, obligation or liability on or with regard to either Party, to create any principal/agent relationship between the Parties, or to create any duty, standard of care or liability to any person or entity not a Party hereto.

Section 30.9 Severability. The provisions of this Agreement are severable, and if any portion of this Agreement is deemed legally invalid or unenforceable, the remainder of this Agreement shall survive and remain in full force and effect.

Section 30.10 Financing. Buyer acknowledges that, in order to finance capital and other expenditure incurred in constructing and expanding the Atlantic LNG Facility, limited recourse project finance supplied by banks and other financial institutions (together, the "Lenders") may be required. Buyer agrees that, upon the request of Seller, it will enter into a direct agreement with the Lenders, provided that the terms thereof are reasonable and not contrary to market standard for such direct agreements. Buyer acknowledges that such market standard may include provisions

- (a) consenting to the creation and enforcement of security over this Agreement, and

(b) allowing the Lenders (or any nominee of the Lenders) to step into the place of Seller and, if required, subsequently to step out, on certain terms, provided that no exercise of rights by the Lenders shall relieve any Guarantor of its obligations or liabilities under Seller's Guaranty.

Section 30.11 Consequential Loss or Damage. Notwithstanding anything contained in this Agreement but without prejudice to the express remedies set forth herein and the indemnity obligations of the Parties under Section 23.1, neither Party shall be liable to the other Party for or in respect of any consequential loss or damage, including any Claim, demand or action made or brought against the other Party by a third party, or for special or punitive damages or loss of profits or business interruption, suffered or incurred by the other Party resulting from breach of or failure to perform this Agreement or the breach of any representation or warranty hereunder, whether express or implied.

Section 30.12 Tortious Liability. With respect to breaches of this Contract (and acts or omissions which constitute breaches), the relationship between Buyer and Seller is contractual and neither Party shall have any claim against the other in tort with respect to such acts or omissions.

Section 30.13 Survival. Notwithstanding anything to the contrary herein, the provisions set forth under Articles 23 and 24, Article 26 (to the extent set forth in Section 26.3), Article 28 and Sections 15.7(b), 20.4(b), 25.2(f), 30.1, 30.2, 30.3, 30.5, 30.6, 30.7, 30.8, 30.9, 30.11, 30.12 and 30.13 shall continue and survive the termination of this Agreement.

Section 30.14 Counterpart Execution. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which collectively shall be deemed one and the same instrument.

Section 30.15 Rates and Indexes.

(a) If (i) a publication which contains a rate or index used in this Agreement ceases to be published for any reason or (ii) such a rate or index should cease to exist for any reason, the Parties shall select a comparable rate or index to be used in place of such rate or index that maintains the intent and economic effect of the original rate or index. If the Parties fail to agree on a rate or index, the issue shall proceed to arbitration in accordance with Article 24 and the panel shall select the published rate or index, or a combination of rates or indices, that most nearly preserves the original economic balance established by the Parties.

(b) If any rate or index used in this Agreement is not published for a particular date, but the publication containing such rate or index continues to be published and the rate or index itself continues to exist, then the Parties shall use the rate or index in effect for the date such rate or index was most recently published as the rate or index for such date.

(c) If an incorrect value is published for any rate or index used in this Agreement and such error is corrected and published within one (1) year of the date of the publication of such incorrect rate or index, then such corrected rate or index will be substituted for the incorrect rate or index and any calculations involving such rate or index will be recalculated and Buyer and Seller will take any necessary actions based upon these revised calculations.

IN WITNESS HEREOF, each of the Parties has caused this LNG Sale and Purchase Agreement (Train 2) to be executed in more than one copy, each of which shall be deemed to be an original as of the day and year first above written.

EL PASO MERCHANT ENERGY-GAS, L.P.
By: EL PASO MERCHANT ENERGY-GAS
COMPANY, Its General Partner

By: [Signature]

Name: Kathy Eisenberg

Title: Director

POINT FORTIN LNG EXPORTS LIMITED

By: [Signature]

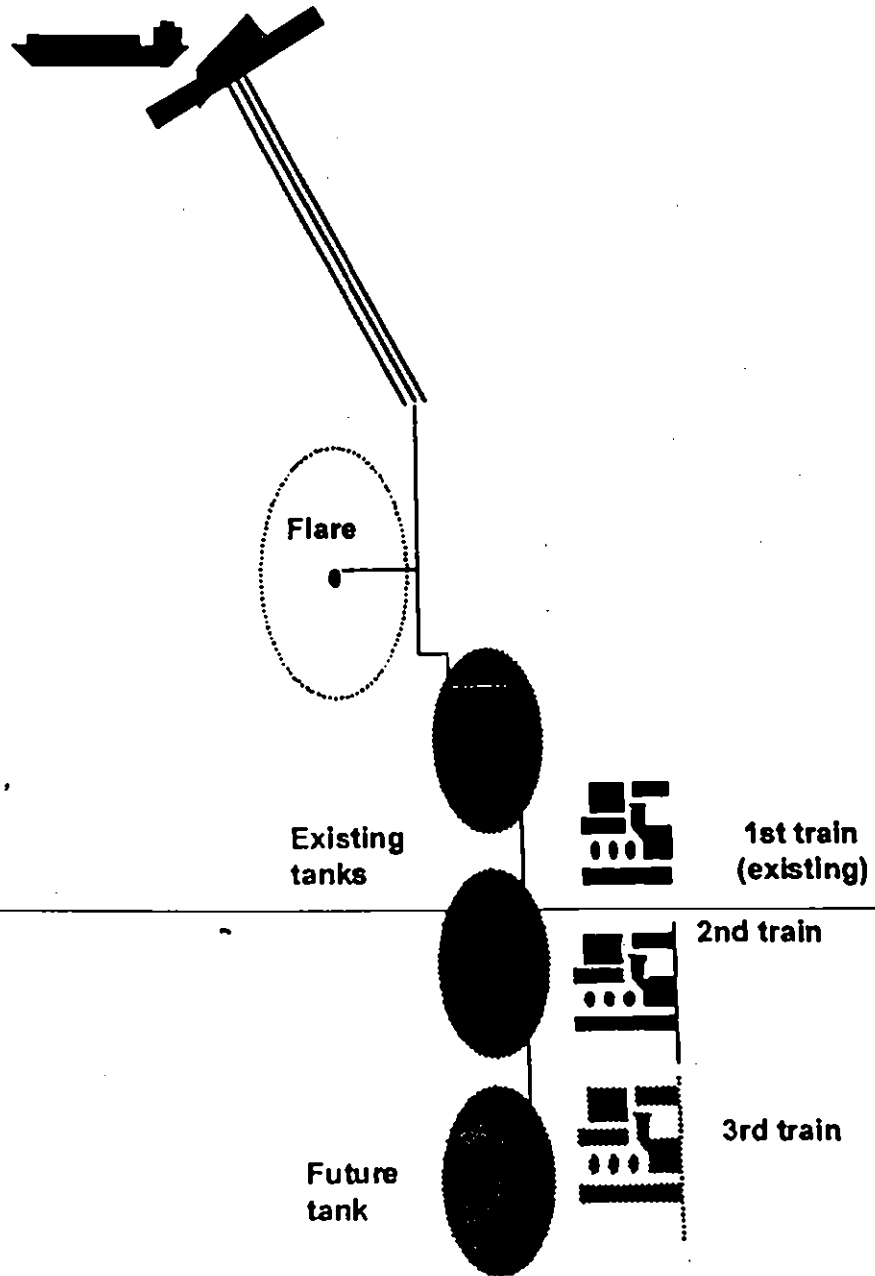
Name: William Sami

Title: VP International Oil & Gas Sales

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EXHIBIT 1.2

SCHEMATIC OF FACILITIES



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EXHIBIT 9.1

LNG QUALITY SPECIFICATIONS

The LNG, when returned to a gaseous state, shall meet the following specifications:

Btu/Scf - Min 1000, Max - 1075
CH₄ - Min 88.0 mol%
N₂ - Max 1.0 mol%
C₂ - Max 7.0 mol%
C₃ - Max 2.75 mol%
iC₄ - Max 0.47 mol%
C₄ - Max 0.64 mol%
C₅ - Max 0.10 mol%
H₂S - Max 0.0004 mol%
Mercaptan Sulphur - Max 2.0 mg/Nm³
Total sulphur - Max 30.0 mg/Nm³
CO₂ - Max 0.01 mol%
O₂ - Max 0.20 mol%

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EXHIBIT 10.1

MEASUREMENT PROCEDURES

LNG delivered by Seller to Buyer under this Agreement at the Delivery Point shall be measured in accordance with the procedures set forth in this Exhibit 10.1.

- (a) The volume of LNG received by Buyer shall exclude the amount of Return Gas returning to Seller's LNG Tanker during the unloading of LNG.
- (b) The volume (in Cubic Meters) of LNG received at the Delivery Point by Buyer shall be measured by gauging of the liquid in the tanks of Seller's LNG Tanker. Seller shall cause the first gauging to be made after the Master of Seller's LNG Tanker has given his Notice of Readiness to unload and immediately before starting the pumps. A second gauging shall take place immediately after completion of unloading with transfer pumps off and allowing up to thirty (30) minutes for the liquid level to stabilize. Representatives of Seller, Buyer and Southern LNG shall have the right to be present at such gaugings, but the absence of a representative shall not prohibit any gauging.
- (c) Seller shall send or cause to be sent to Buyer and Southern LNG a certified copy of the gauging standards, in metric units approved by the United States Bureau of Standards in Washington D.C. as well as correction charts (list, trim, contraction, etc.), for each tank of each of Seller's LNG Tankers. Such standards and charts shall be used throughout the term of this Agreement, except in the case of physical change in the tanks, in which case new standards and charts shall be sent to Buyer and Southern LNG. LNG measuring devices shall be approved by each of Seller, Buyer and Southern LNG. Each tank shall be equipped with two (2) independent level-measuring devices.
- (d) The density of the LNG shall be calculated using the revised Klosek and McKinley method.
- (e) The temperature of the LNG contained in the tanks of any of Seller's LNG Tankers shall be determined by using the arithmetic average of the temperature indicated by special "Class A" thermocouples or resistance thermometers spaced at various locations from top to bottom of each tank, such "Class A" thermocouples having an accuracy of plus or minus two-tenths of a degree Centigrade ($\pm 0.20^{\circ}$ C.) and together with other elements of the temperature measuring system for measuring the temperature of LNG contained in such tank the temperature recorded and printed for LNG shall be accurate to plus or minus three tenths of a degree Centigrade ($\pm 0.30^{\circ}$ C.) and for vapor space plus or minus two degrees Centigrade ($\pm 2.0^{\circ}$ C.). Such temperatures shall be either logged or printed.
- (f) Samples of the LNG shall be taken with a frequency adequate to assure a representative analysis of the LNG being unloaded, at a suitable point near the

Delivery Point. The sampling device shall be such as to permit the total and continuous vaporization of a quantity of LNG sufficient for the taking of a gaseous sample representative of the LNG then being unloaded. Such samples shall be analyzed by means of a suitable gas chromatograph. An analysis or the average of such analyses shall be used to determine the molecular composition of the LNG. A calibration of the chromatograph utilized shall be performed before the analysis of the samples taken from each unloading. Representatives of Seller, Buyer and Southern LNG shall have the right to be present at such calibrations, but the absence of a representative shall not prohibit any calibration. Such calibration shall be effected with the aid of a gaseous mixture having a known composition closely similar to the vaporized LNG being measured.

- (g) The pressure of the gaseous space in the tanks of any of Seller's LNG Tankers, if measured for individual cargo tanks, shall be determined by using the volume weighted arithmetical average throughout all cargo tanks or alternately at the vapor header.
- (h)
 - (i) For purposes of determining Delivered Quantity, the quantity of LNG (in MMBtu) unloaded from Seller's LNG Tankers shall be calculated on the basis of the following formula:

$$Q_{(Total)} = V_{(LNG)} \times D_{(LNG)} \times GHV_{(LNG)}$$

Where:

$Q_{(Total)}$ = Total energy (in Btu) received from the LNG Tanker.

$V_{(LNG)}$ = Standard Cubic Foot (scf) volume of liquid in the LNG Tanker's tanks, as measured by applicable conversion tables, corrected to the Base Measuring Conditions.

$D_{(LNG)}$ = Density of such LNG in pounds mass per actual cubic foot (lbm/acf), determined by either direct density measurement using an online densitometer, if available, or by an indirect method of calculating density using composition, pressure and temperature inputs. The indirect method uses physical property values for component density specified in GPA Standard 2145-latest edition, corrected to Base Measuring Conditions.

$GHV_{(LNG)}$ = Gross heating value in Btu per pound mass (Btu/lbm) determined by analyzing, with a gas chromatograph, the composition of the vaporized LNG and multiplying mole percent values by the physical property values (BTU/lbm) obtained for each component from GPA Standard 2145-latest edition and correcting these values to Base

Measuring Conditions. The total GHV_(LNG) is the sum of these values.

(ii) For purposes of determining Delivered Quantity, Return Gas shall be determined by either direct energy measurement using appropriate flow meters, if available, or by an indirect method of calculating energy using composition, volume, pressure and temperature inputs from the vessel tanks. (Both measurement methods will be comparable and in the event that both measurement methods are not comparable the indirect method will prevail.)

(i) Gauging equipment:

(i) Seller shall cause to be supplied, operated, and maintained equipment for accurately gauging the level of liquid and liquid temperature in the tanks of Seller's LNG Tankers. Such equipment shall be installed, operated, and maintained according to the manufacturer's specifications. Buyer shall cause Southern LNG to supply, operate and maintain all equipment, instruments, and devices used for the sampling of and for the determination of the density, quality, and composition of the LNG unloaded. Such equipment shall be installed, operated, and maintained according to the manufacturer's specifications.

(ii) All measurements and calculations relating to the gauging and determination of the density of the LNG and the testing of the quality and composition of the LNG shall be performed by Southern LNG on behalf of Buyer. Representatives of Seller shall have the right to be present, but the absence of a representative shall not prohibit any measurement, calculations, or testing.

(iii) Both Parties and Southern LNG shall have the right to inspect at all times and be present at the calibration of the measuring and testing equipment upon reasonable notice. All testing data, charts, calculations or any other similar information shall be made available to the Parties and preserved for a period of not less than three (3) years.

(j) Verification of accuracy:

(i) The accuracy of the instruments used shall be verified at the request of either Buyer, Seller or Southern LNG. Such verifications shall be made in the presence of the Party requesting verification, in accordance with methods recommended by the manufacturers of the measuring instruments.

(ii) If, at any time of verification, a measuring instrument is found to produce errors of one percent (1%) or less of unloaded LNG, then such instrument's previous measurement shall be considered accurate for purposes of delivery

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calculations. Such instrument shall be adjusted as soon as practicable for subsequent use. If, at the time of verification, a measuring instrument is found to produce errors of more than one percent (1%), then such instrument's previous measurements shall be brought to a zero difference by comparison with calibration results for any period known definitely or agreed to have been affected with such error, and the calculation of unloading during this period shall be corrected accordingly. If the period that the error affected is not definitely known or agreed upon, correction shall be made for those quantities unloaded during the last half of the period since the date of the last calibration of the instrument.

- (k) The installation and operation of devices for measuring the level of LNG and temperature in the tanks of Seller's LNG Tankers, as well as chromatographs, shall be carried out according to the manufacturers' specifications.
- (l) All instruments and gauges used for computing the LNG unloaded shall be calibrated in the following manner:
 - (i) in Cubic Meters;
 - (ii) in degrees Centigrade (°C.); and
 - (iii) on a dual scale calibrated in bars or millibars on one side and psi on the other.

EXHIBIT 10.2

TESTING PROCEDURES

LNG delivered by Seller to Buyer under this Agreement at the Delivery Point shall be tested in accordance with the procedures set forth in this Exhibit 10.2.

- (a) The quantity of hydrogen sulfide in the LNG shall be determined by methods presented in Gas Processors Association (GPA) Standard 2377, latest edition.
- (b) The quantity of the total sulfur in the LNG shall be determined by the method prescribed in the latest edition of American Society for Testing and Materials, Standard Method of Test for Total Sulphur in Fuel Gases, No. D 1072-90 (1994).
- (c) In addition to the procedures described above, a chromatograph, or other appropriate industry standard equipment will be used to test for constituents as described in Exhibit 9.1. Constituent elements will also be free of objectionable liquids and solids and be commercially free from dust, gums or gum-forming constituents.

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EXHIBIT 12.5(e)

LNG TERMINAL SHIP AND TERMINAL INTERFACE

1. The terminal consists of an unloading platform, six (6) breasting dolphins, six (6) mooring dolphins and connecting walkways.

