UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to ________

COMMISSION FILE NO. 0-9092

CHENIERE ENERGY, INC.
(Exact name as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

95-4352386
(I. R. S. Identification No.)

333 CLAY STREET, SUITE 3400
HOUSTON, TEXAS
(Address of principal place of business)

77002-4102
(Zip Code)

(713) 659-1361
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] NO [ ].

As of May 15, 2001, there were 12,797,393 shares of Cheniere Energy, Inc. Common Stock, $.003 par value, issued and outstanding.

CHENIERE ENERGY, INC.
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CHENIERE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

<TABLE>
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ASSETS	March 31, 2001 (Unaudited)	December 31, 2000
CURRENT ASSETS		
Cash	$ 652,516	$ 1,888,562
Accounts Receivable	694,194	851,706
Prepaid Expenses	426,601	98,532
Total Current Assets	1,773,311	2,838,800
OIL AND GAS PROPERTIES, full cost method		
Proved Properties, net	6,700,435	6,727,613
Unproved Properties, not subject to amortization	20,861,252	18,253,731
Total Oil and Gas Properties	27,561,687	24,981,344
FIXED ASSETS, net	495,878	206,204
INVESTMENT IN UNCONSOLIDATED AFFILIATE	6,220,729	6,639,270
Total Assets	$36,051,605	$34,665,618
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$ 3,087,132	$ 1,472,293
Accrued Liabilities	320,787	132,117
Total Current Liabilities	3,407,919	1,604,410
STOCKHOLDERS' EQUITY		
Common Stock, $.003 par value Authorized: 120,000,000 shares Issued and Outstanding: 12,797,393 shares at March 31, 2001 and 12,547,393 shares at December 31, 2000	38,392	37,642
Preferred Stock, $.0001 par value Authorized: 5,000,000 shares Issued and Outstanding: none	-	-
Additional Paid-in-Capital	39,875,368	39,382,789
Accumulated Deficit	(7,270,074)	(6,359,223)

Total Stockholders' Equity	32,643,686	33,061,208
Total Liabilities and Stockholders' Equity	$36,051,605	$34,665,618

</TABLE>

The accompanying notes are an integral part of these financial statements.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended March 31, 2001	2000
<S>	<C>	<C>
Revenues		
Oil and Gas Sales	$ 971,656	$ 1,173,605
Total Revenues	971,656	1,173,605
Operating Costs and Expenses		
Production Costs	120,510	81,725
Depreciation, Depletion and Amortization	327,898	925,957
General and Administrative Expenses	1,025,622	477,009
Total Operating Costs and Expenses	1,474,030	1,484,691
Loss from Operations Before Interest and Income Taxes and Equity in Net Loss of Unconsolidated Affiliate	(502,374)	(311,086)
Interest Income	10,064	8,709
Provision for Income Taxes	-	-
Equity in Net Loss of Unconsolidated Affiliate	(418,541)	-
Net Loss	$ (910,851)	$ (302,377)
Net Loss Per Share - Basic and Diluted	$(0.07)	$(0.03)
Weighted Average Number of Shares Outstanding - Basic and Diluted	12,645,393	10,217,419

</TABLE>

The accompanying notes are an integral part of these financial statements.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>

Balance - December 31, 1999	10,053,118	$30,159	$33,293,822	$(5,578,243)	$27,745,738
Issuances of Stock	624,042	1,872	2,104,628	-	2,106,500
Expenses Related to Offerings	-	-	(99,545)	-	(99,545)
Net Loss	-	-	-	(302,377)	(302,377)
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Balance - March 31, 2000	10,677,160	$32,031	$35,298,905	$(5,880,620)	$29,450,316
	==========	=======	===========	===========	===========
Balance - December 31, 2000	12,547,393	$37,642	$39,382,789	$(6,359,223)	$33,061,208
Issuances of Stock	250,000	750	499,250	-	500,000
Expenses Related to Offerings	-	-	(6,671)	-	(6,671)
Net Loss	-	-	-	(910,851)	(910,851)
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Balance - March 31, 2001	12,797,393	$38,392	$39,875,368	$(7,270,074)	$32,643,686
	==========	=======	===========	===========	===========

