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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, 1999

[_] 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.)

1200 Smith Street, Suite 1740
Houston, Texas
(Address or principal place of business)

77002-4312
(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 14, 1999, there were 22,670,752 shares of Cheniere Energy, Inc. Common Stock, $.003 par value, issued and outstanding.

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CHENIERE ENERGY, INC.
INDEX TO FORM 10-Q

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CHENIERE ENERGY, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED BALANCE SHEET

(Unaudited)

<TABLE>
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	March 31, 1999	December 31, 1998
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash	$ 83,732	$ 143,868
Accounts Receivable	288,012	97,837
Subscriptions Receivable	-	500,000
Prepaid Expenses and Other Current Assets	151,670	8,833
TOTAL CURRENT ASSETS	523,414	750,538
OIL AND GAS PROPERTIES, full cost method		
Unevaluated	20,737,609	20,000,425
FIXED ASSETS, net	79,167	89,511
TOTAL ASSETS	$ 21,340,190	$ 20,840,474
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 916,263	$ 523,144
Notes Payable	1,974,980	1,974,980
Total Current Liabilities	2,891,243	2,498,124
LONG-TERM NOTES PAYABLE		
Related Party	-	2,000,000
Other	-	25,020
	-	2,025,020
PRODUCTION PAYMENT	400,000	-
STOCKHOLDERS' EQUITY		
Common Stock, $.003 par value		
Authorized: 45,000,000 shares		
Issued and Outstanding: 21,786,277 and 18,973,749 shares at March 31, 1999 and December 31, 1998, respectively	65,359	56,922
Preferred Stock, $.0001 par value		
Authorized: 5,000,000 shares		
Issued and Outstanding: none	-	-
Additional Paid-in-Capital	22,137,213	20,084,928
Deficit Accumulated During the Development Stage	(4,153,625)	(3,824,520)
TOTAL STOCKHOLDERS' EQUITY	18,048,947	16,317,330
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 21,340,190	$ 20,840,474

</TABLE>

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

CHENIERE ENERGY, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

<TABLE>
<CAPTION>

	For the Three Months Ended March 31, 1999	1998	Cumulative from the Date of Inception
Revenue	$ -	$ -	$ -
General and Administrative Expenses	334,043	195,394	4,256,819
Loss from Operations Before Other Income and Income Taxes	(334,043)	(195,394)	(4,256,819)
Interest Income	4,938	5,894	142,195
Interest Expense	-	-	(39,001)
Loss From Operations Before Income Taxes	(329,105)	(189,500)	(4,153,625)
Provision for Income Taxes	-	-	-
Net Loss	$ (329,105)	$ (189,500)	$(4,153,625)
Net Loss Per Share (basic and diluted)	$ (0.02)	$ (0.01)	$ (0.30)
Weighted Average Number of Shares Outstanding	19,508,942	14,457,866	13,785,646

</TABLE>

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

CHENIERE ENERGY, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(Unaudited)

<TABLE>
<CAPTION>

	Common Stock Per Share	Shares	Amount	Additional Paid-In Capital	Retained Deficit	Total Stockholders' Equity
Sale of Shares on April 9, 1996	$0.012	6,242,422	$ 18,727	$ 56,276	$ -	$ 75,003
Sale of Shares on May 5, 1996	1.50	2,000,000	6,000	2,994,000	-	3,000,000