Berthing line is twelve (12) feet from the face of the unloading platform and fourteen (14) feet from the face of the service platform.

Unloading platform has four (4) levels:

First level at twenty-one and one-half (21.5) feet Mean Low Water ("MLW")

Second level at thirty-five (35) feet MLW

Third level at fifty (50) feet MLW

Fourth level at sixty-six and two-thirds (66.67) feet MLW

Service platform has only one (1) level, twenty (20) feet MLW.

Six (6) breasting dolphins each having a Seebeck Quick Release Hook ("QRH") and a vertical Clyde Capstan. The tops of all dolphins, and thus the base of all QRH assemblies, are at elevation twenty (20) feet MLW. Each dolphin is described below:

- (1) Located 161 feet forward of centerline of ship's manifold. Two (2) sixty (60) ton QRH.
- (2) Located 77 feet forward of centerline of ship's manifold. One (1) sixty (60) ton QRH mounted parallel to berthing line.
- (3) Located 53 feet aft of centerline of ship's manifold. One (1) sixty (60) ton QRH mounted parallel to berthing line.
- (4) Located 176 feet aft of centerline of ship's manifold. Two (2) sixty (60) ton QRH.
- (5) Located 302 feet aft of centerline of ship's manifold. Two (2) sixty (60) ton QRH.
- (6) Located 450 feet aft of centerline of ship's manifold. Two (2) sixty (60) ton QRH.

Fenders are each twenty-five (25) feet wide and twenty and one-half (20.5) feet high. They will extend from elevation minus one-half (-.5) feet MLW up to twenty (20) feet MLW.

Six (6) mooring dolphins each having "QRH" and a vertical Clyde Capstan. The tops of all dolphins, and thus the base of all QRH assemblies, are at elevation twenty (20) feet MLW. Each dolphin is described below:

- (1) Located 550 feet forward of centerline of ship's manifold and 50 feet from berthing line. Two (2) one hundred (100) ton QRH.
- (2) Located 290 feet forward of centerline of ship's manifold and 150 feet from berthing line. Two (2) seventy-five (75) ton QRH.
- (3) Located 140 feet forward of centerline of ship's manifold and 150 feet from berthing line. Two (2) seventy-five (75) ton QRH.
- (4) Located 250 feet aft of centerline of ship's manifold and 150 feet from berthing line. Two (2) seventy-five (75) ton QRH.
- (5) Located 505 feet aft of centerline of ship's manifold and 150 feet from berthing line. Two (2) seventy-five (75) ton QRH.
- (6) Located 705 feet aft of centerline of ship's manifold and 50 feet from berthing line. Two (2) one hundred (100) ton QRH.

2. Terminal has five (5) Chiksan arms which are located on the unloading platform.

Four (4) sixteen inch (16") diameter liquid arms

One (1) sixteen inch (16") diameter vapor arm

One (1) eight inch (8") diameter bunker arm

Arms are on nine (9) foot centers with vapor arm being middle arm

Allowable movements (assuming ship's manifold is located 10.66 feet inboard from ship's side and receiving lines are on 8.20 foot centers):

Drift away from dock - Ten (10) feet

Drift along dock - +/- Fifteen (15) feet

Minimum Elevation - Sixty (60) feet MLW

Maximum Elevation - One hundred (100) feet MLW

3. LNG Unloading Rate: Designed for discharge rate of 45,000 to 60,000 GPM by using ship's pumps with forty (40) PSIG pressure at the ship's flange
4. Ship Vapor Return: 26 MMScf/day at a pressure of 1070 millibars (15.5 PSIA) and at a temperature between minus one hundred eighty-four degrees Fahrenheit (-184° F.) and minus two hundred and two degrees Fahrenheit (-202° F.)
5. Liquid Nitrogen Line:

Three (3) inch line mounted on the vapor arm
150 PSI ASA rated flange

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Capacity of 11,000 gallons
150 PSIG pressure

6. One (1) gangway is available at the terminal. One (1) is located at the sixty-six (66) foot level of the unloading platform.

Unloading Platform Gangway:

Through handrail access to ship

Feathering tread

Thirty-five (35) feet long

Normally will be placed sixty (60) feet fore of the centerline of the ship's manifold

Allowable movements:

Drift away from dock - Ten (10) feet

Drift along dock - +/- Fifteen (15) feet

Minimum elevation - Forty-four (44) feet MLW

Maximum elevation - Seventy-nine (79) feet. MLW



EXHIBIT 14.1

SCHEDULING TERMS

REDACTED

EXHIBIT 18.2

FORCE MAJEURE

For purposes of Section 18.2, events or circumstances of "force majeure" affecting Southern LNG or SNG shall include any event or circumstance not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome, which results in or causes the failure of such party to perform any one of its obligations, including acts of God, acts of government agents, strikes, lockouts or other industrial disturbances, sabotage, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, hurricanes, floods, washouts, arrests and restraints of governments and people, civil disturbances and explosions, unplanned outages, breakage or accident to machinery or lines of pipe, and the necessity for maintenance of or making repairs or alterations to machinery, facilities or lines of pipe, freezing of wells, or lines of pipe, authorized abandonment of any lines of pipe, partial or entire failure of wells, sudden changes in reservoir characteristics of storage fields, loss of gas from the blow out or other failure of wells in storage fields, or other similar events adversely affecting the storage fields' performance capabilities, the inability of either Southern LNG or SNG to acquire, or delays on the part of such party in acquiring at reasonable cost and by the exercise of reasonable diligence, servitudes, rights-of-way grants, permits, permissions, licenses, materials or supplies which are required to enable such party to fulfill its obligations under its respective service agreement with Buyer, and an event of "force majeure" which relates to the downstream facilities or equipment of SNG that enable gas delivered by Southern LNG to enter the mainline facilities of SNG or other downstream pipeline.

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Article 16. Duties And Taxes

Section 16.1 Duties and Taxes. All customs, taxes, excises, fees, duties, levies, charges and other assessments payable on or with respect to the sale or delivery of LNG sold and purchased under this Agreement to Buyer, its exportation from the Republic of Trinidad and Tobago and the importation of LNG by Buyer into the United States, shall be the responsibility of Seller,

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Article 17. Billing And Payment

Section 17.1 Monthly Invoices.

(a) On or before the twenty-fifth (25th) Day of each Month following the earlier of the Month in which the first delivery of LNG by Seller to Buyer occurs under this Agreement or the Payment Commencement Date, Buyer shall forward to Seller:

- (i) a monthly statement, calculated in accordance with Article 15, indicating:
 - (A) the total amount due to Seller in such Month under this Agreement, with respect to deliveries of LNG made in the previous Month, and
 - (B) the total amount due to Buyer in such Month under this Agreement, including the amount due with respect to the Terminalling Costs, and
- (ii) unless Section 17.1(c) applies, payment by Buyer of the net amount due to Seller, if any, as set forth in such monthly statement.

(b) Buyer may, without liability to Seller, withhold sums in respect of payments which would otherwise be made by Buyer to Seller to the extent that such withholding is required by Laws; *provided, however*, that, if Buyer ever becomes an entity formed under the laws of a jurisdiction other than a political subdivision of the United States, Buyer shall not be entitled to withhold any amount that would not be required to be withheld had Buyer remained an entity formed under the laws of any political subdivision of the United States. Buyer shall notify Seller as soon as reasonably practicable after becoming aware of the legal requirement to withhold sums from Seller's payments. In the event that Buyer is obliged to withhold any amounts from Seller's invoices and pay such amounts to a competent taxing authority then Buyer shall furnish Seller with proof of payment of such sums paid together with tax receipts for such sums paid over. Seller shall be responsible for, indemnify, defend and hold harmless Buyer against any claims arising in connection with such withholding or failure to withhold that arise due to the actions of Seller.

(c) If the total amount due to Buyer with respect to Terminalling Costs, as reflected in the monthly statement, exceeds the total amount due to Seller with respect to deliveries of LNG, Seller shall pay Buyer, within ten (10) Days of Seller's receipt of Buyer's statement, the net amount due to Buyer, as set forth in such monthly statement.



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(e) When calculating the unit prices to be paid per MMBtu of LNG under this Agreement, all Dollar amounts will be rounded to four (4) decimal places.

Section 17.2 Quantity Deficiency Invoices. If any Monthly Quantity Deficiency is incurred by Buyer in a given Month, Buyer shall pay amounts due under Section 8.4 for such Monthly Quantity Deficiency on or before the twenty-fifth (25th) Day of the following Month.

Section 17.3 Shortfall Quantity Invoices. If any Shortfall Quantity is incurred by Seller in a given Month, Seller shall pay amounts due under Article 19 for such Shortfall Quantity on or before the twenty-fifth (25th) Day of the following Month. Any liability of Seller for a Shortfall Quantity may be satisfied should Buyer so elect by crediting the amount of such liability against any amount payable by Buyer under this Agreement.

Section 17.4 Interest on Late Payments. Interest on past due amounts shall accrue from the due date to the date payment is actually made at the Base Interest Rate plus one hundred ~~(100)~~ basis points compounded monthly.

Section 17.5 Disputed Invoice or Statement

[REDACTED]

Section 17.6 Payment. Buyer shall pay, or cause to be paid, in Dollars, in immediately available funds all amounts which become due and payable by Buyer pursuant to Section 17.1(a) or Section 17.2 to a bank account or accounts designated by and in accordance with instructions issued by Seller. Seller shall pay, or cause to be paid, in Dollars, in immediately available funds all amounts which become due and payable by Seller pursuant to Section 17.1(c) or Section 17.3 to a bank account or accounts designated by and in accordance with instructions issued by Buyer. The

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paying Party shall not be responsible for a designated bank's disbursement of amounts remitted to such bank, and a deposit in immediately available funds of the full amount of each invoice with such bank shall constitute full discharge and satisfaction of the obligations to pay such invoice under this Agreement.

Article 18. Force Majeure

Section 18.1 Performance Excused. A Party shall be excused for failure to carry out its obligations under this Agreement to the extent that and for the period during which it is rendered unable to carry out such obligations by reason of Force Majeure.

Section 18.2 Force Majeure Defined.

(a) "Force Majeure" shall mean, with respect to either Party, any event or circumstance beyond the reasonable control of such Party and its Affiliates, each such Party having acted as a Reasonable and Prudent Operator, and which results in or causes the failure of such Party to perform any one or more of its obligations under this Agreement. For the purposes of this definition only, each of Atlantic LNG 2/3, Atlantic 1, the operator of the LNG Tanker delivering LNG to the LNG Terminal or Alternative Destinations and each of the NCMA Parties shall be deemed an Affiliate of Seller.

(b) In addition, any "force majeure" (as such term is defined in Exhibit 18.2 to this Agreement) that affects either Southern LNG or SNG and results in or causes the failure of Buyer to perform any one or more of its obligations under this Agreement shall be deemed to be a Force Majeure of Buyer.

Section 18.3 Limitations. Where a claim of Force Majeure hereunder is based on events affecting a third party (including SNG, Southern LNG, Atlantic LNG 2/3, Atlantic 1, and the NCMA Parties) and such events reduce but do not eliminate the ability of such third parties to perform their contractual obligations, such Force Majeure shall constitute an excuse of Buyer's or Seller's obligations hereunder only to the extent that the relevant contractual arrangements require such partial disability to be apportioned to Buyer or Seller, as applicable.

Section 18.4 Procedure. Upon the occurrence of an event of Force Majeure, the affected Party shall:

- (a) promptly notify the other Party of the invocation of Force Majeure and state in such notice:
- (i) the particulars of the event giving rise to such Force Majeure claim, in as much detail as is then reasonably available;
 - (ii) its bona fide good faith estimate of the period during which performance may be suspended or reduced, including to the extent known or ascertainable, the estimated extent of such reduction in performance; and

(iii) the particulars of the program to be implemented to ensure full resumption of normal performance hereunder;

(b) thereafter provide interim reports of the Force Majeure event, reasons for continued invocation of Force Majeure and an estimate of the anticipated duration of the Force Majeure event;

(c) use reasonable endeavors to overcome and minimize the effects of any such Force Majeure and resume performance of obligations as soon as practicable after removal of the Force Majeure;

(d) not be excused by reason of Force Majeure from any failure to comply with an obligation to indemnify or to make any payments then due or that may become due; and

(e) upon request in writing by the other Party, give or procure access insofar as is reasonably practicable to do so for a reasonable number of representatives of that other Party at that other Party's sole risk and cost, to examine the scene of the relevant event or circumstances of Force Majeure.

Section 18.5 Exclusions. While not an exhaustive list, Force Majeure shall not include:

[REDACTED]

[REDACTED]

[REDACTED]

(d) any failure by any customer of Buyer to take natural gas;

[REDACTED]

(f) the availability to Buyer of lower prices for LNG from other sellers;

(g) the availability to Seller of higher prices for the LNG from other purchasers;

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(h) the depletion of the reservoirs in the NCMA or the inability of such reservoirs to produce natural gas in sufficient quantities to satisfy Seller's obligations under this Agreement, except to the extent that such inability results from an event of Force Majeure as otherwise defined herein;

[REDACTED]

[REDACTED]

Section 18.6

[REDACTED]

Section 18.7 Effect on Payment Obligations. Nothing in this Article 18 shall be construed to relieve a Party of its obligation to pay sums of money due or that may become due under this Agreement; *provided, however,* that Buyer shall not be responsible for any payment for LNG it does not take due to a Force Majeure event. Notwithstanding any provision herein to the contrary, in the event of a Force Majeure declared by either Buyer or Seller, Seller shall be obligated to pay the Terminalling Costs during such event of Force Majeure [REDACTED]

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Article 19. Seller's Liabilities

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Article 20. Default and Termination

Section 20.1 Termination by Buyer. Buyer may terminate this Agreement by providing notice to Seller as set forth herein immediately upon the occurrence of any of the following events (each such event a "Seller Event of Default"):

(a) Seller's failure to cure one or more of the following which, in Buyer's opinion, will have or be likely to have a material adverse effect on Seller's ability to perform its obligations hereunder within [REDACTED] notice from Buyer:

- (i) a receiver, custodian, liquidator or trustee of Seller, or of all or any of the property of Seller, is appointed by court order and such order is consented to by Seller or remains in effect for more than [REDACTED] after the commencement of such action;
- (ii) an order for relief under any state or federal bankruptcy law is entered with respect of Seller or Seller is adjudicated a bankrupt or insolvent;
- (iii) any of the property of Seller is sequestered by court order and such order is consented to by Seller or remains in effect for more than [REDACTED] after the commencement of such action; or
- (iv) a petition is filed by or against Seller under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within [REDACTED] after such filing.

(b) Seller's failure, for reasons not excused by this Agreement, to tender for delivery:

- (i) each of [REDACTED] consecutive cargoes of LNG scheduled pursuant to the Scheduling Terms for delivery by Buyer, or
- (ii) any [REDACTED] LNG scheduled pursuant to the Scheduling Terms for delivery by Buyer during a [REDACTED] month period

where, in either case, Seller was able, acting as a Reasonable and Prudent Operator, to tender such cargoes of LNG for delivery.

(c) Subject to Section 17.5 with respect to disputed amounts, Seller fails to pay any amount to Buyer when due hereunder and such failure is not cured within [REDACTED] after notice from Buyer.

(d) Either (i) there exists a material breach or a termination of Seller's Guaranty or (ii) Seller fails to provide Seller's Guaranty and the requisite authorities as set forth in Section 21.1(b); provided, however, the right to terminate in the event of a default under this Section 20.1(d)(ii) must

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be exercised within [REDACTED] for the deadline for providing such authorities and Seller's Guaranty set forth in Section 21.1(b).

(e) The occurrence of any "Seller Event of Default" (as such term is defined in the Train 3 Agreement) provided that Buyer simultaneously terminates the Train 3 Agreement under such "Seller Event of Default."

Section 20.2 Termination by Seller. Seller may terminate this Agreement by providing notice to Buyer as set forth herein immediately upon the occurrence of any of the following events (each such event a "Buyer Event of Default"):

(a) Buyer's failure to cure one or more of the following which, in Seller's opinion, will have or be likely to have a material adverse effect on Buyer's ability to perform its obligations hereunder within thirty [REDACTED] notice from Seller to Buyer:

- (i) a receiver, custodian, liquidator or trustee of Buyer, or of all or any of the property of Buyer, is appointed by court order and such order is consented to by Buyer or remains in effect for more than [REDACTED] Days after the commencement of such action;
- (ii) an order for relief under any state or federal bankruptcy law is entered with respect of Buyer or Buyer is adjudicated a bankrupt or insolvent;
- (iii) any of the property of Buyer is sequestered by court order and such order is consented to by Buyer or remains in effect for more than [REDACTED] after the commencement of such action; or
- (iv) a petition is filed by or against Buyer under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within [REDACTED] after such filing.