</TABLE>

The accompanying notes are an integral part of these financial statements.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	2001	2000
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (910,851)	$ (302,377)
Adjustments to Reconcile Net Loss to Net Cash Provided by (Used in) Operating Activities:		
Depreciation, Depletion and Amortization	327,898	925,957
Non-Cash Expense (Issuance of Warrants)	-	100,000
Equity in Net Loss of Unconsolidated Affiliate	418,541	-
	-----------	--------
	(164,412)	723,580
Changes in Operating Assets and Liabilities		
Accounts Receivable	157,512	(584,683)
Prepaid Expenses	(328,069)	(72,010)
Accounts Payable and Accrued Liabilities	1,803,509	992,250
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NET CASH PROVIDED BY OPERATING ACTIVITIES	1,468,540	1,059,137
	-----------	--------
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Fixed Assets	(336,919)	(38,578)
Oil and Gas Property Additions	(2,860,996)	(1,730,233)
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NET CASH USED IN INVESTING ACTIVITIES	(3,197,915)	(1,768,811)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of Notes Payable or Advances	-	(1,819,754)
Sale of Common Stock	500,000	2,056,500
Offering Costs	(6,671)	(99,545)
Debt Issuance Costs	-	23,230
NET CASH PROVIDED BY FINANCING ACTIVITIES	493,329	160,431
NET DECREASE IN CASH	(1,236,046)	(549,243)
CASH - BEGINNING OF PERIOD	1,888,562	1,175,950
CASH - END OF PERIOD	$ 652,516	$ 626,707

</TABLE>

The accompanying notes are an integral part of these financial statements.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The unaudited consolidated financial statements of Cheniere Energy, Inc. ("Cheniere" or the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation, have been included.

For further information, refer to the financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000. Interim results are not necessarily indicative of results to be expected for the full fiscal year ended December 31, 2001.

NOTE 2 - COMMON STOCK AND WARRANTS

In February 2001, the Company issued to one investor 250,000 units at a price of $2.00 per unit, each unit representing one share of common stock and one-sixth warrant to purchase a share of common stock. Warrants issued in connection with this sale of units are exercisable at a price of $3.00 per share on or before December 31, 2003. This issuance was made in reliance on the exemption from registration provided by Section 506 of Regulation D. Net proceeds were $493,329.

NOTE 3 - INVESTMENT IN UNCONSOLIDATED AFFILIATE

Cheniere accounts for its investment in Gryphon Exploration Company ("Gryphon") using the equity method of accounting. Cheniere does not participate in the day-to-day management of Gryphon, does not exercise control over Gryphon and cannot effect a change in the management of Gryphon. Cheniere's equity share of Gryphon's earnings (losses) for the three months ended March 31, 2001 was $418,541, calculated by applying Cheniere's 100% common stock ownership interest to Gryphon's net income of $90,250 and reducing such result for Gryphon's preferred dividends earned but undeclared for the quarter

($508,791). At such time as Gryphon's preferred shares are converted to common shares, Cheniere's equity share of Gryphon's earnings (losses) will be calculated at 36.8%. Gryphon was formed on October 11, 2000. Results of Gryphon's operations for the three months ended March 31, 2001 are summarized as follows:

Net sales	$211,389
Gross profit	195,846
Net income	90,250

NOTE 4 - SUBSEQUENT EVENTS

In April 2001, the Company sold an interest in a prospect to Gryphon. Gryphon paid Cheniere $225,563 for a 50% interest in the related leases and will pay a disproportionate share of the drilling costs on terms representative of what a third party would pay for participation in the prospect generated by Cheniere.

On April 5, 2001, the Company received a cash call from Gryphon in the amount of $10,000,000 ($3,680,000 net to Cheniere). Cheniere declined to participate. In the event

Warburg, Pincus Equity Partners, L.P. ("Warburg") contributes the full $10,000,000 to Gryphon on or before May 15, 2001, as it is entitled to do, Cheniere's fully diluted effective interest in Gryphon will be reduced from 36.8% to 29.4%.

In May 2001, the Company agreed in principle to sell Gryphon a license to seismic data covering 6,800 square miles, subject to final documentation. Proceeds from the sale are expected to be $2,000,000 in cash payable at closing and an additional $5,000,000 in payments by Gryphon toward the cost of reprocessing the subject data as such reprocessing occurs. Closing is expected to occur in May 2001.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The Company's unaudited consolidated financial statements and notes thereto relate to the three-month periods ended March 31, 2001 and 2000. These statements, the notes thereto and the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000 contain detailed information that should be referred to in conjunction with the following discussion.

PRODUCTION AND PRODUCT PRICES

Information concerning the Company's production and average prices received for the three-month periods ended March 31, 2001 and 2000 is presented in the following table.