Issuance of Shares to an Employee on July 1, 1996	1.00	30,000	90	29,910	-	30,000
Issuance of Shares in Reorganization to Former Bexy Shareholders	-	600,945	1,803	(1,803)	-	-
Sale of Shares on July 30, 1996	2.00	50,000	150	99,850	-	100,000
Sale of Shares on August 1, 1996	2.00	508,400	1,525	1,015,275	-	1,016,800
Sale of Shares on August 30, 1996	2.00	500,000	1,500	998,500	-	1,000,000
Expenses Related to Offerings	-	-	-	(686,251)	-	(686,251)
Issuance of Warrants	-	-	-	12,750	-	12,750
Net Loss	-	-	-	-	(121,847)	(121,847)
Balance - August 31, 1996		9,931,767	29,795	4,518,507	(121,847)	4,426,455
Sale of Shares on September 12, 1996	2.00	50,000	150	99,850	-	100,000
Sale of Shares on September 16, 1996	2.00	80,250	241	160,259	-	160,500
Conversion of Debt	2.00	105,000	315	209,685	-	210,000
Sale of Shares on October 30, 1996	2.25	457,777	1,373	1,028,627	-	1,030,000
Issuance of Warrants	-	-	-	6,450	-	6,450
Sale of Shares on December 6, 1996	2.25	475,499	1,426	1,068,448	-	1,069,874
Sale of Shares on December 9, 1996	2.50	400,000	1,200	998,800	-	1,000,000
Sale of Shares on December 11, 1996	2.25	22,222	67	49,933	-	50,000
Sale of Shares on December 19, 1996	2.50	200,000	600	499,400	-	500,000
Sale of Shares on December 20, 1996	2.50	220,000	660	549,340	-	550,000
Sale of Shares on February 28, 1997	4.25	352,947	1,059	1,498,967	-	1,500,026
Sale of Shares on March 4, 1997	4.25	352,947	1,059	1,498,966	-	1,500,025
Sale of Shares on May 22, 1997	3.00	535,000	1,605	1,603,395	-	1,605,000
Issuance of Shares to Adjust Prices of Shares Sold on February 28 and March 4*	-	294,124	883	(883)	-	-
Sale of Shares on June 26, 1997	3.00	33,333	100	99,900	-	100,000
Sale of Shares on July 24, 1997	3.00	250,000	750	749,250	-	750,000
Issuance of Shares in Connection with Financial Advisory Services	3.125	200,000	600	624,400	-	625,000
Sale of Shares on July 30, 1997	3.00	100,000	300	299,700	-	300,000
Sale of Shares on August 19, 1997	3.00	100,000	300	299,700	-	300,000
Expenses Related to Offerings	-	-	-	(1,153,441)	-	(1,153,441)
Net Loss	-	-	-	-	(1,676,468)	(1,676,468)
Balance - August 31, 1997		14,160,866	42,483	14,709,253	(1,798,315)	12,953,421

* Additional shares were issued to the purchasers of shares sold on February 28, 1997 and March 4, 1997 pursuant to the terms of those sales.

All of the sales of shares indicated above were made pursuant to private placement transactions.

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

</TABLE>

CHENIERE ENERGY, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY, CONTINUED

(Unaudited)

<TABLE>
<CAPTION>

	Per Share	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Deficit	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance - August 31, 1997		14,160,866	42,483	14,709,253	(1,798,315)	12,953,421
Sale of Shares on September 15, 1997	3.00	67,000	201	200,799	-	201,000
Sale of Shares on September 16, 1997	3.00	130,000	390	389,610	-	390,000
Expenses Related to Offerings	-			(74,532)		(74,532)
Issuance of Warrants and Shares with Bridge Notes on December 15, 1997	2.375	100,000	300	338,200		338,500
Net Loss	-	-	-	-	(388,361)	(388,361)
Balance - December 31, 1997		14,457,866	43,374	15,563,330	(2,186,676)	13,420,028
Sale of Shares on April 8, 1998	2.00	530,000	1,590	1,058,410	-	1,060,000
Issuance of Shares in Settlement of Charges for Previous Legal Services	1.40	70,000	210	97,790	-	98,000
Sale of Shares on May 29, 1998	2.00	22,000	66	43,934	-	44,000
Sale of Shares on June 4, 1998	1.40	890,644	2,672	1,244,230	-	1,246,902
Expenses Related to Offerings	-	-	-	(168,000)	-	(168,000)
Issuance of Shares to Adjust Prices of Shares Sold on April 8 and May 29**	-	236,572	710	(710)	-	-
Issuance of Warrants with Bridge Notes on June 4, 1998	-	-	-	3,661	-	3,661
Issuance of Shares on August 26, 1998 Pursuant to Exercise of Warrants	1.00	100,000	300	99,700	-	100,000
Sale of Shares on August 31, 1998	0.67	750,000	2,250	499,000	-	501,250
Issuance of Warrants and Shares to Extend Bridge Notes on March 15 and September 15, 1998	0.67	50,000	150	349,183	-	349,333
Sale of Shares on November 15, 1998	0.67	1,200,000	3,600	796,400	-	800,000
Sale of Shares on December 30, 1998	0.75	666,667	2,000	498,000	-	500,000
Net Loss	-	-	-	-	(1,637,844)	(1,637,844)
Balance - December 31, 1998		18,973,749	56,922	20,084,928	(3,824,520)	16,317,330
Issuance of Shares in Exchange for Notes on February 2 and March 15, 1999	0.72	2,812,528	8,437	2,016,583	-	2,025,020
Repricing of Warrants to Extend Bridge Notes on January 15, 1999	-			35,702		35,702
Net Loss	-	-	-	-	(329,105)	(329,105)
Balance - March 31, 1999		21,786,277	65,359	22,137,213	(4,153,625)	18,048,947