(b) Buyer's failure, for reasons not excused by this Agreement, to take delivery of

- (i) each of [REDACTED] LNG tendered for delivery by Seller or
- (ii) any [REDACTED] of LNG tendered for delivery by Seller during a [REDACTED]

where, in either case, Buyer was able, acting as a Reasonable and Prudent Operator, to take such cargoes of LNG.

(c) Subject to Section 17.5 with respect to disputed amounts, Buyer fails to pay any amount to Seller when due hereunder and such failure is not cured within [REDACTED] after notice from Seller to Buyer.

(d) Either (i) there exists a material breach or a termination of Buyer's Guaranty or (ii) Buyer fails to provide Buyer's Guaranty and the requisite authorities as set forth in Section 21.1(a); *provided, however*, the right to terminate in the event of a default under this Section 20.2(d)(ii) must be exercised within [REDACTED] after the deadline for providing such authorities and Buyer's Guaranty set forth in Section 21.1(a).

(e) The occurrence of any "Buyer Event of Default" (as such term is defined in the Train 3 Agreement) provided that Seller simultaneously terminates the Train 3 Agreement under such "Buyer Event of Default."

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Article 21. Security

Section 21.1 Guaranties. Within fourteen (14) Days of the execution of this Agreement:

(a) Buyer will cause El Paso Energy Corporation to execute, deliver, and thereafter maintain Buyer's Guaranty which will be in the form attached as Appendix 21.1(a). In addition, Buyer will furnish evidence reasonably satisfactory to Seller that (i) El Paso Energy Corporation has

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all requisite corporate power and authority to execute and deliver, and perform its obligations under Buyer's Guaranty and (ii) Buyer's Guaranty has been duly and validly executed by El Paso Energy Corporation.

(b) Seller will cause BG Energy Holdings, Limited to execute, deliver, and thereafter maintain Seller's Guaranty which will be in the form attached as Appendix 21.1(b). In addition, Buyer will furnish evidence reasonably satisfactory to Seller that (i) BG Energy Holding, Limited has all requisite corporate power and authority to execute and deliver, and perform its obligations under Seller's Guaranty and (ii) Seller's Guaranty has been duly and validly executed by BG Energy Holdings, Limited.

Section 21.2 Impact of Assignment. In the event either Buyer or Seller assigns its rights and obligations under this Agreement pursuant to Article 29, the relevant guaranty shall remain in full force and effect unless and until a replacement guaranty that is permitted pursuant to the terms of such guaranty is in place.

Article 22. Insurance

Section 22.1



Section 22.2 Seller's Insurance. From and after the Effective Date, Seller will be obligated to obtain and maintain all policies of insurance as required by Exhibit 22.2.

Article 23. Indemnity

Section 23.1 Indemnity.

(a) To the fullest extent permissible by Law, Seller agrees (regardless of the presence or absence of insurance) to indemnify, defend and hold Buyer, Southern LNG, SNG, their Affiliates, and their respective officers, directors, employees, agents, successors, assigns and contractors/subcontractors (other than the owner and/or operator of an LNG receiving terminal at an Alternative Destination (collectively, the "Buyer Indemnified Parties") harmless from and against any and all claims, losses, demands, damages, liabilities, costs and expenses (collectively, "Claims" and each a "Claim") relating to any of:

- (i) the property, facilities or other assets of any of the Seller Indemnified Parties,

- (ii) the officers, directors, employees, and agents of Seller or any of the Seller Indemnified Parties, or
- (iii) any LNG Tanker utilized by Seller in connection with the performance of this Agreement

regardless of whether such Claims under Sections 23.1(a)(i), (ii), or (iii) arise from or relate to any act or incident involving any of the Buyer Indemnified Parties.

(b) To the fullest extent permissible by Law, Buyer agrees (regardless of the presence or absence of insurance) to indemnify, defend, and hold Seller, its Affiliates, each of the NCMA Parties, and their respective officers, directors, employees, agents, successors, assigns, contractors and subcontractors (the "Seller Indemnified Parties") harmless from and against any and all Claims relating to any of:

- (i) the property, facilities or other assets of any of the Buyer Indemnified Parties or
- (ii) the officers, directors, employees, and agents of Buyer or any of the Buyer Indemnified Parties,

regardless of whether such Claims under Sections 23.1(b)(i) or (ii) arise from or relate to any act or incident involving any of the Seller Indemnified Parties.

Section 23.2 Notice of Proceedings. The Party entitled to indemnification shall promptly notify the Party obligated to indemnify that Party of any Claims in respect of which it is entitled to be indemnified under this Article 23. Such notice shall be given not later than thirty (30) Days after the Party entitled to indemnification becomes aware of such Claims.

Section 23.3 Conduct of Proceedings. Any Party entitled to indemnification shall have the right, but not the obligation, to contest, defend and litigate (and to retain legal advisers of its choice in connection therewith) any Claims, action, suit, or proceeding by any third party alleged or asserted against it arising out of any matter in respect of which it is entitled to be indemnified hereunder, and the reasonable costs and expenses thereof shall be subject to the said indemnity; *provided, however*, that the Party obligated to indemnify the other Party shall be entitled, at its option, to assume and control the defense of such Claim, action, suit, or proceeding at its expense and through legal advisers of its choice if it:

- (a) gives notice of its intention to do so to the other Party;
- (b) acknowledges in writing its obligation to indemnify the other Party to the full extent provided by this Article; and
- (c) reimburses the other Party for the reasonable costs and expenses previously incurred by the other Party prior to the assumption of such defense by the Party obligated to provide indemnification. No Party entitled to indemnification shall settle or compromise any Claim, action,

suit or proceeding in respect of which it is entitled to be indemnified by the other Party without the prior written consent of the Party obligated to provide indemnification, which consent shall not be unreasonably or arbitrarily withheld or delayed.

Article 24. Dispute Resolution

Section 24.1 Arbitration.

- (a) Any dispute, claim or controversy (a "Dispute") arising out of or in connection with this Agreement shall be settled exclusively and finally by arbitration conducted by three (3) arbitrators in accordance with the ICC Rules in effect at the time of such proceeding, except as modified herein.
- (b) Buyer and Seller shall each nominate one (1) arbitrator in accordance with the ICC Rules (such arbitrators, the "Nominees"). The Nominees shall then agree within thirty (30) Days from the date on which the second (2nd) Nominee was nominated on a third (3rd) arbitrator to serve as chairperson of the tribunal. If the Nominees are unable to select a third (3rd) arbitrator within such period, the ICC Court shall appoint such third (3rd) arbitrator within thirty (30) Days of the written request by either Party.
- (c) Any arbitration proceeding pursuant to this Article 24 shall be conducted and any award shall be rendered in New York, New York in the English language.
- (d) Consolidation.
- (i) The Parties are committed to the prompt and efficient resolution of Disputes arising under this Agreement, the Train 3 Agreement, Buyer's Guaranty, and Seller's Guaranty (collectively, the "Related Agreements"). Accordingly, if two (2) or more Disputes arise under this Agreement, or under this Agreement and one or more of the Train 3 Agreement, the PFLE2 Agreement, Seller's Guaranty and Buyer's Guaranty, then any such Disputes for which a party to any such agreement seeks an arbitral resolution may be consolidated in a single arbitral proceeding, as follows:
- (ii) If one or more arbitrations are already pending with respect to a Dispute under any of the Related Agreements, then either Buyer or Seller may request that any new Dispute or Disputes arising under any of the Related Agreements be consolidated into any such prior arbitration. If more than one arbitration already is pending, then Buyer and Seller shall, within twenty (20) Days of a request to consolidate the new Dispute, select one (1) of the pending arbitrations, into which the new Dispute shall be consolidated. If Buyer and Seller are unable to select the arbitration within such twenty (20) day period, then the ICC Court shall select the arbitration within twenty (20) Days of a written request by Buyer or Seller. The new Dispute shall be so consolidated, provided that the arbitral tribunal for the arbitration so selected determines that:

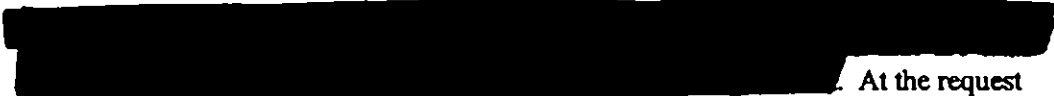
- (A) the new Dispute presents significant issues of law or fact common with those in the pending arbitration,
- (B) no Party would be unduly prejudiced, and
- (C) consolidation under these circumstances would not result in undue delay for the pending arbitration.

Any such order of consolidation issued by the arbitral tribunal shall be final and binding upon Buyer and Seller. Buyer and Seller waive any right they may have to appeal or to seek interpretation, revision or annulment of such order under the ICC Rules or in any court. In any such consolidated arbitration, each group of (i) Buyer and its Guarantor, and (ii) Seller and its Guarantor shall each be treated as a single party to the arbitration. The arbitral tribunal for the arbitration into which a new dispute is consolidated shall serve as the arbitral tribunal for the consolidated arbitration. The Parties agree that upon such an order of consolidation, they will promptly dismiss any arbitration brought under this Article 24, the subject of which has been consolidated into a separate arbitral proceeding under this Article 24.

Section 24.2 Multi-Party Arbitration.

- (a) In the event that:
 - (i) any Dispute between Buyer and Seller arises out of or relates to (A) the interpretation or application of the Scheduling Terms, or (B) the scheduling of cargoes for delivery by Seller to the LNG Terminal (a "Seller Scheduling Dispute"), and
 - (ii) any Dispute between Buyer and a Third Party Scheduler arises out of or relates to (A) the interpretation or application of the scheduling terms between such parties, or (B) the scheduling of cargoes for delivery by such Third Party Scheduler to the LNG Terminal (a "Third Party Scheduling Dispute")

then, subject to Section 24.3, such Seller Scheduling Dispute and such Third Party Scheduling Dispute may be consolidated by Buyer in a single arbitration to which all parties to such Seller Scheduling Dispute and such Third Party Scheduling Dispute shall be parties (a "Multi-Party Arbitration");

 At the request of Buyer, and subject to Section 24.3, such Seller Scheduling Dispute and all such Third Party Scheduling Disputes shall be consolidated into a single Multi-Party Arbitration, and Seller covenants to dismiss any arbitration(s) that it may have

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brought, the subject of which is any Dispute that has been consolidated into such Multi-Party Arbitration, and to bring any and all claims or counterclaims with regard to such Seller Scheduling Dispute and such Third Party Scheduling Dispute in such Multi-Party Arbitration

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(d) In the event that consolidation of two (2) or more pending arbitrations is sought pursuant to this Section 24.2, and any party to such an arbitration objects to such consolidation, within thirty (30) Days of the date that the request for consolidation is received by such objecting party, the parties to such arbitrations shall have fifteen (15) Days from the date of receipt of notice of the first objection to consolidation to agree on an expert to determine whether such consolidation is appropriate. If the parties are unable to timely agree on such expert within such fifteen (15) Day period, then the parties shall have an additional fifteen (15) Days to agree on and submit to the ICC Centre for Expertise ("ICC Centre") a list of at least three (3) independent experts, and the ICC Centre shall appoint an expert from such list. If the parties are unable to timely agree on such a list, then at the request of any party, the ICC Centre shall appoint the expert, who shall be an experienced international arbitrator. The Parties agree that in the event of a determination that a Multi-Party Arbitration is appropriate, they will move expeditiously to dismiss any arbitration that has been brought under Section 24.1, the subject of which is any Dispute which has been consolidated into such Multi-Party Arbitration, and to bring any and all claims or counterclaims with regard to such Dispute(s) in such Multi-Party Arbitration.

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(e) In the event that a Party requests consolidation pursuant to this Section 24.2 of any arbitration proceeding commenced pursuant to Section 24.1, more than thirty (30) Days after the arbitrators have been selected for such pending arbitration, the Party requesting such consolidation shall reimburse the other Party for all expenses, including arbitrator's fees and administrative fees incurred by the other Party in connection with such proceedings prior to the termination of such proceedings pursuant to Section 24.2. In all other cases, the costs of such prior arbitration shall be allocated pursuant to Section 24.4.

Section 24.3 Procedures for Multi-Party Arbitration.

(a) The Parties agree that any Multi-Party Arbitration conducted pursuant to the terms hereof shall be finally settled under the ICC Rules by three (3) arbitrators, except to the extent that the provisions of this Article 24 may be in conflict with such ICC Rules. The parties to the Multi-Party Arbitration shall have fifteen (15) Days from the receipt of a determination that a Multi-Party Arbitration is appropriate to agree on a panel of three (3) arbitrators for the Multi-Party Arbitration. During such period the parties may confer with each other regarding prospective arbitrators; however, there shall be no ex-parte communications between any party and any arbitrator. Following the expiration of such fifteen (15) Day period, the parties shall submit their agreed nominees to the ICC Court for confirmation; or if the parties have failed to agree on a panel, then each party shall independently nominate directly to the ICC Court (without copying the other parties) three (3) arbitrator-nominees, such nomination to be made within fifteen (15) Days of the expiration of the original fifteen (15) Day period. Following the submission of such nominations to the ICC Court, there shall be no communications between the parties with regard to the arbitrator-nominees. If a party fails to timely nominate three (3) arbitrator-nominees within fifteen (15) Days, the ICC Court shall nominate arbitrator-nominees for such party. The ICC Court shall circulate to the parties a list of the names of the arbitrator-nominees without indicating the source of such names. Within fifteen (15) Days of the receipt of such list, each party shall strike two arbitrator-nominees, rank the remainder of the arbitrator-nominees, and return the list to the ICC Court. At no time shall there be any ex-parte communication between any of the arbitrator-nominees and any of the parties, nor shall the arbitrator nominees be informed at any time which party nominated them. The ICC Court shall select from the arbitrator-nominees remaining on the list the two highest ranked arbitrators who are able to serve. Following confirmation of such arbitrators, the ICC Court shall appoint a third arbitrator to serve as chair of the tribunal. Such arbitrator shall be admitted to practice in a common law country and shall not be an arbitrator-nominee whose name was stricken by any party. In any Multi-Party Arbitration, any group of Affiliates shall be treated as a single party. Any Multi-Party Arbitration shall be held and any Multi-Party Arbitration award shall be issued in New York, New York. The language of the Arbitration shall be English.

(b) Notwithstanding Sections 24.2 and 24.3(a), Seller shall not be required to withdraw or to dismiss any arbitral proceeding or submit any Dispute for resolution pursuant to Section 24.3(a), unless all parties to such Multi-Party Arbitration agree or have agreed to the Multi-Party Arbitration and that the arbitral tribunal in such Multi-Party Arbitration shall apply Sections 24.3(a), 24.4 and 24.5, *mutatis mutandis*, to each Other Dispute and Third Party Scheduling Dispute to be resolved in such Multi-Party Arbitration.

Section 24.4 Decisions and Awards; Costs.

(a) Any decision of or award by an arbitral tribunal pursuant to this Article 24 shall be reduced to writing and shall include the findings of fact and conclusions of Law upon which it is based. The award shall be final and binding upon the Parties and judgment for execution and enforcement of any award may be entered by any court of competent jurisdiction.

(b) The Parties hereby waive any rights of application or appeal to any national or state court or tribunal to the fullest extent permitted by law in connection with any question of law arising in the course of the arbitration or with respect to the merits of any award made, except for actions relating to enforcement of the arbitration agreement or an arbitral award and except for actions seeking interim or other provisional relief in aid of arbitration proceedings in any court of competent jurisdiction.

(c) The costs of arbitration, including reasonable attorneys' fees shall be allocated to each party involved in such proceedings as determined by the arbitral tribunal. The decision or award shall include interest from the date of any breach or other violation of an agreement between the parties at an interest rate specified in such agreement, or if no such interest rate is provided in such agreement for such breach of violation, at an interest rate specified by the arbitral tribunal. Unless otherwise agreed by the Parties, all payments made pursuant to the arbitration decision or award shall be made in United States Dollars free of any deduction or withholding for taxes. Each Party hereby irrevocably waives any challenge to the enforcement of an arbitration decision or award issued in accordance with the provisions of this Article 24; *provided, however*, that any Party may challenge the enforcement of the decision or award on any of the grounds stated in Article 5 of the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards or the Federal Arbitration Act. The Parties hereby further irrevocably waive any claim against each other for incidental, consequential, multiple, special or punitive damages.