	Three Months Ended March 31,	
	2001	2000
Production		
Oil (Bbls)	601	1,693
Gas (Mcf)	133,968	436,233
Gas equivalents (Mcfe)	137,575	446,393
Average sales prices:		
Oil (per Bbl)	$ 33.07	$ 28.63
Gas (per Mcf)	$ 7.49	$ 2.74

RESULTS OF OPERATIONS

COMPARISON OF THREE-MONTH PERIODS ENDED MARCH 31, 2001 AND 2000 - The Company's operating results for the three months ended March 31, 2001 reflect a loss of $910,851, or $0.07 per share, compared to a loss of $302,377, or $0.03 per share a year earlier.

In the first quarter of 2001, Cheniere recorded oil and gas revenues of $971,656 compared to $1,173,605 a year earlier. The $201,949 decrease in revenues results from a decline in the production rates ($2,181,084 negative variance) offset partially by an increase in product prices ($1,979,135 positive variance). The decrease in production represents depletion of the zones currently producing in the Company's two wells. Other proven zones behind pipe will be accessed when production from the current zones ceases to be economic. The Company anticipates that it will recomplete one of the wells by the end of the year 2001.

Depreciation, depletion and amortization of oil and gas property costs decreased to $280,653 for the 2001 quarter compared to $819,533 for the 2000 quarter, principally due to lower levels of production in 2001. Depreciation of fixed assets decreased to $47,245 in the 2001 quarter, compared to $106,424 a year earlier, as a result of Cheniere's transfer of assets to Gryphon in October 2000.

General and administrative ("G&A") expenses, net of recoveries and amounts capitalized, were $1,025,622 and $477,009 in the first quarters of 2001 and 2000, respectively. Total G&A expenses increased by $159,613 to $1,232,622 in the first quarter of 2001 from the total of $1,073,009 of a year earlier. Legal and professional fees increased by $247,614 principally related to business development projects being explored by the Company in 2001. Salaries and benefits decreased by $132,921 in 2001 because Cheniere now has fewer employees than it had before it

formed Gryphon in October 2000. Additionally, G&A expenses in the 2001 quarter included $49,000 in fees related to the Company's March 2001 listing on The American Stock Exchange. Offsetting total G&A expenses were management fees and amounts capitalized to the Company's oil and gas properties. In the first quarter of 2000, management fees totaled $230,000; in 2001, there were no management fees as the agreement under which they were earned was contributed to Gryphon in October 2000. Cheniere capitalizes as oil and gas property costs that portion of G&A expenses directly related to its exploration and development activities. Cheniere capitalized $207,000 in the first quarter of 2001 compared to $366,000 a year earlier, the change being a direct result of the reduced number of Cheniere's exploration staff following the formation of Gryphon in October 2000.

Cheniere accounts for its investment in Gryphon using the equity method of accounting. Cheniere does not participate in the day-to-day management of Gryphon, does not exercise control over Gryphon and cannot effect a change in the management of Gryphon. Cheniere's equity share of Gryphon's earnings for the three-months ended March 31, 2001 was $418,541, calculated by applying Cheniere's 100% common stock ownership interest to Gryphon's net income of $90,250 and reducing such result for Gryphon's preferred dividends earned but undeclared for the quarter ($508,791). At such time as Warburg converts its preferred shares to common shares, Cheniere's equity share of Gryphon's earnings will be calculated at 36.8%. Gryphon commenced operations on October 11, 2000.

LIQUIDITY AND CAPITAL RESOURCES

The Company expects that future liquidity requirements will be met by cash balances, cash flows from operating activities, borrowings from financial institutions, debt offerings, additional offerings of the Company's equity securities, sales of portions of its working interest in the prospects within its exploration program, sale to an industry partner of a participation in the Company's exploration program, including sale of a license to the approximate 6,800 square miles of seismic data in the Offshore Texas Project Area, and/or sale of all or a portion of the Company's producing oil and gas properties. Management expects to meet all of its liquidity requirements through December 31, 2001 through such sources.

Cash Flow from Operating Activities

Due to declines in the production rates of its wells and expenses related to a business development project, the Company reported a $164,412 net use of cash in its operations (before changes in operating assets and liabilities) for the three months ended March 31, 2001. At March 31, 2001, the Company had a working capital deficit of $1,634,608.

Private Placements of Equity

In February 2001, the Company issued to one investor 250,000 units at a price of $2.00 per unit, each unit representing one share of common stock and one-sixth warrant to purchase a share of common stock. Warrants issued in connection with this sale of units are exercisable at a price of $3.00 per share on or before December 31, 2003. These issuances were made in reliance on the exemption from registration provided by Section 506 of Regulation D. Net proceeds were $493,329.

