

BALCH & BINGHAM LLP

ATTORNEYS AND COUNSELORS

POST OFFICE BOX 306

BIRMINGHAM, ALABAMA 35201-0306

(205) 251-8100

WRITER'S OFFICE:
1710 SIXTH AVENUE NORTH
BIRMINGHAM, ALABAMA 35203-2015
FACSIMILE (205) 226-8798

(205) 226-3451

DIRECT DIAL TELEPHONE:

Writer's E-Mail Address:
INTERNET:DBAILEY@BALCH.COM

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. FE99-93LNG

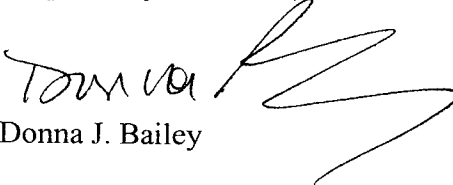
Dear Mr. Glynn:

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. FE99-93-ENG

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

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.

Respectfully submitted,

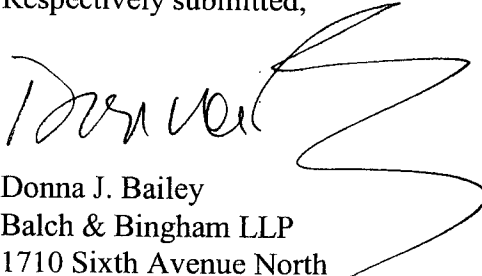

Donna J. Bailey
Balch & Bingham LLP
1710 Sixth Avenue North
Birmingham, AL 35203-2015
Telephone: (205) 226-3451

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,



Donna J. Bailey
Balch & Bingham LLP
1710 Sixth Avenue North
Birmingham, AL 35203-2015
Telephone: (205) 226-3451

EXHIBIT B

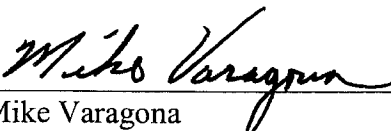
SES requests permission to file the contract following its finalization and execution by the affected parties.

STATE OF ALABAMA §

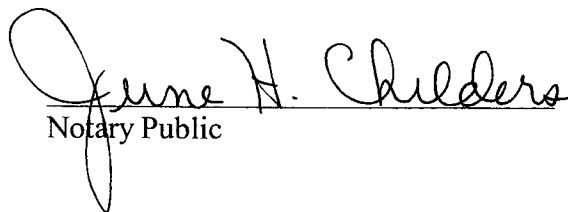
COUNTY OF JEFFERSON §

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

REC'D 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.

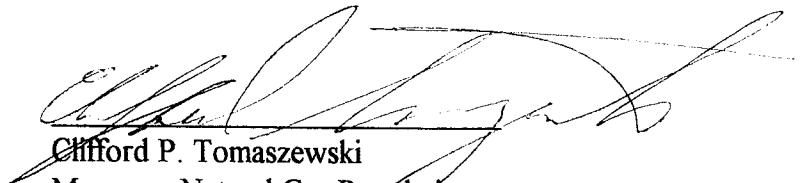
D. Within two weeks after deliveries begin, SES shall provide written notification of the date that the first import of LNG authorized in Ordering Paragraph A above occurred.

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

POST OFFICE BOX 306

BIRMINGHAM, ALABAMA 35201-0306

(205) 251-8100

WRITER'S OFFICE:
1710 SIXTH AVENUE NORTH
BIRMINGHAM, ALABAMA 35203-2015
FACSIMILE (205) 226-8798

(205) 226-3451

DIRECT DIAL TELEPHONE:

Writer's E-Mail Address:
INTERNET:DBAILEY@BALCH.COM

00-4-NG

January 10, 2000

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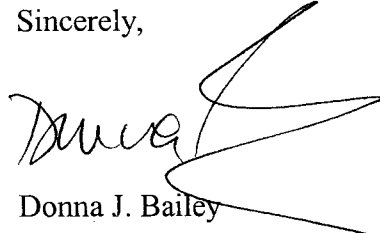
Mr. John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas and Petroleum
Import and Export Activities
Fossil Energy
U.S. Department of Energy
Forrestal Building, Room 3E-042, FE-34
1000 Independence Avenue, S.W.
Washington, DC 20585

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

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

REC'D DOE/FE
200 JUN 21 A 10:46

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

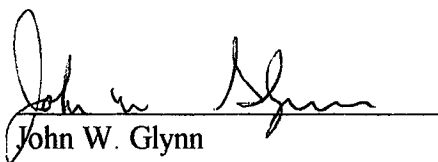
On December 8, 1999, the Office of Fossil Energy (FE) of the Department of Energy (DOE) granted long-term authorization to Sonat Energy Services Company (SES) in DOE/FE Order No. 1549 (Order 1549)^{1/} to import up to 82 billion cubic feet of liquefied natural gas (LNG) per year from Trinidad and Tobago 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 31, 2000.