Section 24.5 Remedies. Seller and Buyer agree that irreparable damage could occur in the event that this Agreement were not performed in accordance with its specific terms or were otherwise breached. Accordingly, each of Seller and Buyer shall have the right to seek from any court of competent jurisdiction, provisional measures in aid of arbitration (including, a temporary restraining order or preliminary injunction) to prevent harm; *provided, however*, that the Parties agree mutually to seek vacation or modification of any such measure from the issuing court consistent with any decision or order of the arbitral tribunal and each of the Parties is free to seek such a decision or order from the arbitral tribunal. An arbitral tribunal convened under this Article 24 shall have the power to grant an injunction or injunctions to prevent breaches of this Agreement and impose penalties for any Party's failure to comply therewith. Each of Seller and Buyer shall be entitled to enforce specifically the terms and provisions of a decision or an award of such arbitral tribunal providing for such an injunction or injunctions in any court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. Seller and Buyer also agree that with regard to any arbitration involving a matter under the Scheduling Terms:

- (i) specific performance of any Annual Program or proposed Annual Program schedule is not an available remedy under this Agreement,

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- (ii) the arbitral tribunal shall not in any way set, or recommend, or require Buyer to adopt an Annual Program, and
- (iii) the arbitral tribunal shall limit its award to the award of monetary damages.

Article 25. Representations, Warranties and Covenants

Section 25.1 Seller's Representations and Warranties. Seller represents and warrants to Buyer that as of the Effective Date:

- (a) Seller is duly organized and validly existing under the Laws of the jurisdiction of its organization, with full power, authority and capability to enter into this Agreement and to perform all acts contemplated herein;
- (b) this Agreement is a valid and binding agreement of Seller; and
- (c) the execution, delivery and performance of this Agreement, and the performance of all acts contemplated herein by Seller, do not constitute any of the following:
 - (i) contravention of any provisions of any document relating to the incorporation or constitution of Seller;
 - (ii) breach of or default under any material contract binding upon Seller; or
 - (iii) violation of any applicable Laws.

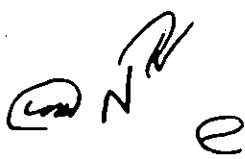
Section 25.2 Seller's Covenants.

(a) Seller covenants that Seller shall have good and marketable title to all LNG delivered to Buyer under this Agreement, as of the date delivered, and that all LNG delivered hereunder shall be free and clear of all liens, security interests, charges, assessments, adverse claims and other encumbrances of every form and nature.

(b) 

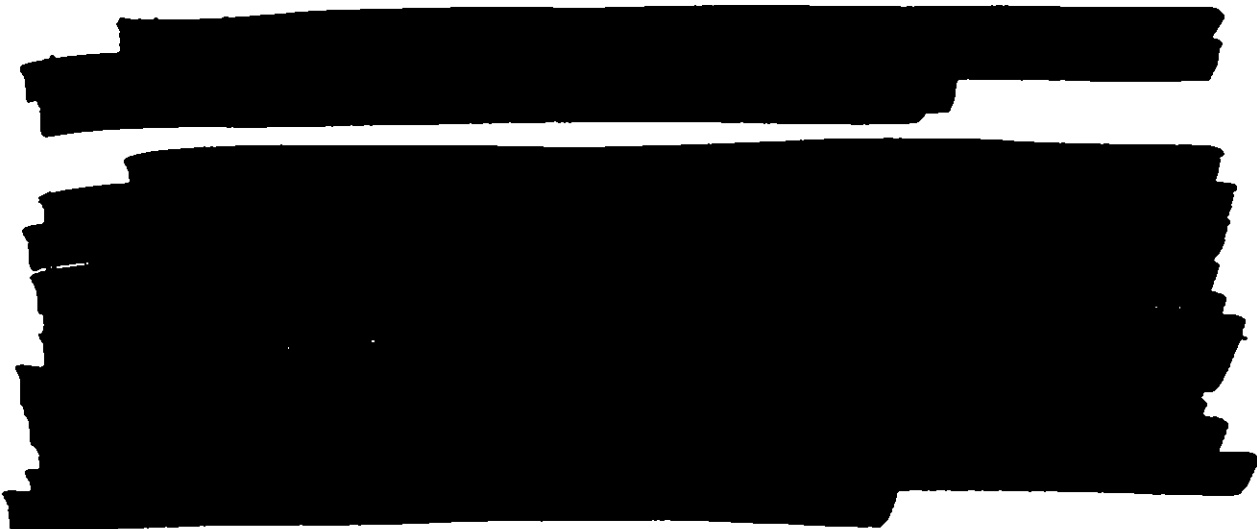
(c) Seller acknowledges that Southern LNG may file with the FERC to adjust its rates to reflect its revised cost of service prior to or within sixty (60) Days following the In-Service Date, updated for actual capital costs and revised revenue requirements associated with then-anticipated plant operations through filing either:

- (i) an amended certificate application prior to the In-Service Date; or



(ii) a general or limited rate filing under Section 4 of the Natural Gas Act (either filing referred to in (i) or (ii), the "True-Up Filing").

(d) Seller covenants that neither it, nor any of its Affiliates, nor any of the NCMA Parties shall oppose the True-Up Filing before the FERC to the extent such True-Up Filing includes a Requested Cost of Service that does not exceed the Permitted Cost of Service.



Section 25.3 Buyer's Representations and Warranties. Buyer represents and warrants to Seller that as of the Effective Date:

(a) Buyer is duly organized and validly existing under the Laws of the jurisdiction of its organization, with full power, authority and capability to enter into this Agreement and to perform all acts contemplated herein;

(b) this Agreement is a valid and binding agreement of Buyer; and

(c) the execution, delivery and performance of this Agreement, and the performance of all acts contemplated herein by Buyer, do not constitute any of the following:

(i) contravention of any provisions of any document relating to the incorporation or constitution of Buyer;

(ii) breach of or default under any material contract binding upon Buyer; or

(iii) violation of any applicable Laws.

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Section 25.4 Buyer's Covenants.

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Article 26. Confidentiality

Section 26.1 Confidentiality.

(a) Each Party shall maintain in strict confidence and protect the confidentiality of all the provisions and contents of this Agreement and of all information, reports, data, software or other material, whether written or oral, in electronic or magnetic format, and the contents thereof and any reports, digests or summaries created or derived from any of the foregoing that is provided by one Party to the other Party ("Confidential Information"), and shall not disclose any such Confidential Information to any third party without the prior written consent of the other Party; *provided, however,* that each Party shall be entitled to use the Confidential Information for any and all lawful

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purposes relating to its business, operations and activities, including the financing and auditing thereof and shall be entitled (without prior written consent of the other Party) to disclose Confidential Information to its respective Affiliates and to officers, directors and employees of such Affiliates, provided that such Party shall procure that such Affiliate and its officers, directors and employees do not disclose further, such Confidential Information. In addition, Seller, may disclose Confidential Information to each of the NCMA Parties and to officers, directors and employees of such NCMA Parties, provided that Seller shall procure that the NCMA Parties and their officers, directors, and employees do not disclose further such Confidential Information, except as otherwise provided in this Article 26.

(b) Notwithstanding the previous subsection, each Party may disclose Confidential Information to the extent that such Confidential Information:

- (i) was public prior to its delivery to such Party;
 - (ii) was obtained from a third party with no known duty to maintain its confidentiality;
 - (iii) is required to be disclosed by Laws (including the Employment Rights Act 1999 (Eng.) (as amended by the Public Interest Disclosure Act 1998 (Eng.)) or judicial or administrative or arbitral process or by any governmental authority or by the rules of any recognized stock exchange on which the shares of a Party (or its Affiliates) are traded;
 - (iv) is provided to professional advisors, agents, auditors or representatives of the Party as is reasonable under the circumstances; *provided, however*, that the Party receiving such Confidential Information shall require such persons, other than legal counsel, to undertake in writing to keep such Confidential Information confidential and shall use reasonable efforts to ensure compliance with such undertaking;
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- (v) is provided to Lenders or potential Lenders to either Party, the NCMA Parties, Atlantic LNG 2/3 or Atlantic 1; *provided, however*, that the Party, Lenders or potential Lenders receiving such Confidential Information shall require such persons to undertake in writing to keep such Confidential Information confidential and shall use reasonable efforts to ensure compliance with such undertaking; or
 - (vi) is provided by Seller to Buyer pursuant to Article 3 of the Scheduling Terms.

Section 26.2 Remedies. The Parties agree that:

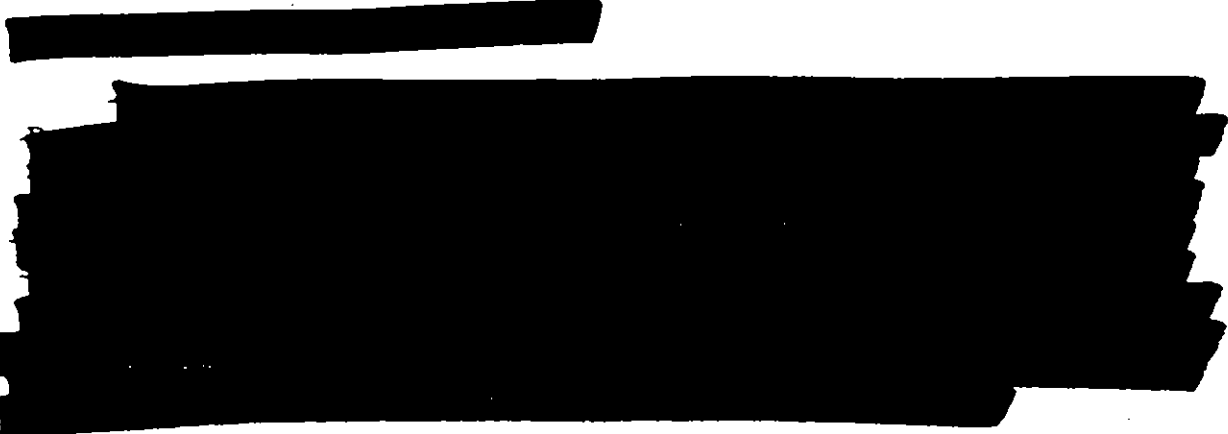
- (a) damages would not be an adequate remedy for any breach of the provisions of this Article 26;

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(b) either Party shall be entitled to the remedies of injunction, specific performance and other equitable relief for any threatened or actual breach of the provisions of this Article by the other Party or a third party; and

(c) no proof of special damages shall be necessary for the enforcement of this Article.

Section 26.3 Survival. The provisions of this Article 26 shall survive the termination or expiration of this Agreement for a period of two (2) years.



Article 28. Notices

Section 28.1 Notices.

(a) Unless otherwise provided in this Agreement, any notice to be given hereunder shall be in writing, except that notices given from LNG Tankers at sea may be given by radio. Written notices may be delivered

- (i) by hand (including by express courier) against written receipt,
- (ii) by first class mail postage prepaid,
- (iii) by facsimile copy with telephone confirmation thereof, promptly followed by a written notice sent by first class mail postage prepaid to the persons and addresses specified below, or
- (iv) electronically as an electronic mail, provided that such electronic mail notice is identified as such in the electronic mail and within five (5) Days following the Day of its electronic service, is confirmed by letter or facsimile.

(b) The Parties shall maintain radio channels, frequencies and procedures for all notices and communications between LNG Tankers, the LNG Terminal and the authorities for the Unloading Port.

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EXHIBIT 18.5

BUYER'S GOVERNMENT APPROVALS

REDACTED

EXHIBIT 21.1(a)

BUYER'S GUARANTY

Pre
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GUARANTY

by

EL PASO ENERGY CORPORATION

in favor of

POINT FORTIN LNG EXPORTS LTD.

(for Train 2)

Dated as of _____, 2000

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This GUARANTY, executed on _____, 2000, by EL PASO ENERGY CORPORATION, a Delaware corporation ("Guarantor"), in favor of POINT FORTIN LNG EXPORTS LTD., a Republic of Trinidad and Tobago corporation ("Seller").

RECITALS

(A) Pursuant to the LNG Sale and Purchase Agreement (Train 2) (as the same may from time to time be amended, modified or supplemented, the "Agreement") dated as of the date hereof by and between Seller and El Paso Merchant Energy-Gas, L.P. ("Buyer"), Buyer has agreed, among other things, to buy certain quantities of liquefied natural gas ("LNG") in accordance with the terms and conditions of the Agreement.

(B) Buyer has agreed, contemporaneous with the execution of the Agreement, to cause Guarantor to execute and thereafter maintain this Guaranty. Seller would not enter into the Agreement with Buyer but for the execution and delivery of this Guaranty by Guarantor.

(C) In furtherance of the business purposes of Guarantor, Guarantor desires to guarantee all of the obligations of Buyer under the Agreement as provided herein.

(D) Guarantor is the owner, either directly or indirectly, of all of the capital stock of Buyer.

NOW, THEREFORE, based upon the foregoing, and in order to induce Seller to enter into the Agreement, Guarantor hereby agrees as follows:

ARTICLE 1

DEFINITIONS

1.1 *Definitions.* Unless the context otherwise requires, capitalized terms used but not otherwise defined in this Guaranty shall have the meanings ascribed to them in the Agreement unless the context otherwise requires. In addition, the following terms have the meanings specified in this Section 1.1 when used with initial capitalization in this Guaranty:

"Business Day" means any day other than (i) a Saturday or Sunday or (ii) a day on which commercial banks in New York, New York are authorized or required to be closed.

"Dispute" has the meaning ascribed to such term in Section 4.6(a).

"Dollars" has the meaning ascribed to such term in Section 4.7.

"Guaranteed Obligations" has the meaning ascribed to such term in Section 2.1.

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"Guaranty" means this Guaranty, as it may be amended, supplemented or otherwise modified from time to time in writing signed by Guarantor and Seller.

"Guaranty Term" means the period commencing on the date hereof and ending upon the termination of the Guaranty as set forth in Section 2.2.

"Judgment Currency" has the meaning ascribed to such term in Section 4.7.

"Net Assets" means, with respect to any Person, such Person's total fixed assets plus or minus net current assets, minus long-term creditors and provisions, each as reflected on such Person's most current audited balance sheet.

"New Guarantor" has the meaning specified in Section 4.4(a).

"Party" means either Guarantor or Buyer.

"Person" means an individual, corporation, partnership, limited liability company, trust or other entity.

"Seller Guarantor" means BG Energy Holdings Ltd.

"Seller's Guaranty" means that certain Guaranty dated as of the date hereof, from Seller Guarantor in favor of Buyer.

1.2 *Interpretation.* Unless the context of this Guaranty otherwise requires, the rules of interpretation set forth in the Agreement shall apply to this Guaranty.

ARTICLE 2

THE GUARANTY

2.1 *The Guaranty.* Except as expressly set forth herein, Guarantor hereby absolutely, irrevocably and unconditionally guarantees to Seller the full and punctual payment by Buyer of all amounts owed or that may become owed by Buyer under the Agreement in accordance with the terms and conditions thereof as and when required to be paid thereunder (all such obligations, the "Guaranteed Obligations"). Guarantor and Seller expressly acknowledge that default by Buyer or the failure of Buyer to discharge any Guaranteed Obligation in the time required (where a time requirement is set forth in the Agreement) and in the manner required, in each case under the Agreement, is a condition of the exercise of this Guaranty with respect to such Guaranteed Obligation. Guarantor agrees unconditionally to pay to Seller, forthwith on demand by Seller, in the manner and currency prescribed under the Agreement for payments by Buyer thereunder, any and every sum or sums of money which Buyer shall at any time be liable to pay under the Agreement and which Buyer shall have failed to pay at the time that such demand is made. The Guaranteed Obligations shall conclusively be deemed to have been created in reliance upon this Guaranty. The liability of Guarantor under this Guaranty is a guaranty of payment and not

merely of collection, and Guarantor agrees that the obligations hereunder are those of a primary obligor and not merely of a surety.

2.2 *Termination of Guaranty.* This Guaranty and the obligations of Guarantor hereunder shall terminate only after the payment in full and full performance of all of the Guaranteed Obligations and obligations of Guarantor hereunder. Without in any way limiting the generality of the foregoing, Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Guaranteed Obligations is rescinded or must otherwise be restored by Seller, upon the insolvency, bankruptcy or reorganization of Buyer or otherwise, as though such payment had not been made.