Exploration Funding

On October 11, 2000, Cheniere completed a transaction with Warburg to fund its exploration program on approximately 8,800 square miles of seismic data in the Gulf of Mexico through a newly formed affiliated company, Gryphon. Cheniere contributed selected assets and liabilities in exchange for 100% of the common stock of Gryphon (36.8% effective interest after conversion of preferred stock) and $2,000,000 in cash. Warburg contributed $25,000,000 and received preferred stock, with an 8% cumulative dividend, convertible into 63.2% of Gryphon's common stock. Cheniere and Warburg also agreed, under certain circumstances, to contribute an additional $75,000,000 to Gryphon, proportionate to their respective ownership interests.

On April 5, 2001, the Company received a cash call from Gryphon in the amount of $10,000,000 ($3,680,000 net to Cheniere). Cheniere declined to participate. In the event Warburg contributes the full $10,000,000 to Gryphon on May 15, 2001, as it is entitled to do, Cheniere's fully diluted effective interest in Gryphon will be reduced from 36.8% to 29.4%.

Seismic Reprocessing

Between June 2000 and October 2000, Cheniere acquired licenses to approximately 6,800 miles of seismic data primarily in the shallow waters offshore Texas and also in the West Cameron area in the Gulf of Mexico (the "Offshore Texas Project Area") in separate transactions with Seitel Data Ltd., a division of Seitel Inc., and JEBCO Seismic, L.P. Cheniere has committed to reprocess all of the data from the Offshore Texas Project Area at a cost of approximately $8,500,000, payable in installments beginning in October 2000 and continuing through the final delivery of reprocessed data, which is expected to occur by December 2001. Deliveries of reprocessed data are expected to begin in May 2001.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

None.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

The information contained in Note 2 to the Consolidated Financial Statements is incorporated herein by reference.

ITEM 5. OTHER INFORMATION

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 (the "Act") provides a safe harbor for forward-looking statements made by or on behalf of the Company. The Company and its representatives may from time to time make written or verbal forward-looking statements, including statements contained in this report and other filings with the Securities and Exchange Commission and in reports to its stockholders.

All statements, other than statements of historical facts so included in this report that address activities, events or developments that the Company intends, expects, projects, believes, or anticipates will or may occur in the future are forward-looking statements within the meaning of the Act, including, without limitation: statements regarding the Company's business strategy, plans and objectives; statements expressing beliefs and expectations regarding the ability of the Company to successfully raise the additional capital necessary to meet the obligations under its 3D seismic master license agreement, the ability of the Company to secure the leases necessary to facilitate anticipated drilling activities and the ability of the Company to attract additional working interest owners to participate in its exploration and development activities. These forward-looking statements are, and will be, based on management's then current views and assumptions regarding future events.

FACTORS THAT MAY IMPACT FORWARD-LOOKING STATEMENTS OR FINANCIAL PERFORMANCE

The following are some of the important factors that could affect the Company's financial performance or could cause actual results to differ materially from estimates contained in the Company's forward-looking statements.

-- The Company's ability to generate sufficient cash flows to support capital expansion plans, obligations to repay debt and general operating activities.

-- The Company's ability to obtain additional financing from lenders, through debt or equity offerings, or through sales of a portion of its interest in prospects.

-- The Company's ability to encounter hydrocarbons in sufficient quantities to be economically viable, and its ability to overcome the operating hazards which are inherent in the oil and gas industry and which are intensified by the Company's concentration of its producing oil and gas assets in few properties.

-- Changes in laws and regulations, including changes in accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax law interpretations) and environmental laws in domestic or foreign jurisdictions.

-- The uncertainties of litigation as well as other risks and uncertainties detailed from time to time in the Company's Securities and Exchange Commission filings.

The foregoing list of important factors is not exclusive.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Each of the following exhibits is incorporated by reference or filed herewith:

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of Cheniere Energy, Inc. ("Cheniere") (incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 1999)
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Cheniere Energy, Inc. (incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 1999)
3.3	By-laws of Cheniere as amended through April 7, 1997 (Incorporated by reference to Exhibit 3.1 of the Company's Annual Report on Form 10-K filed on March 29, 1999 (File No. 0-9092))

(b) Cheniere made two filings on Form 8-K during the three months ended March 31, 2001:

a. Current Report on Form 8-K dated January 10, 2001 describing the Company's private placement of 1,550,000 units, each unit consisting of one share of Cheniere common stock and one-sixth warrant to purchase one share of Cheniere common stock, total net proceeds being $2,900,000.

b. Current Report on Form 8-K dated March 2, 2001 announcing the Company's listing of its common stock on The American Stock Exchange.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHENIERE ENERGY, INC.

/s/ Don A. Turkleson

Don A. Turkleson
Chief Financial Officer (on behalf of the registrant and as principal accounting officer)

Date: May 15, 2001