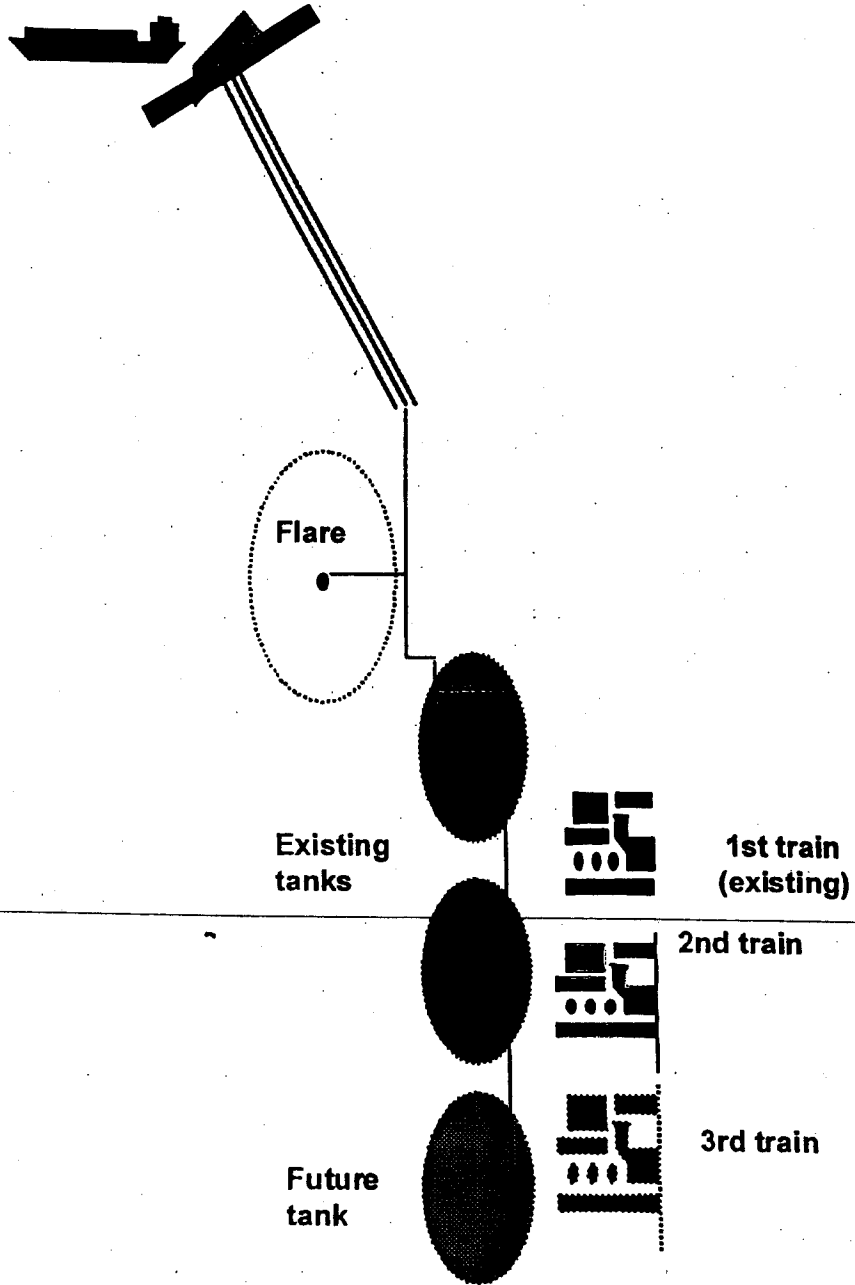


EXHIBIT 1.2

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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:

$$Q_{(\text{Total})} = V_{(\text{LNG})} \times D_{(\text{LNG})} \times \text{GHV}_{(\text{LNG})}$$

Where:

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

$V_{(\text{LNG})}$ = 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.

$D_{(\text{LNG})}$ = 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.

$\text{GHV}_{(\text{LNG})}$ = 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.

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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.

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.

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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.

EXHIBIT 18.5

BUYER'S GOVERNMENT APPROVALS

REDACTED

EXHIBIT 21.1(a)

BUYER'S GUARANTY

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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

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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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CME

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

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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.

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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 initials and 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

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and
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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

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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