2.3 *Guaranty Unconditional.* Except as expressly set forth herein, Guarantor agrees that the obligations of Guarantor hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by any of the following, whether with or without notice to or assent by Guarantor:

(i) any extension, renewal, settlement, compromise, modification, waiver or release in respect of any obligation or duty of Buyer under the Agreement, by operation of law or otherwise;

(ii) any modification or amendment of or supplement to the Agreement;

(iii) any release, impairment, non-perfection, failure to maintain perfection or recordation or invalidity of any direct or indirect security for any obligation or duty of Buyer under the Agreement;

(iv) any change in the corporate existence, structure or ownership of Buyer, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting Buyer or its assets or any assignment of the Agreement to any Person or any release or discharge of any obligation or duty of Buyer contained in the Agreement resulting from any of the foregoing;

(v) the existence of any claim, set-off or other rights which Guarantor may have at any time against Buyer, Seller or any other Person, whether in connection herewith or any unrelated transactions, provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(vi) any invalidity or unenforceability relating to or against Buyer for any reason of the Agreement, or any provision of applicable law or regulation purporting to prohibit the payment by Buyer of any other amount payable by Buyer under the Agreement;

(vii) any impairment of Buyer's duty of performance, Buyer's duty to reimburse or Guarantor's right of restitution or subrogation;

(viii) any other act or omission to act or give notice or delay of any kind by Buyer, Seller or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to Guarantor's obligations or duties hereunder; or

(ix) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, Buyer, any surety or any guarantor.

Notwithstanding any provision of this Guaranty to the contrary, other than Section 2.5 below, Guarantor shall be entitled to assert as a defense to any claim for payments or performance of the Guaranteed Obligations that such Guaranteed Obligations have previously been paid or performed in full.

2.4 *Waivers of Notices and Defenses.* Guarantor hereby waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against Buyer or any other Person.

2.5 *Stay; Indemnity.* (a) Guarantor, unconditionally and irrevocably, agrees that, notwithstanding anything to the contrary herein, if Seller is stayed upon the insolvency, bankruptcy or reorganization of Buyer or any other Person from exercising its rights to enforce or exercise any right or remedy with respect to the Guaranteed Obligations, or is prevented from giving any notice or demand for payment or performance or taking any action to realize on any security or collateral or is prevented from collecting any of the Guaranteed Obligations, in any such case, by such proceeding or action, Guarantor shall pay or render to Seller upon demand therefor the amount or performance that would otherwise have been due had such rights and remedies been permitted to be exercised by Seller.

(b) Guarantor irrevocably and unconditionally agrees as a primary obligation to indemnify Seller from time to time on demand from and against (i) any and all losses incurred by Seller as a result of any of the obligations of Buyer under or pursuant to the Agreement being or becoming void, voidable, unenforceable or ineffective as against Buyer for any reason whatsoever, whether or not known to Seller or any other Person, the amount of any such loss being the amount which the Person or Persons suffering it would otherwise have been entitled to recover from Buyer or (ii) any and all reasonable costs and expenses (including, without limitation, attorneys' fees and expenses) incurred by Seller in enforcing any rights under this Guaranty.

2.6 *No Enforcement of Subrogation.* Upon making any payment or performance with respect to any Guaranteed Obligation hereunder, Guarantor shall be subrogated to the rights of Seller against Buyer with respect to such payment or performance; *provided* that Guarantor shall not enforce any payment or performance right by way of subrogation until all Guaranteed Obligations have been paid and performed in full.

ARTICLE 3

REPRESENTATIONS, WARRANTIES AND COVENANTS

Guarantor hereby represents and warrants to Seller that the following statements are true and correct:

3.1 *Binding Obligation.* This Guaranty has been duly and validly executed and delivered by Guarantor and constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms.

3.2 *Relationship to Buyer.* As of the date hereof, Guarantor is the owner, directly or through one or more wholly-owned subsidiaries, of all of the issued and outstanding capital stock of Buyer; the agreement of Seller to enter into the Agreement with Buyer is of substantial and material benefit to Guarantor; and Guarantor has reviewed and approved copies of the Agreement and all other related documents and is fully informed of the remedies Seller may pursue upon Buyer's failure to perform its obligations under the Agreement. This Guaranty will remain in full force and effect if Buyer ceases to be a direct or indirect subsidiary of Guarantor and will remain in full force and effect if the Agreement is assigned, in whole or in part, by Buyer and/or Seller (or any of Buyer's and/or Seller's successors in interest to the Agreement), including, without limitation, the obligation by Guarantor to guarantee the payment or performance of all Guaranteed Obligations under the Agreement.

3.3 *Due Organization.* Guarantor is a corporation duly organized and validly existing under the laws of Delaware.

3.4 *Power and Authority.* Guarantor has all requisite corporate power and authority to execute and deliver, and perform its obligations under, this Guaranty.

~~3.5 *Claims Pari Passu.* The claims of Seller against Guarantor under this Guaranty will rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors save those whose claims are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application.~~

3.6 *Compliance with Legal Requirements.* Guarantor is in compliance with all, and not in default under any, requirements applicable to it or any of its properties or assets under any law, regulation, rule, injunction, judgment, order, decree, ruling, change or other restriction of any government, governmental agency or court to which it is subject, except where non-compliance or default therewith could not reasonably be expected to have a material adverse effect on its ability to perform its obligations hereunder.

3.7 *No Conflicts.* The execution and delivery by Guarantor of this Guaranty and the performance by Guarantor of its obligations hereunder will not (i) violate the provisions of Guarantor's organizational documents; (ii) violate the provisions of any law applicable to Guarantor or the transactions contemplated hereby; or (iii) result in a breach of or constitute a

default under any agreement to which Guarantor is a party or by which it or its assets or property are bound.

3.8 *No Proceedings.* There is no action, suit or proceeding at law or in equity or by or before any government authority or arbitral tribunal now pending or, to the best knowledge of Guarantor, threatened against Guarantor which reasonably could be expected to have a material adverse effect on Guarantor's ability to perform its obligations under this Guaranty.

3.9 *No Claims.* Guarantor's obligations under this Guaranty are not subject to any offsets or claims of any kind against Buyer, Seller or any other Person.

3.10 *Default.* Guarantor is not in default under any term of this Guaranty.

3.11 *Covenants.* Guarantor covenants and agrees that, so long as any of the Guaranteed Obligations shall remain unpaid or unperformed, Guarantor will furnish to Seller such information respecting the condition of operations, financial or otherwise, of Guarantor as Seller may from time to time reasonably request. Seller may request financial information on a quarterly basis from Guarantor including Guarantor's balance sheet, income statement and statement of cash flows, and any accompanying notes to the financial statements as prepared in accordance with generally accepted accounting practices.

ARTICLE 4

MISCELLANEOUS

4.1 *Notices.* All notices, requests and other communications to any party hereunder shall be in writing in the English language (including bank wire, facsimile transmission, telex or similar writing) and shall be given to such party at its address, telecopy number or telex number set forth on the signature pages hereof or such other address or telecopy number or telex number as such party may hereafter specify for the purpose by notice to the other party. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, upon confirmation that the facsimile has been received, (ii) if given by telex, when such telex is transmitted to the telex number specified in this Section and the appropriate confirmation is received, (iii) if given by mail, ten (10) Business Days after such communication is deposited in the mails with first class (or, in the case of international mail, airmail) postage prepaid, addressed as aforesaid or (iv) if given by any other means, when delivered at the address specified in this Section 4.1.

4.2 *No Waivers.* No failure or delay by Seller in exercising any right, power or privilege hereunder or under the Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided under the Agreement or otherwise by law.

4.3 *Amendments and Waivers.* This Guaranty constitutes the complete agreement of Seller and Guarantor with respect to the subject matter hereof and supersedes all prior or contemporaneous negotiations, promises, covenants, agreements or representations. No amendment, modification, termination or waiver of any provision of this Guaranty, shall in any event be effective without the written consent of Seller and Guarantor.

4.4 *Successors and Assigns; Beneficiaries*

(a) This Guaranty is a continuing guaranty and shall be binding upon Guarantor and its successors and assigns; *provided however*, that Guarantor may not assign this Guaranty or transfer any of the rights or obligations of Guarantor hereunder without the prior written consent of Seller and any such purported assignment shall be void. Notwithstanding the preceding sentence, in the event that Guarantor (i) reduces its interest in the issued and outstanding capital stock (or equivalent securities) of Buyer to less than five percent (5%) following Guarantor's execution of this Guaranty, and (ii) does not have control of Buyer, Guarantor may terminate this Guaranty provided that one of the remaining shareholders of the issued and capital stock (or equivalent securities) of Buyer ("New Guarantor") executes a replacement guaranty identical in form and substance to this Guaranty (except as provided in Section 4.4(b)), with such termination by Guarantor to be effective upon the effective date of such replacement guaranty, *provided further, however*, that such termination shall not be effective unless such New Guarantor, at the effective date of such replacement guaranty, meets or exceeds the following requirements:

- (A) the Net Assets of the New Guarantor must equal or exceed the equivalent of [REDACTED] and
- (B) the long-term unsecured debt rating of the New Guarantor must be rated at least "BBB" if rated only by Standard & Poor's Rating Group, or Baa2 if rated only by Moody's Investor Services, or if rated by both such entities, the New Guarantor must have at least one of the above ratings (or if such rating entities no longer issue such ratings, such rating must be at least an equivalent rating issued by any equivalent, generally recognized rating entity).

(b) In the event a New Guarantor provides a replacement guaranty as set forth in Section 4.4(a), such replacement guaranty shall include a new Section 3.12 as set forth on Exhibit 4.4(b).

(c) For the purposes of this Section 4.4, the term "control" shall mean the possession of the power or authority, whether direct or indirect, to direct or cause the direction of the management of an entity, whether through ownership of securities, by contract, or otherwise.

4.5 *APPLICABLE LAW.* THE INTERPRETATION AND PERFORMANCE OF THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE LAW

THEREOF REGARDING THE CONFLICT OF LAWS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW).

4.6 *Settlement of Disputes/Arbitration.*

(a) Any controversy, claim or dispute arising under or relating to this Guaranty, including, without limitation, the existence, validity, interpretation, performance, termination or breach thereof (a "Dispute"), shall be exclusively and finally settled by arbitration in accordance with the Commercial Arbitration Rules of the International Chamber of Commerce ("ICC"). The appointing authority shall be the International Court of Arbitration of the ICC.

(b) There shall be three (3) arbitrators, with each Party appointing one arbitrator, who collectively will designate a third arbitrator, who shall chair the tribunal. If the Party-designated arbitrators do not designate a presiding arbitrator within thirty (30) days after the designation of the second arbitrator, the International Court of Arbitration of the ICC shall appoint the presiding arbitrator upon the written request of either Party within thirty (30) days of the request of such party.

(c) The language of the arbitration shall be English. The arbitration shall be held in New York, New York, U.S.A. beginning no later than thirty (30) days after the designation of the third arbitrator.

(d) Guarantor and Seller agree that irreparable damage could occur in the event this Guaranty were not performed in accordance with its specific terms or were otherwise breached. Accordingly, Seller shall have the right to seek from any court of competent jurisdiction provisional measures in aid of arbitration (including, without limitation, injunctive relief or specific performance) to prevent harm. The arbitration tribunal will not have authority to award punitive damages to either Party. Any arbitration tribunal convened under this Section 4.6 shall have the power to grant injunctions, order specific performance, or provide other equitable relief to prevent or remedy breaches of this Agreement or to impose penalties for any Party's failure to comply therewith.

(e) This Guaranty shall be enforceable, and any arbitration award shall be final, and judgment thereon may be entered in any court of competent jurisdiction without review of the merits of such decision or award, as the case may be.

(f)(1) The Parties are committed to the prompt and efficient resolution of disputes (including Disputes) arising under this Guaranty, Seller's Guaranty and the Agreement. Accordingly, if two or more disputes (including Disputes) arise under this Guaranty or under this Guaranty and one or both of Seller's Guaranty and the Agreement, then any such disputes for which a party seeks an arbitral resolution may be consolidated in a single arbitral proceeding as provided in (2) below.

(2) If one or more arbitrations are already pending with respect to a dispute under either this Guaranty, Seller's Guaranty, or the Agreement, then either Guarantor or Seller

may request that any new Dispute or Disputes arising under this Guaranty be consolidated into any such prior arbitration. Such Disputes shall be consolidated, provided that the arbitral panel for the pending arbitration determines that (i) the later Dispute presents significant issues of law or fact common with those in the pending arbitration, (ii) no Party would be unduly prejudiced and (iii) consolidation under these circumstances would not result in undue delay for the pending arbitration. Any such order of consolidation issued by the arbitral tribunal shall be final and binding upon Guarantor and Seller, and Guarantor and Seller waive any right they may have to appeal or to seek interpretation, revision, or annulment of such order. In any such consolidated arbitration, the Buyer and Guarantor, and Seller and Seller Guarantor, shall be treated as a single party to the arbitration. In addition to the foregoing, Buyer may consolidate any Dispute under this Guaranty with any dispute that has been properly consolidated with any Other Dispute under the Agreement and such consolidated arbitration proceeding by the provisions of Section 24.3 of the Agreement.

4.7 *Judgment.* The obligations of Guarantor in respect of this Guaranty due to any Person shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the lawful currency of the United States of America ("Dollars"), be discharged only to the extent that on the Business Day following receipt by such Person of any sum adjudged to be so due in the Judgment Currency, such Person may in accordance with normal banking procedures purchase Dollars with the Judgment Currency. If the amount of Dollars so purchased (net of all transaction costs including currency conversion costs) is less than the sum originally due to such Person in Dollars, Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Person against such loss, and if the amount of Dollars so purchased exceeds the sum originally due to any such Person, such Person agrees to remit to Guarantor, such excess.

4.8 *Severability.* If any provision in or obligation under this Guaranty shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

4.9 *Interpretation.* Section headings in this Guaranty are included herein for convenience of reference only and shall not constitute a part of this Guaranty for any other purpose or be given any substantive effect.

4.10 *Further Assurances.* At any time or from time to time, upon the request of Seller, Guarantor shall execute and deliver such further documents and do such other acts and things as Seller may reasonably request in order to effect fully the purposes of this Guaranty. Guarantor agrees to be liable for any expenses incurred by Seller and/or its successors and assigns with respect to any action or proceeding to enforce this Guaranty.

[The remainder of this page is intentionally blank.]

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

EXECUTED BY:
EL PASO ENERGY CORPORATION

By _____
Name: H. Brent Austin
Title: Executive Vice President and Chief
Financial Officer

Address: 1001 Louisiana Street
Houston, Texas 77002
Attention: Chief Financial Officer
Fax: 1-713-420-4975

EXECUTED BY:
POINT FORTIN LNG EXPORTS LTD.

By _____
Name: _____
Title: _____

Address: BG House
6 Stanmore Avenue
Port of Spain
Trinidad, W.I.
Attention: General Manager
Facsimile: 1-868-627-4058

Exhibit 4.4(b)
Additional Provision for Replacement Guaranty

Section 3.12 *Additional Credit Support*. New Guarantor unconditionally, irrevocably, and absolutely agrees that in the event, at any time during the Guaranty Term, either:

- (a) the Net Assets of New Guarantor fall below UK 1 billion pounds [REDACTED] (the "Net Asset Test"); or
- (b) the long-term unsecured debt rating of New Guarantor is (i) if rated only by Standard & Poor's Rating Group ("S&P"), rated less than "BBB", or (ii) if rated only by Moody's Investor Services ("Moody's"), rated less than Baa2, or (iii) if rated by both S&P and Moody's, rated less than "BBB" and "Baa2" respectively (or if such rating entities no longer issue such ratings, below an equivalent rating as issued by any equivalent, generally recognized rating entity) (the "Debt Rating Test");

then, in either event, New Guarantor will notify Seller within ten (10) Business Days of such event and, within ten (10) Business Days of a written demand from Seller, New Guarantor shall either

- (i) cause its ultimate parent to execute a replacement guaranty ("Replacement Guaranty") of the Guaranteed Obligations identical in form and substance to this Guaranty (except that this Section 3.12(b)(i) shall be omitted therefrom) provided such ultimate parent meets or exceeds the Net Asset Test and the Debt Rating Test; or
- (ii) post an annual irrevocable standby letter of credit in the amount of [REDACTED] in support of the Guaranteed Obligations in a form substantially identical to the form attached hereto as Attachment A and issued by a banking institution rated A- or better by S&P's and (if rated by Moody's) rated A3 or better by Moody's (or, if such rating entities no longer issue such ratings, of an equivalent rating as issued by any equivalent, generally recognized rating entity), provided such banking institution has a New York lending office (the "LC").

For purposes hereof, the term "Net Assets" means, with respect to any Person, such Person's total fixed assets plus or minus net current assets, minus long-term creditors and provisions, each as reflected on such Person's most current audited balance sheet. The election between (i) and (ii) above shall be at New Guarantor's option. Upon execution and delivery to Seller of the Replacement Guaranty, this Guaranty shall automatically terminate and shall be of no further force and effect; otherwise this Guaranty shall remain in full force and effect.