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



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

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

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

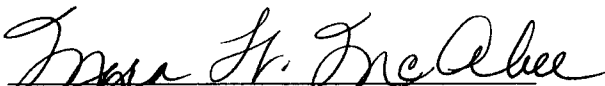
Dear Mr. Glynn:

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

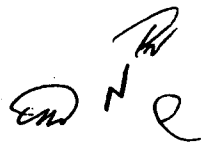
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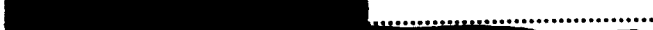
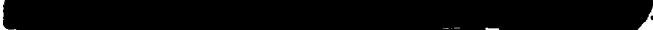
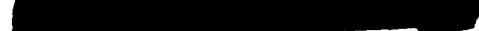
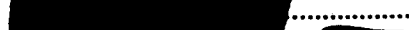
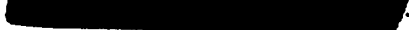

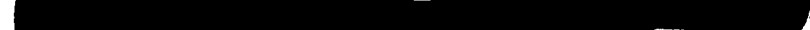

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LNG SALE AND PURCHASE AGREEMENT (TRAIN 2)

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

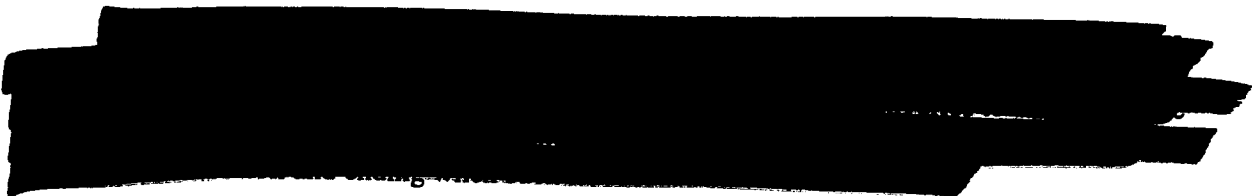
NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and stipulations set forth herein, the Parties hereby agree as follows:

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):



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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[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 (60⁰ 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).



“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.

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[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]

[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]

"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]

[REDACTED]

[REDACTED]

[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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“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.

[REDACTED]

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(iii)

[REDACTED]

(iv)

[REDACTED]

“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.

[REDACTED]

“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).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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(ii) in all other events, zero (0).

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

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[REDACTED]

[REDACTED]

“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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[REDACTED]

"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]

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)

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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