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In the event New Guarantor posts the LC:

- (x) New Guarantor shall renew such LC in the full amount of [REDACTED] annually for the duration of the Guaranty Term no later than thirty (30) days prior to the date upon which such LC terminates; provided that if the LC is posted as a result of New Guarantor failing to meet either the Debt Rating Test or the Net Asset Test while the other test remains satisfied, at the time both the Debt Rating Test and the Net Asset Test are again satisfied by New Guarantor, Seller shall, upon request by New Guarantor, surrender the LC;
- (y) this Guaranty shall remain in full force and effect throughout the Guaranty Term; and
- (z) Seller shall have the right to draw against such LC before exhausting its rights under this Guaranty.

In the event New Guarantor fails to renew such LC by the deadline established in clause (x), Seller may, no earlier than ten (10) Business Days prior to the termination of the LC, draw all remaining funds available under the LC and hold such funds until (I) New Guarantor renews such LC, in which case Seller will release such funds to New Guarantor (less any portion of such funds withheld pursuant to clause (II) below), or (II) Seller is otherwise entitled to draw on a portion such funds, in which case Seller shall retain such portion permanently. New Guarantor acknowledges and agrees any violation of or failure to perform the covenants set forth in this Section 3.12 shall result in irreparable injury and damage to Seller, which injury will not be adequately compensated in money damages and for which injury Seller will have no adequate remedy at law. In the event of any violation of or failure to perform the covenants set forth in this Section 3.12 New Guarantor acknowledges and agrees that, in addition to any other legal and equitable remedies that Seller may have, Seller shall be entitled to an order for specific performance.

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Attachment A to Exhibit 4.4(b)
Letter of Credit for Replacement Guaranty

To: Point Fortin LNG Exports Ltd.
BG House
6 Stanmore Avenue
Port of Spain
Trinidad, W.I.

Attention: General Manager

Date:

Irrevocable Letter of Credit No. ()

Ladies and Gentlemen:

At the request and for the account of El Paso Merchant Energy-Gas, L.P. (the "Account Party") we hereby open our irrevocable Letter of Credit number () ("the Letter of Credit") in the aggregate amount of [REDACTED] in favor of Point Fortin LNG Exports Ltd. (the "Beneficiary"). We refer to the LNG Sale and Purchase Agreement (Train 2) by and between the Account Party and the Beneficiary dated _____ (the "Agreement") and the Guaranty issued by [New Guarantor] with respect to the Account Party's payment obligations under the Agreement (the "Guaranty").

This Letter of Credit is effective immediately and expires at 3:00 p.m. (New York time) on the first anniversary of the date hereof (the "Expiry Date").

We hereby irrevocably authorize you to draw on us, in an aggregate amount not to exceed the amount of this Letter of Credit set forth above and in accordance with the terms and conditions and subject to the reductions in amount as hereinafter set forth, in one or more drawings by one or more of your drafts, each drawn on our New York, New York office, payable at sight on a banking day, and accompanied by your written and completed certificate signed by you in substantially the form of Annex A or Annex B, each attached hereto.

Each such draft and certificate shall be dated the date of its presentation, and shall be presented at our office located at _____, New York, New York Attention: _____ (or at any other office in the City and State of New York which may be designated by us by written notice delivered to you). If we receive any of your drafts and certificates at such office, all in strict conformity with the terms and conditions of this Letter of Credit, we will honor the same within three (3) banking days of our receipt in accordance with your payment instructions.

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If requested by you, payment under this Letter of Credit may be made by wire transfer of Federal Reserve Bank of New York funds to your account in a bank on the Federal Reserve wire system or by deposit of same day funds into a designated account that you maintain with us.

Upon our honoring any draft, by you, the amount of this Letter of Credit shall be automatically decreased by an amount equal to the amount of such draft.

Upon the earliest of (i) the date on which this Letter of Credit is surrendered to us with a written notice from you that the Company has paid in full all of its obligations under the Agreement, (ii) the date on which we receive written notice from you that an alternate letter of credit or other credit facility has been substituted for this Letter of Credit, (iii) the Expiry Date, or (iv) the date on which we receive written notice from you that [New Guarantor] has satisfied the requirements for terminating this Letter of Credit set forth in the Guaranty, this Letter of Credit shall automatically terminate.

This Letter of Credit is transferable in its entirety to any transferee who you certify to us has succeeded to your rights under the Agreement, and may be successively transferred. Transfer of the available balance under this Letter of Credit to such transferee shall be effected by the presentation to us of this Letter of Credit accompanied by a certificate in substantially the form of Annex C attached hereto. Upon such presentation we shall forthwith transfer the same to your transferee or, if so requested by your transferee, issue a letter of credit to your transferee with provisions therein consistent with this Letter of Credit.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Agreement), except only the certificates and the drafts referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificates and such drafts.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce, Publications No. 500 (the "Uniform Customs"). This Letter of Credit shall as to matters not governed by the Uniform Customs, be governed by the laws of the State of New York, including the Uniform Commercial Code as in effect in the State of New York.

Communications with respect to this Letter of Credit shall be in writing and shall be addressed to (Issuing Bank) at [] specifically referring thereon to "Irrevocable Letter of Credit Number () Issued by (Issuing Bank)".

Yours faithfully,

[Authorized signature of Issuing Bank]

Annex A

To: [Issuing Bank]

Date:

Dear Sirs,

Irrevocable Letter of Credit Number () Issued by [Issuing Bank] (the "Letter of Credit")

We (the "Beneficiary") refer to the LNG Sale and Purchase Agreement (Train 2) by and between Point Fortin LNG Exports Ltd. and El Paso Merchant Energy-Gas, L.P. dated _____ (the "Agreement").

We hereby certify as follows:

- (1) The Beneficiary is a party to the Agreement.
- (2) The Beneficiary is making a drawing under the Letter of Credit with respect to a payment pursuant to the Agreement, which payment is past due on the date on which this Certificate and the draft it accompanies are being presented to the Bank.
- (3) The amount of the draft accompanying this Certificate is \$_____. It was computed in compliance with the terms and conditions of the Agreement and does not include _____ any amount which was included in any draft presented on or prior to the date of this certificate.

Yours faithfully,

for and on behalf of

[Beneficiary]

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Annex B

To: [Issuing Bank]

Date:

Dear Sirs,

Irrevocable Letter of Credit Number () Issued by [Issuing Bank] (the "Letter of Credit")

We (the "Beneficiary") refer to the LNG Sale and Purchase Agreement (Train 2) by and between Point Fortin LNG Exports Ltd. and El Paso Merchant Energy-Gas, L.P. ("EPME") dated _____ (the "Agreement") and the Guaranty issued by BG Energy Holdings Ltd. with respect to EPME's payment obligations under the Agreement (the "Guaranty").

We hereby certify as follows:

(1) The Beneficiary is a party to the Agreement.

(2) The Beneficiary is making a drawing under the Letter of Credit with respect to a payment under the Guaranty, which payment is due on the date on which this Certificate and the draft it accompanies are being presented to the Bank.

(3) The amount of the draft accompanying this Certificate is \$_____. It was computed in compliance with the terms and conditions of the Agreement and does not include any amount which was included in any draft presented on or prior to the date of this certificate.

Yours faithfully,

for and on behalf of

[Beneficiary]

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Annex C

To: [Issuing Bank]

Date:

Re: Irrevocable Letter of Credit No. _____

Gentleman:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

[Name of Transferee]

[Address]

all rights of the undersigned beneficiary to draw under the above-captioned Letter of Credit (the "Letter of Credit"). The Beneficiary hereby certifies that the transferee has succeeded to the rights of the undersigned under the Agreement (as defined in the Letter of Credit) pursuant to Section 29.1 of such Agreement.

By this transfer, all rights of the undersigned beneficiary in the Letter of Credit are transferred to the transferee and the transferee shall hereafter have the sole rights as beneficiary thereof; provided, however, that no rights shall be deemed to have been transferred to the transferee until such transfer complies with the requirements of the Letter of Credit pertaining to transfers.

The Letter of Credit is returned herewith and in accordance therewith we ask that this transfer be effective and that you transfer the Letter of Credit to our transferee or that, if so requested by the transferee, you issue a new irrevocable letter of credit in favor of the transferee with provisions consistent with the Letter of Credit.

Yours faithfully,

for and on behalf of

[Beneficiary]

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EXHIBIT 21.1(b)

SELLER'S GUARANTY

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GUARANTY

by

BG ENERGY HOLDINGS LTD.

in favor of

EL PASO MERCHANT ENERGY - GAS, L. P.

In respect of the Train 2 LNG Sales Agreement

Dated as of _____, 2000

N R R
(CW)

This GUARANTY, executed on _____, 2000, by BG ENERGY HOLDINGS LTD., a corporation organized under the laws of England and Wales ("Guarantor"), in favor of EL PASO MERCHANT ENERGY-GAS, L. P., a Delaware limited partnership ("Buyer").

RECITALS

(A) Pursuant to the NCMA Train 3 LNG Sale and Purchase Agreement (as the same may from time to time be amended, modified or supplemented) dated as of as the date hereof, by and between Port Fortin LNG Exports Ltd., a Republic of Trinidad and Tobago corporation ("Seller") and Buyer ("the Train 2 LNG Sales Agreement"), Seller has agreed, among other things, to sell certain quantities of liquefied natural gas ("LNG") in accordance with the terms and conditions of the Train 2 LNG Sales Agreement.

(B) Seller has agreed, contemporaneous with the execution of the Train 2 LNG Sales Agreement, to cause Guarantor to execute and thereafter maintain this Guaranty. Buyer would not enter into the Train 2 LNG Sales Agreement with Seller but for the execution and delivery of this Guaranty by Guarantor.

(C) In furtherance of the business purposes of Guarantor, Guarantor desires to guarantee all of the obligations of Seller under the Train 2 LNG Sales Agreement as provided herein.

(D) Guarantor is the owner, either directly or indirectly, of forty-five and eight hundred and eighty five hundredths percent (45.885%) of the capital stock of Seller, with the remaining capital stock being owned directly or indirectly by Agip Trinidad and Tobago Limited, Veba Oil & Gas Trinidad GmbH and Petroleum Company of Trinidad and Tobago Limited.

NOW, THEREFORE, based upon the foregoing, and in order to induce Buyer to enter into the Train 2 LNG Sales Agreement, Guarantor hereby agrees as follows:

ARTICLE 1

DEFINITIONS

1.1 *Definitions.* Unless the context otherwise requires, capitalized terms used but not otherwise defined in this Guaranty shall have the meanings ascribed to them in the Train 2 LNG Sales Agreement. In addition the following terms have the meanings specified in this Section 1.1 when used with initial capitalization in this Guaranty:

"Business Day" means any day other than (i) a Saturday or Sunday or (ii) a day on which commercial banks in New York, New York are authorized or required to be closed.

"Buyer Guarantor" means El Paso Energy Corporation, a Delaware corporation.

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"Buyer's Guaranty" means that certain Guaranty dated as of the date hereof, from ("Buyer Guarantor") in favor of Seller.

"Dispute" has the meaning ascribed to such term in Section 4.6(a).

"Dollars" has the meaning ascribed to such term in Section 4.7.

"Guaranteed Obligations" has the meaning ascribed to such term in Section 2.1.

"Guaranty" means this Guaranty, as it may be amended, supplemented or otherwise modified from time to time in writing signed by Guarantor and Buyer.

"Guaranty Term" means the period commencing on the date hereof and ending upon the termination of the Guaranty as set forth in Section 2.2.

"Judgment Currency" has the meaning ascribed to such term in Section 4.7.

"LC" has the meaning ascribed to such term in Section 3.12.

"Debt Rating Test" has the meaning ascribed to such term in Section 3.12.

"Moody's" has the meaning ascribed to such term in Section 3.12.

"Net Assets" has the meaning ascribed to such term in Section 3.12.

"Net Asset Test" has the meaning ascribed to such term in Section 3.12.

"New Guarantor" has the meaning ascribed to such term in Section 4.4.

"Party" means either Guarantor or Buyer.

"Person" means an individual, corporation, partnership, limited liability company, trust or other entity.

"S&P" has the meaning ascribed to such term in Section 3.12.

1.2 *Interpretation.* Unless the context of this Guaranty otherwise requires, the rules of interpretation set forth in the Train 2 LNG Sales Agreement shall apply to this Guaranty.

ARTICLE 2

THE GUARANTY

2.1 *The Guaranty.* Except as expressly set forth herein, Guarantor hereby absolutely, irrevocably and unconditionally guarantees to Buyer the full and punctual payment by Seller of all amounts owed or that may become owed by Seller under the Train 2 LNG Sales Agreement in accordance with the terms and conditions thereof as and when required to be paid thereunder (all such obligations, the "Guaranteed Obligations"). Guarantor and Buyer expressly acknowledge that default by Seller or the failure of Seller to discharge any Guaranteed Obligation in the time required (where a time requirement is set forth in the Train 2 LNG Sales Agreement) and in the manner required, in each case under the Train 2 LNG Sales Agreement, is a condition of the exercise of this Guaranty with respect to such Guaranteed Obligation. Guarantor agrees unconditionally to pay to Buyer, forthwith on demand by Buyer, in the manner and currency prescribed under the Train 2 LNG Sales Agreement for payments by Seller thereunder, any and every sum or sums of money which Seller shall at any time be liable to pay under the Train 2 LNG Sales Agreement and which Seller shall have failed to pay at the time that such demand is made. The Guaranteed Obligations shall conclusively be deemed to have been created in reliance upon this Guaranty. The liability of Guarantor under this Guaranty is a guaranty of payment and not merely of collection, and Guarantor agrees that the obligations hereunder are those of a primary obligor and not merely of a surety.

2.2 *Termination of Guaranty.* This Guaranty and the obligations of Guarantor hereunder shall terminate only after the payment in full and full performance of all of the Guaranteed Obligations and obligations of Guarantor hereunder. Without in any way limiting the generality of the foregoing, Guarantor agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Guaranteed Obligations is rescinded or must otherwise be restored by Buyer, upon the insolvency, bankruptcy or reorganization of Seller or otherwise, as though such payment had not been made.

2.3 *Guaranty Unconditional.* Except as expressly set forth herein, Guarantor agrees that the obligations of Guarantor hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by any of the following, whether with or without notice to or assent by Guarantor:

(i) any extension, renewal, settlement, compromise, modification, waiver or release in respect of any obligation or duty of Seller under the Train 2 LNG Sales Agreement, by operation of law or otherwise;

(ii) any modification or amendment of or supplement to the Train 2 LNG Sales Agreement;

(iii) any release, impairment, non-perfection, failure to maintain perfection or recordation or invalidity of any direct or indirect security for any obligation or duty of Seller under the Train 2 LNG Sales Agreement;

(iv) any change in the corporate existence, structure or ownership of Seller, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting Seller or its assets or any assignment of the Train 2 LNG Sales Agreement to any Person or any release or discharge of any obligation or duty of Seller contained in the Train 2 LNG Sales Agreement resulting from any of the foregoing;

(v) the existence of any claim, set-off or other rights which Guarantor may have at any time against Buyer, Seller or any other Person, whether in connection herewith or any unrelated transactions, provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(vi) any invalidity or unenforceability relating to or against Seller for any reason of the Train 2 LNG Sales Agreement, or any provision of applicable law or regulation purporting to prohibit the payment by Seller of any other amount payable by Seller under the Train 2 LNG Sales Agreement;

(vii) any impairment of Seller's duty of performance, Seller's duty to reimburse or Guarantor's right of restitution or subrogation;

(viii) any other act or omission to act or give notice or delay of any kind by Buyer, Seller or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to Guarantor's obligations or duties hereunder; or

(ix) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, Seller, any surety or any guarantor.

Notwithstanding any provision of this Guaranty to the contrary, other than Section 2.5 below, Guarantor shall be entitled to assert as a defense to any claim for payment or performance of the Guaranteed Obligations that such Guaranteed Obligations have previously been paid or performed in full.

2.4 *Waivers of Notices and Defenses.* Guarantor hereby waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against Seller or any other Person.

2.5 *Stay; Indemnity.* (a) Guarantor, unconditionally and irrevocably, agrees that, notwithstanding anything to the contrary herein, if Buyer is stayed upon the insolvency, bankruptcy or reorganization of Seller or any other Person from exercising its rights to enforce or exercise any right or remedy with respect to the Guaranteed Obligations, or is prevented from giving any notice or demand for payment or performance or taking any action to realize on any

security or collateral or is prevented from collecting any of the Guaranteed Obligations, in any such case, by such proceeding or action, Guarantor shall pay or render to Buyer upon demand therefor the amount or performance that would otherwise have been due had such rights and remedies been permitted to be exercised by Buyer.

(b) Guarantor irrevocably and unconditionally agrees as a primary obligation to indemnify Buyer from time to time on demand from and against (i) any and all losses incurred by Buyer as a result of any of the obligations of Seller under or pursuant to the Train 2 LNG Sales Agreement being or becoming void, voidable, unenforceable or ineffective as against Seller for any reason whatsoever, whether or not known to Buyer or any other Person, the amount of any such loss being the amount which the Person or Persons suffering it would otherwise have been entitled to recover from Seller or (ii) any and all reasonable costs and expenses (including, without limitation, attorneys' fees and expenses) incurred by Buyer in enforcing any rights under this Guaranty.

2.6 *No Enforcement of Subrogation.* Upon making any payment or performance with respect to any Guaranteed Obligation hereunder, Guarantor shall be subrogated to the rights of Buyer against Seller with respect to such payment or performance; *provided* that Guarantor shall not enforce any payment or performance right by way of subrogation until all Guaranteed Obligations have been paid and performed in full.

ARTICLE 3

REPRESENTATIONS, WARRANTIES AND COVENANTS

Guarantor hereby represents and warrants to Buyer that the following statements are true and correct:

3.1 *Binding Obligation.* This Guaranty has been duly and validly executed and delivered by Guarantor and constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms.

3.2 *Relationship to Seller.* As of the date hereof, Guarantor is the owner, directly or through one or more wholly-owned subsidiaries, of forty-five and eight hundred and eighty five hundredths percent (45.885%) of the issued and outstanding capital stock of Seller, the Train 2 LNG Sales Agreement of Buyer to enter into the Train 2 LNG Sales Agreement with Seller is of substantial and material benefit to Guarantor, and Guarantor has reviewed and approved copies of the Train 2 LNG Sales Agreement and all other related documents and is fully informed of the remedies Buyer may pursue upon Seller's failure to perform its obligations under the Train 2 LNG Sales Agreement. Save as specified in section 4.4 hereof this Guaranty will remain in full force and effect if Seller ceases to be a direct or indirect subsidiary of Guarantor and will remain in full force and effect if the Train 2 LNG Sales Agreement is assigned, in whole or in part, by Buyer and/or Seller (or any of Buyer's and/or Seller's successors in interest to the Train 2 LNG

Sales Agreement), including, without limitation, the obligation by Guarantor to guarantee the payment or performance of all Guaranteed Obligations under the Train 2 LNG Sales Agreement.

3.3 *Due Organization.* Guarantor is a corporation duly organized and validly existing under the laws of England and Wales.

3.4 *Power and Authority.* Guarantor has all requisite corporate power and authority to execute and deliver, and perform its obligations under, this Guaranty.

3.5 *Claims Pari Passu.* The claims of Buyer against Guarantor under this Guaranty will rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors save those whose claims are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application.

3.6 *Compliance with Legal Requirements.* Guarantor is in compliance with all, and not in default under any, requirements applicable to it or any of its properties or assets under any law, regulation, rule, injunction, judgment, order, decree, ruling, change or other restriction of any government, governmental agency or court to which it is subject, except where non-compliance or default therewith could not reasonably be expected to have a material adverse effect on its ability to perform its obligations hereunder.

3.7 *No Conflicts.* The execution and delivery by Guarantor of this Guaranty and the performance by Guarantor of its obligations hereunder will not (i) violate the provisions of Guarantor's organizational documents, (ii) violate the provisions of any law applicable to Guarantor or the transactions contemplated hereby, or (iii) result in a breach of or constitute a default under any agreement to which Guarantor is a party or by which it or its assets or property are bound.

3.8 *No Proceedings.* There is no action, suit or proceeding at law or in equity or by or before any government authority or arbitral tribunal now pending or, to the best knowledge of Guarantor, threatened against Guarantor which reasonably could be expected to have a material adverse effect on Guarantor's ability to perform its obligations under this Guaranty.

3.9 *No Claims.* Guarantor's obligations under this Guaranty are not subject to any offsets or claims of any kind against Buyer, Seller or any other Person.

3.10 *Default.* Guarantor is not in default under any term of this Guaranty.

3.11 *Covenants.* Guarantor covenants and agrees that, so long as any of the Guaranteed Obligations shall remain unpaid or unperformed, Guarantor will furnish to Buyer such information respecting the condition of operations, financial or otherwise, of Guarantor as Buyer may from time to time reasonably request. Buyer may request financial information on a quarterly basis from Guarantor including Guarantor's balance sheet, income statement and statement of cash flows, and any accompanying notes to the financial statements as prepared in accordance with generally accepted accounting practices.

3.12 *Additional Credit Support.* Guarantor unconditionally, irrevocably, and absolutely agrees that in the event, at any time during the Guaranty Term, either:

- (a) the Net Assets of Guarantor fall below UK 1 billion pounds (UK£1,000,000,000) (the "Net Asset Test"); or
- (b) the long-term unsecured debt rating of Guarantor is (i) if rated only Standard & Poor's Rating Group ("S&P") rated less than "BBB" or, (ii) if only rated by Moody's Investor Services ("Moody's"), rated less than "Baa2" or (iii) if rated by both S&P and Moody's, rated less than "BBB" and less than "Baa2" respectively (or if such rating entities no longer issue such ratings, below equivalent ratings as issued by any equivalent, generally recognized rating entity) (the "Debt Rating Test");

then, in either event, Guarantor will notify Buyer within ten (10) Business Days of such event and, within ten (10) Business Days of a written demand from Buyer, Guarantor shall either

- (i) cause its ultimate parent to execute a replacement guaranty ("Replacement Guaranty") of the Guaranteed Obligations identical in form and substance to this Guaranty (except that this section 3(b)(i) shall be omitted therefrom); or
- (ii) post an annual irrevocable standby letter of credit in the amount of US \$100 million in support of the Guaranteed Obligations in a form substantially identical to the form attached hereto as Attachment A in Exhibit 4.4(b) and issued by a banking institution rated A- or better by S&P's and (if rated by Moody's) rated A3 or better by Moody's (or, if such rating entities no longer issue such ratings, of an equivalent rating as issued by any equivalent, generally recognized rating entity), provided such banking institution has a New York lending office (the "LC").

For purposes hereof, the term "Net Assets" means, with respect to any Person, such Person's total fixed assets plus or minus net current assets, minus long-term creditors and provisions, each as reflected on such Person's most current audited balance sheet. The election between (i) and (ii) above shall be at Guarantor's option. Upon execution and delivery to Buyer of the Replacement Guaranty, this Guaranty shall automatically terminate and shall be of no further force and effect; otherwise this Guaranty shall remain in full force and effect.

In the event Guarantor posts the LC:

- (x) Guarantor shall renew such LC in the full amount of US \$100 million annually for the duration of the Guaranty Term no later than thirty (30) days prior to the date upon which such LC terminates; provided that if the

LC is posted as a result of Guarantor failing to meet either the Debt Rating Test or the Net Asset Test while the other test remains satisfied, at the time both the Debt Rating Test and the Net Asset Test are again satisfied by Guarantor, Buyer shall, upon request by Guarantor, surrender the LC;

- (y) this Guaranty shall remain in full force and effect throughout the Guaranty Term; and
- (z) Buyer shall have the right to draw against such LC before exhausting its rights under this Guaranty.

In the event Guarantor fails to renew such LC by the deadline established in clause (x), Buyer may no earlier than 10 (ten) Business days prior to termination of the LC draw all remaining funds available under the LC and hold such funds until (I) Guarantor renews such LC, in which case Buyer will release such funds to Guarantor (less any portion of such funds withheld pursuant to clause (II) below), or (II) Buyer is otherwise entitled to draw on a portion such funds, in which case Buyer shall retain such portion permanently. Guarantor acknowledges and agrees any violation of or failure to perform the covenants set forth in this Section 3.12 shall result in irreparable injury and damage to Buyer, which injury will not be adequately compensated in money damages and for which injury Buyer will have no adequate remedy at law. In the event of any violation of or failure to perform the covenants set forth in this Section 3.12 Guarantor acknowledges and agrees that, in addition to any other legal and equitable remedies that Buyer may have, Buyer shall be entitled to an order for specific performance.

ARTICLE 4

MISCELLANEOUS

4.1 *Notices.* All notices, requests and other communications to any party hereunder shall be in writing in the English language (including bank wire, facsimile transmission, telex or similar writing) and shall be given to such party at its address, telecopy number or telex number set forth on the signature pages hereof or such other address or telecopy number or telex number as such party may hereafter specify for the purpose by notice to the other party. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, upon confirmation that the facsimile has been received, (ii) if given by telex, when such telex is transmitted to the telex number specified in this Section and the appropriate confirmation is received, (iii) if given by mail, ten (10) Business Days after such communication is deposited in the mails with first class (or, in the case of international mail, airmail) postage prepaid, addressed as aforesaid or (iv) if given by any other means, when delivered at the address specified in this Section 4.1.

4.2 *No Waivers.* No failure or delay by Buyer in exercising any right, power or privilege hereunder or under the Train 2 LNG Sales Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall

be cumulative and not exclusive of any rights or remedies provided under the Train 2 LNG Sales Agreement or otherwise by law.

4.3 *Amendments and Waivers.* This Guaranty constitutes the complete agreement of Buyer and Guarantor with respect to the subject matter hereof and supersedes all prior or contemporaneous negotiations, promises, covenants, agreements or representations. No amendment, modification, termination or waiver of any provision of this Guaranty, shall in any event be effective without the written consent of Buyer and Guarantor.

4.4. *Successors and Assigns; Beneficiaries.* This Guaranty is a continuing guaranty and shall be binding upon Guarantor and its successors and assigns; *provided however,* that Guarantor may not assign this Guaranty or transfer any of the rights or obligations of Guarantor hereunder without the prior written consent of Buyer and any such purported assignment shall be void. Notwithstanding the preceding sentence, in the event the Guarantor (a) reduces its interest in the issued and outstanding capital stock (or equivalent securities) of Seller to less than five percent (5%) following Guarantor's execution of this Guaranty, and (b) does not have control of Seller, Guarantor may terminate this Guaranty provided that one of the remaining shareholders of the issued and capital stock (or equivalent securities) of Seller ("the New Guarantor") executes a replacement guaranty identical in form and substance to this Guaranty (save in respect of Clause 3.12, which shall read in the replacement guarantee as set forth in Exhibit 4.4(b)), with such termination by Guarantor to be effective upon the effective date of such replacement guaranty; *provided further, however,* that such New Guarantor shall at the effective date of the replacement guarantee meet or exceed the following requirements:

- (a) the Net Assets of the New Guarantor must equal or exceed the equivalent of UK 1 billion pounds (UK£1,000,000,000); and
- (b) the long-term unsecured debt rating of the New Guarantor must be rated at least "BBB" if rated only by S&P or, Baa2 if rated only by Moody's, or if rated by both S&P and Moody's, the New Guarantor must have at least one of the above specified ratings (or if such rating entities no longer issue such ratings, such rating must be at least equivalent ratings issued by any equivalent, generally recognized rating entity);

For the purposes of this Section 4.4, the term "control" shall mean the possession of the power or authority, whether direct or indirect, to direct or cause the direction of the management of an entity, whether through ownership of securities, by contract, or otherwise.

4.5 *APPLICABLE LAW.* THE INTERPRETATION AND PERFORMANCE OF THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE LAW

THEREOF REGARDING THE CONFLICT OF LAWS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW).

4.6 *Settlement of Disputes/Arbitration.*

(a) Any controversy, claim or dispute arising under or relating to this Guaranty, including, without limitation, the existence, validity, interpretation, performance, termination or breach thereof (a "Dispute"), shall, be exclusively and finally settled by arbitration in accordance with the Commercial Arbitration Rules of the International Chamber of Commerce ("ICC"). The appointing authority shall be the International Court of Arbitration of the ICC.

(b) There shall be three (3) arbitrators, with each Party appointing one arbitrator, who collectively will designate a third arbitrator, who shall chair the tribunal. If the Party-designated arbitrators do not designate a presiding arbitrator within thirty (30) days after the designation of the second arbitrator, the International Court of Arbitration of the ICC shall appoint the presiding arbitrator upon the written request of either Party within thirty (30) days of the request of such party.

(c) The language of the arbitration shall be English. The arbitration shall be held in New York, New York, U.S.A. beginning no later than thirty (30) days after the designation of the third arbitrator.

(d) Guarantor and Buyer agree that irreparable damage could occur in the event this Guaranty were not performed in accordance with its specific terms or were otherwise breached. Accordingly, Buyer shall have the right to seek from any court of competent jurisdiction provisional measures in aid of arbitration (including, without limitation, injunctive relief or specific performance) to prevent harm. The arbitration tribunal will not have authority to award punitive damages to either Party. Any arbitration tribunal convened under this Section 4.6 shall have the power to grant injunctions, order specific performance, or provide other equitable relief to prevent or remedy breaches of this Agreement or to impose penalties for any Party's failure to comply therewith.

(e) This Guaranty shall be enforceable, and any arbitration award shall be final, and judgment thereon may be entered in any court of competent jurisdiction without review of the merits of such decision or award, as the case may be.

(f) (1) The Parties are committed to the prompt and efficient resolution of disputes (including Disputes) arising under this Guaranty, Buyer's Guaranty and the Train 2 LNG Sales Agreement. Accordingly, if two or more disputes (including Disputes) arise under this Guaranty or under this Guaranty and one or both of Buyer's Guaranty and the Train 2 LNG Sales Agreement, then any such disputes for which a party seeks an arbitral resolution may be consolidated in a single arbitral proceeding as provided in (2) below.

(2) If one or more arbitrations are already pending with respect to a dispute under either this Guaranty, Buyer's Guaranty, or the Train 2 LNG Sales Agreement, then either

Guarantor or Buyer may request that any new Dispute or Disputes arising under this Guaranty be consolidated into any such prior arbitration. Such Disputes shall be consolidated, provided that the arbitral panel for the pending arbitration determines that (i) the later Dispute presents significant issues of law or fact common with those in the pending arbitration, (ii) no Party would be unduly prejudiced and (iii) consolidation under these circumstances would not result in undue delay for the pending arbitration. Any such order of consolidation issued by the arbitral tribunal shall be final and binding upon Guarantor and Buyer, and Guarantor and Buyer waive any right they may have to appeal or to seek interpretation, revision, or annulment of such order. In any such consolidated arbitration, Seller and Guarantor, and Buyer and Buyer Guarantor, shall be treated as a single party to the arbitration. In addition to the foregoing, Buyer may consolidate any Dispute under this Guaranty with any dispute that has been properly consolidated with any Other Dispute under the Train 2 LNG Sales Agreement and such consolidated arbitration proceeding by the provisions of Section 24.3 of the Train 2 LNG Sales Agreement.

4.7 *Judgment.* The obligations of Guarantor in respect of this Guaranty due to any Person shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the lawful currency of the United States of America ("Dollars"), be discharged only to the extent that on the Business Day following receipt by such Person of any sum adjudged to be so due in the Judgment Currency, such Person may in accordance with normal banking procedures purchase Dollars with the Judgment Currency. If the amount of Dollars so purchased (net of all transaction costs including currency conversion costs) is less than the sum originally due to such Person in Dollars, Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Person against such loss, and if the amount of Dollars so purchased exceeds the sum originally due to any such Person, such Person agrees to remit to Guarantor, such excess.

4.8 *Severability.* If any provision in or obligation under this Guaranty shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

4.9 *Interpretation.* Section headings in this Guaranty are included herein for convenience of reference only and shall not constitute a part of this Guaranty for any other purpose or be given any substantive effect.