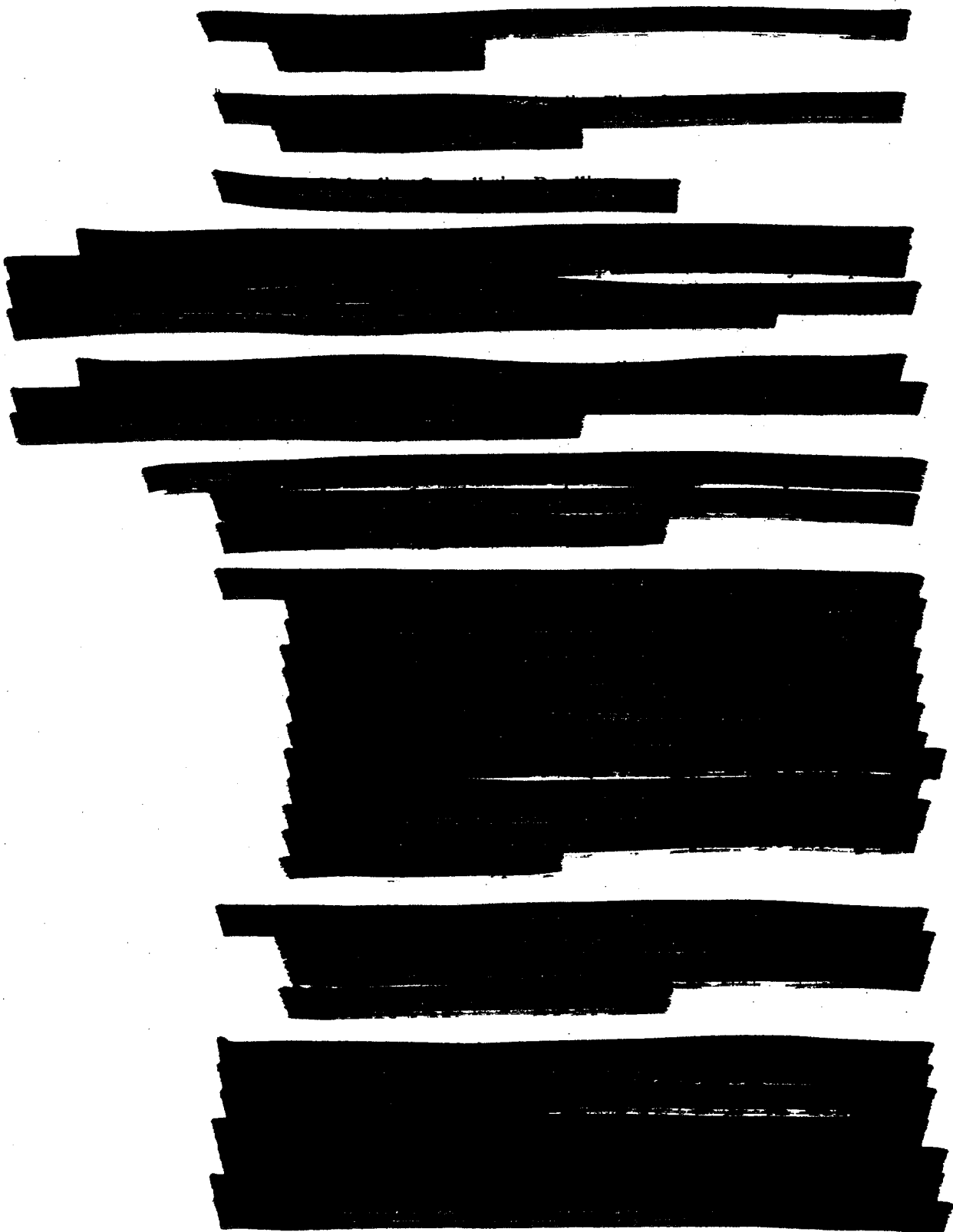
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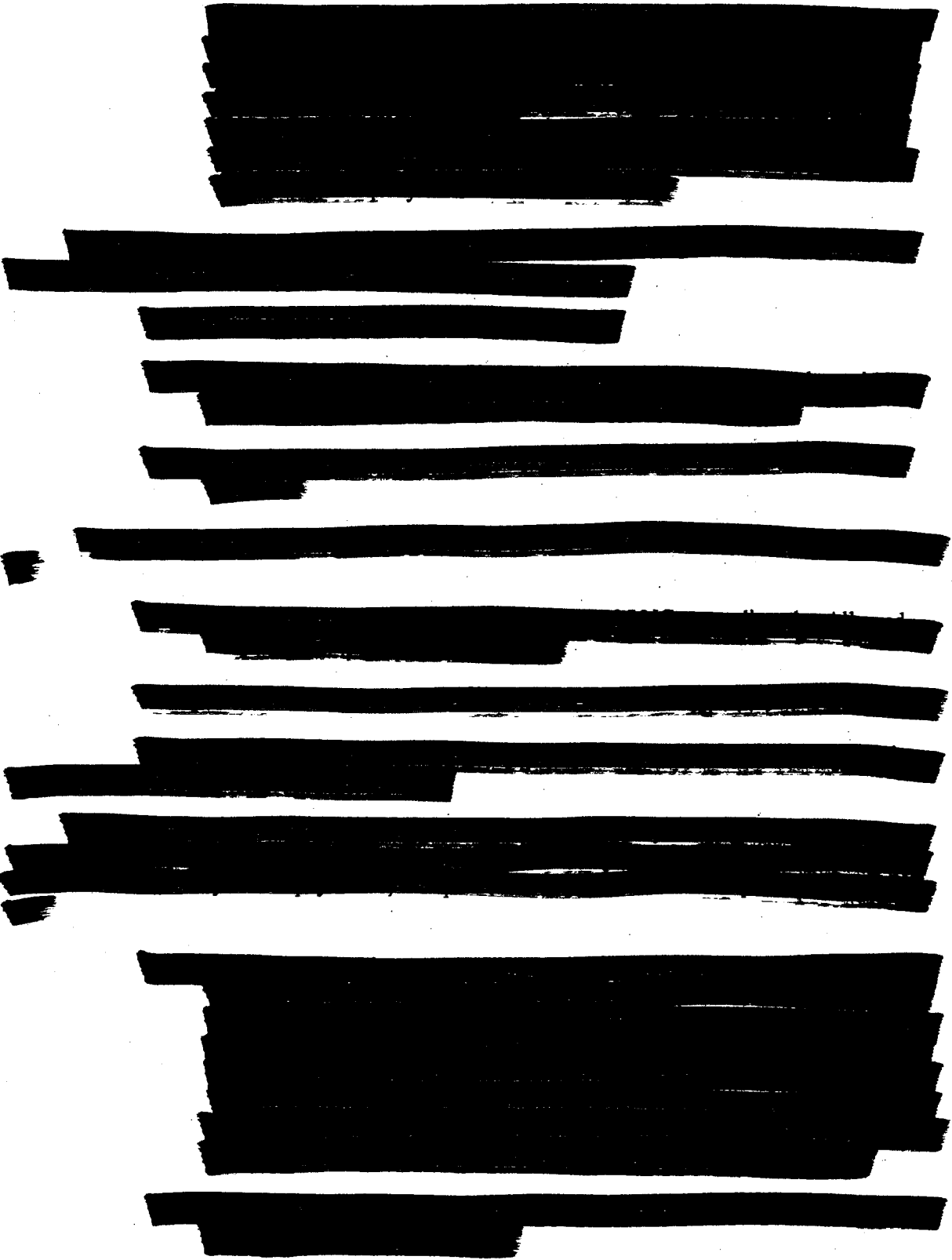
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Article 6. First Commercial Delivery

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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