4.10 *Further Assurances.* At any time or from time to time, upon the request of Buyer, Guarantor shall execute and deliver such further documents and do such other acts and things as Buyer may reasonably request in order to effect fully the purposes of this Guaranty. Guarantor agrees to be liable for any expenses incurred by Buyer and/or its successors and assigns with respect to any action or proceeding to enforce this Guaranty.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

Executed by _____)

as duly authorised representative)
for and on behalf of)
BG Energy Holdings Limited)

100 Thames Valley Park Drive
Reading Berkshire
RG6 1PT
Attention: Company Secretary
Fax: 011 44 118 929

Executed by)
as duly authorised representative)
for and on behalf of)
El Paso Merchant Energy - Gas)
Company)

1001 Louisiana Street
Houston
Texas 77002
Attention: Chief Financial Officer
Fax 1 713 420 4975

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Exhibit 4.4(b)
Additional Provision for Replacement Guaranty issued pursuant to Clause 4.4

Section 3.12 *Additional Credit Support*. New Guarantor unconditionally, irrevocably, and absolutely agrees that in the event, at any time during the Guaranty Term, either:-

- (a) the Net Assets of New Guarantor fall below UK 1 billion pounds (UK£1,000,000,000) (the "Net Asset Test"); or
- (b) the long-term unsecured debt rating of New Guarantor is (i) if rated only by Standard & Poor's Rating Group ("S&P") rated less than "BBB" or (ii) if rated only by Moody's Investor Services ("Moody's"), rated less than Baa2; or (iii) if rated by both S&P and Moody's is rated less than "BBB" and less than "Baa2" respectively (or if such rating entities no longer issue such ratings, below equivalent ratings as issued by any equivalent, generally recognized rating entity) (the "Debt Rating Test");

then, in either event, New Guarantor will notify Seller within ten (10) Business Days of such event and, within ten (10) Business Days of a written demand from Seller, New Guarantor shall either

- (i) cause its ultimate parent to execute a replacement guaranty ("Replacement Guaranty") of the Guaranteed Obligations identical in form and substance to this Guaranty (except that this section 3.12(b)(i) shall be omitted therefrom) provided such ultimate parent meets or exceeds the Net Asset Test and the Debt Rating Test; or
- (ii) post an annual irrevocable standby letter of credit in the amount of US \$100 million in support of the Guaranteed Obligations in a form substantially identical to the form attached hereto as Attachment A and issued by a banking institution rated A- or better by S&P's and (if rated by Moody's) rated A3 or better by Moody's (or, if such rating entities no longer issue such ratings, of an equivalent rating as issued by any equivalent, generally recognized rating entity), provided such banking institution has a New York lending office (the "LC")

For purposes hereof, the term "Net Assets" means, with respect to any Person, such Person's total fixed assets plus or minus net current assets, minus long-term creditors and provisions, each as reflected on such Person's most current audited balance sheet. The election between (i) and (ii) above shall be at New Guarantor's option. Upon execution and delivery to Seller of the Replacement Guaranty, this Guaranty shall automatically terminate and shall be of no further force and effect; otherwise this Guaranty shall remain in full force and effect.

In the event New Guarantor posts the LC:

(x)New Guarantor shall renew such LC in the full amount of US \$100 million annually for the duration of the Guaranty Term no later than thirty (30) days prior to the date upon which such LC terminates; provided that if the LC is posted as a result of New Guarantor failing to meet either the Debt Rating Test or the Net Asset Test while the other test remains satisfied, at the time both the Debt Rating Test and the Net Asset Test are again satisfied by New Guarantor, Seller shall, upon request by New Guarantor, surrender the LC;

(y)this Guaranty shall remain in full force and effect throughout the Guaranty Term; and

(z)Seller shall have the right to draw against such LC before exhausting its rights under this Guaranty.

In the event New Guarantor fails to renew such LC by the deadline established in clause (x), Buyer may no earlier than ten (10) Business Days prior to termination of the LC, draw all remaining funds available under the LC and hold such funds until (I) New Guarantor renews such LC, in which case Buyer will release such funds to New Guarantor (less any portion of such funds withheld pursuant to clause (II) below), or (II) Buyer is otherwise entitled to draw on a portion such funds, in which case Buyer shall retain such portion permanently. New Guarantor acknowledges and agrees any violation of or failure to perform the covenants set forth in this Section 3.12 shall result in irreparable injury and damage to Buyer, which injury will not be adequately compensated in money damages and for which injury Buyer will have no adequate remedy at law. In the event of any violation of or failure to perform the covenants set forth in this Section 3.12 New Guarantor acknowledges and agrees that, in addition to any other legal and equitable remedies that Buyer may have, Buyer shall be entitled to an order for specific performance.

Attachment A to Exhibit 4.4(b)
Letter of Credit for Replacement Guaranty

Handwritten marks:
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To: El Paso Merchant Energy-Gas, L.P.
c/o El Paso Energy Corp.
1001 Louisiana Street
Houston, Texas 77002

Attention: Chief Financial Officer

Date: _____, 2000

Irrevocable Letter of Credit No. ()

Ladies and Gentlemen:

At the request and for the account of Point Fortin LNG Exports Limited (the "Account Party") we hereby open our irrevocable Letter of Credit number () ("the Letter of Credit") in the aggregate amount of US \$100 million in favor of El Paso Merchant Energy-Gas, L.P. (the "Beneficiary"). We refer to the LNG Sale and Purchase Agreement by and between the Account Party and El Paso Merchant Energy-Gas, L.P. dated _____ (the "Agreement") and the Guaranty issued by BG Energy Holdings Ltd. with respect to the Account Party's payment obligations under the Agreement (the "Guaranty").

This Letter of Credit is effective immediately and expires at 3:00 p.m. (New York time) on the first anniversary of the date hereof (the "Expiry Date").

We hereby irrevocably authorize you to draw on us, in an aggregate amount not to exceed the amount of this Letter of Credit set forth above and in accordance with the terms and conditions and subject to the reductions in amount as hereinafter set forth, in one or more drawings by one or more of your drafts, each drawn on our New York, New York office, payable at sight on a banking day, and accompanied by your written and completed certificate signed by you in substantially the form of Annex A or Annex B, each attached hereto.

Each such draft and certificate shall be dated the date of its presentation, and shall be presented at our office located at _____, New York, New York Attention: _____ (or at any other office in the City and State of New York which may be designated by us by written notice delivered to you). If we receive any of your drafts and certificates at such office, all in strict conformity with the terms and conditions of this Letter of Credit, we will honor the same within three (3) banking days of our receipt in accordance with your payment instructions.

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If requested by you, payment under this Letter of Credit may be made by wire transfer of Federal Reserve Bank of New York funds to your account in a bank on the Federal Reserve wire system or by deposit of same day funds into a designated account that you maintain with us.

Upon our honoring any draft, by you, the amount of this Letter of Credit shall be automatically decreased by an amount equal to the amount of such draft.

Upon the earliest of (i) the date on which this Letter of Credit is surrendered to us with a written notice from you that the Company has paid in full all of its obligations under the Agreement, (ii) the date on which we receive written notice from you that an alternate letter of credit or other credit facility has been substituted for this Letter of Credit, (iii) the Expiry Date, or (iv) the date on which we receive written notice from you that BGEH has satisfied the requirements for terminating this Letter of Credit set forth in the Guaranty, this Letter of Credit shall automatically terminate.

This Letter of Credit is transferable in its entirety to any transferee who you certify to us has succeeded to your rights under the Agreement, and may be successively transferred. Transfer of the available balance under this Letter of Credit to such transferee shall be effected by the presentation to us of this Letter of Credit accompanied by a certificate in substantially the form of Annex C attached hereto. Upon such presentation we shall forthwith transfer the same to your transferee or, if so requested by your transferee, issue a letter of credit to your transferee with provisions therein consistent with this Letter of Credit.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Agreement), except only the certificates and the drafts referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificates and such drafts.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce, Publications No. 500 (the "Uniform Customs"). This Letter of Credit shall as to matters not governed by the Uniform Customs, be governed by the laws of the State of New York, including the Uniform Commercial Code as in effect in the State of New York.

Communications with respect to this Letter of Credit shall be in writing and shall be addressed to (Issuing Bank) at [] specifically referring thereon to "Irrevocable Letter of Credit Number () Issued by (Issuing Bank)".

Yours faithfully,

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For and on behalf of
(Issuing Bank)

Authorized Signatory

Authorized Signatory

Handwritten initials and scribbles

Annex A

To: [Issuing Bank]

Date:

Dear Sirs,

Irrevocable Letter of Credit Number () Issued by [Issuing Bank] (the "Letter of Credit")

We (the "Beneficiary") refer to the LNG Sale and Purchase Agreement by and between Point Fortin LNG Exports Ltd and El Paso Merchant Energy-Gas, L.P. dated _____ (the "Agreement").

We hereby certify as follows:

- (1) The Beneficiary is a party to the Agreement.
- (2) The Beneficiary is making a drawing under the Letter of Credit with respect to a payment pursuant to the Agreement, which payment is past due on the date on which this Certificate and the draft it accompanies are being presented to the Bank.
- (3) The amount of the draft accompanying this Certificate is \$ _____. It was computed in compliance with the terms and conditions of the Agreement and does not include any amount which was included in any draft presented on or prior to the date of this certificate.

Yours faithfully,

for and on behalf of

[Beneficiary]

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Annex B

To: [Issuing Bank]

Date:

Dear Sirs,

Irrevocable Letter of Credit Number () Issued by [Issuing Bank] (the "Letter of Credit")

We (the "Beneficiary") refer to the LNG Sale and Purchase Agreement by and between Point Fortin LNG Exports Ltd ("PFLE") and El Paso Merchant Energy-Gas, L.P. dated _____ (the "Agreement") and the Guaranty issued by BG Energy Holdings Ltd. with respect to PFLE's payment obligations under the Agreement (the "Guaranty").

We hereby certify as follows:

- (1) The Beneficiary is a party to the Agreement.
- (2) The Beneficiary is making a drawing under the Letter of Credit with respect to a payment under the Guaranty, which payment is due on the date on which this Certificate and the draft it accompanies are being presented to the Bank.
- (3) The amount of the draft accompanying this Certificate is \$ _____. It was computed in compliance with the terms and conditions of the Agreement and does not include any amount which was included in any draft presented on or prior to the date of this certificate.

Yours faithfully,

for and on behalf of

[Beneficiary]

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Annex C

To: [Issuing Bank]

Date:

Re: Irrevocable Letter of Credit No.

Gentleman:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

[Name of Transferee]

[Address]

all rights of the undersigned beneficiary to draw under the above-captioned Letter of Credit (the "Letter of Credit"). The Beneficiary hereby certifies that the transferee has succeeded to the rights of the undersigned under the Agreement (as defined in the Letter of Credit) pursuant to Section 29.1 of such Agreement.

By this transfer, all rights of the undersigned beneficiary in the Letter of Credit are transferred to the transferee and the transferee shall hereafter have the sole rights as beneficiary thereof; provided, however, that no rights shall be deemed to have been transferred to the transferee until such transfer complies with the requirements of the Letter of Credit pertaining to transfers.

The Letter of Credit is returned herewith and in accordance therewith we ask that this transfer be effective and that you transfer the Letter of Credit to our transferee or that, if so requested by the transferee, you issue a new irrevocable letter of credit in favor of the transferee with provisions consistent with the Letter of Credit.

Very truly yours,

[Name of Beneficiary]

By: _____

Name and Title

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EXHIBIT 22.2

MINIMUM INSURANCE REQUIREMENTS

From the Date of Initial Delivery under this Agreement, Seller shall obtain and maintain or cause to be obtained and maintained the following minimum insurance policies:

A. Workers' Compensation and Employer's Liability Insurance as required by Laws in the area of operations and such other jurisdiction(s) as may cover employees of Seller. Such policy shall contain the following endorsements:

1. Employer's Liability with the following minimum limits:
 - a. bodily injury by accident - \$1,000,000 each accident,
 - b. bodily injury by disease - \$1,000,000 policy limit, and
 - c. bodily injury by disease - \$1,000,000 each employee.
2. United States Longshore and Harbor Workers' Compensation Act Coverage including the Outer Continental Shelf Lands Act endorsement
3. "In Rem" endorsement
4. Borrowed Servant/Alternate Employer endorsement

B. General Liability Insurance with a minimum combined single limit for bodily injury, personal injury and property damage of not less than \$10,000,000 each occurrence. Such insurance shall include the following:

1. Blanket Contractual Liability, and
2. Sudden and Accidental Pollution Liability.

C. Automobile Liability Insurance with a minimum combined single limit of liability for bodily injury and property damage of not less than \$1,000,000 each occurrence. Such insurance shall include coverage for all owned, hired and non-owned automobiles of Seller.

D. Excess Liability Insurance providing excess insurance over all insurance policies and liability coverages required above so as to bring limits up to a minimum of \$100,000,000 each occurrence.

E. Watercraft

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All LNG Tankers owned, operated, leased or chartered by Seller in performance of any operations in connection with this Agreement shall have the following coverages:

1. Hull & Machinery insurance, endorsed to provide collision liability (including loss of or damage to any fixed or movable objects), war risk and strikes, riots and civil commotion, equal to the declared value of each vessel on an American Institute Hull Form or equivalent form; and

2. Protection & Indemnity insurance on SP 23 Form or equivalent form with a minimum each occurrence limit equal to the declared value of each vessel. Such insurance shall include, but not be limited to, coverage for contractual liability, removal of wreck and debris, injuries to masters and members of the crew (including transportation, wages, maintenance and cure), collision liability, in rem and pollution liability (including control, containment, cleanup and removal of the pollution). This insurance shall be endorsed to delete any language limiting coverage for Buyer in the event of the applicability of the Limitation of Liability Statute or similar law or statute.

F. Marine Cargo Insurance providing "all risks" coverage, including war risk and strikes, riots and civil commotion, on the LNG until transferred to Buyer upon delivery of the LNG by Seller at the Delivery Point. Seller shall include Buyer as an additional insured on the Marine Cargo Insurance as referred to in this Section F.

Seller shall secure from its insurers a waiver of subrogation in favor of Buyer in all of the insurance policies and coverages save in respect of the Protection and Indemnity Insurance as set forth above. Seller shall submit to Buyer a certificate or certificates of insurance evidencing that satisfactory coverage of the types and minimum limits set forth in this Exhibit 22.2 are in full force and effect. In the event that Seller violates the above provision and does not furnish a properly completed certificate of insurance, failure to object on the part of Buyer shall not constitute a waiver of this requirement. Policies providing for such coverages shall specify that they are primary with respect to Buyer and shall contain provisions that no cancellation or material change in the insurance policies shall become effective except upon expiration of thirty (30) days written advance notice thereof to Buyer. In addition, Buyer shall not be responsible or liable for any deductibles, self-insured retentions, and/or premiums associated with the insurance required hereunder.

The foregoing minimum insurance requirements are subject to change at the direction of Buyer, and Buyer reserves the right to require certified copies of any or all insurance policies.

The certificate of insurance should be mailed to the following address:

El Paso Merchant Energy-Gas, L.P.
c/o El Paso Energy Corp.
1001 Louisiana
Houston, Texas 77002
Attention: Insurance Department

Neither the providing of insurance by Seller in accordance with the minimum insurance requirements hereof nor the insolvency, bankruptcy nor failure of any insurance company carrying insurance of Seller, nor the failure of any insurance company to pay any claim accruing shall be held to waive any of the provisions of this Agreement with respect to the liability of Seller or otherwise. The providing of Dollar amounts of insurance required to be obtained and maintained hereunder shall not in any manner limit Seller's liability under the indemnity provisions of this Agreement.

As used in this Exhibit 22.2, "Buyer" shall include Buyer, Southern LNG, SNG, their Affiliates and their respective officers, directors, employees, agents, successors, assigns, and contractors/subcontractors (including their respective employees). "Seller" shall include Seller, its Affiliates, the NCMA Parties, and their respective officers, directors, employees, agents, successors, assigns and contractors/subcontractors (including their respective employees).

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EXHIBIT 25.4(b)

ESTIMATED COST OF SERVICE

REDACTED



**EL PASO
MERCHANT ENERGY**

December 7, 2000

Mr. John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas and Petroleum
Import and Export Activities
Fossil Energy
U. S. Department of Energy
Forrestal Building, Room 3E-142, FE-34
1000 Independence Avenue, S.W.
Washington, DC 20585

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Re: Docket No. FE 99-93-LNG
Semi-Annual Report

Dear Mr. Glynn:

By Order 1549 dated December 8, 1999, as amended by Order 1549-A dated January 21, 2000, El Paso Merchant Energy-Gas, L. P. ("EPME") was granted authorization to import LNG from Trinidad and Tobago. The Order requires EPME to file on a semi-annual basis, written reports describing the progress of the planned LNG import project. Such reports are to include information on the status of the LNG supply contracts, the progress in the re-commissioning of the Elba Island facilities, including the estimated commercial start-up date of those facilities.

Since EPME's last semi-annual report dated May 31, 2000, EPME has submitted its finalized Train 2 supply contract with Point Fortin LNG Exports Ltd (formerly known as NCMA Partners) (the "PFLE Contract") on August 8, 2000.

On August 15, 2000 Southern LNG Inc. ("SLNG") filed with the Federal Energy Regulatory Commission its sendout modification filing which proposes replacing the existing vaporizers at the Elba Island LNG Terminal ("Elba Terminal") located in Savannah, Georgia with new units.

On September 20, 2000 the Elba Terminal sustained substantial damage when a shipping vessel collided with its dock located on the Savannah River. SLNG is currently in the process of making repairs to the dock and currently estimates that the project will be completed in August 2001.

John W. Glynn
December 7, 2000
Page 2

Should you have any questions about this report or require additional information, please do not hesitate to call me at 205/325-7697.

Very truly yours,

Myra W. McAbee / MAC

Myra Wilson McAbee
Senior Counsel

MWM/mls