** Additional shares were issued to the purchasers of shares sold on April 8, 1998 and May 29, 1998 at $2.00 per share in order to adjust the purchase price to the $1.40 per share price offered and received on June 4, 1998.

All of the sales of shares indicated above were made pursuant to private placement transactions.

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

</TABLE>

CHENIERE ENERGY, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended March 31, 1999	Three Months Ended March 31, 1998	Cumulative from the Date of Inception
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss	$ (329,105)	$ (189,500)	$ (4,153,625)
Adjustments to Reconcile Net Loss to Net Cash Used by Operating Activities:			
Depreciation and Amortization	10,344	7,772	64,322
Compensation Paid in Common Stock	-	-	654,400

(Increase) Decrease in Accounts Receivable	(190,175)	6,891	(288,012)
(Increase) Decrease in Subscriptions Receivable	500,000	-	-
Increase in Prepaid Expenses and Other Current Assets	(142,837)	(73,372)	(151,670)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	393,119	(85,014)	1,014,263
Non-Cash Interest Expense (Issuance of Warrants)	-	-	19,200
NET CASH USED IN OPERATING ACTIVITIES	$ 241,346	(333,223)	(2,841,122)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of Fixed Assets	-	(70,279)	(143,488)
Proceeds from Sales of Oil and Gas Seismic Data	-	-	46,000
Oil and Gas Property Additions	(701,482)	(427,903)	(20,056,412)
NET CASH USED IN INVESTING ACTIVITIES	(701,482)	(498,182)	(20,153,900)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from Issuance of Notes with Detachable Warrants	-	-	4,605,000
Proceeds from Issuance of Notes Payable or Advances	-	-	1,197,000
Repayment of Notes Payable or Advances	-	-	(1,592,000)
Sale of Production Payment	400,000		400,000
Issuance of Common Stock	-	720,000	20,550,980
Offering Costs	-	-	(2,082,224)
NET CASH PROVIDED BY FINANCING ACTIVITIES	400,000	720,000	23,078,756
NET INCREASE (DECREASE) IN CASH	(60,136)	(111,405)	83,732
CASH - BEGINNING OF PERIOD	143,868	787,523	-
CASH - END OF PERIOD	$ 83,732	$ 676,118	$ 83,732
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash Paid for Interest	$ -	$ -	$ 22,353
Cash Paid for Income Taxes	$ -	$ -	$ -

</TABLE>

SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:

The Company issued 105,000 shares of common stock upon the conversion of $210,000 of notes payable in September 1996.

In conjunction with its December 1997 Bridge Financing, the Company issued at closing 100,000 shares of common stock (valued at $237,500), and upon extension of the maturity date 50,000 shares (valued at $33,500), which were recorded as debt issuance costs. In the same financing, the Company issued 1,333,334 warrants (valued at $101,000) and 1,987,500 warrants (valued at

$315,833) related to extensions of the maturity dates. In conjunction with a short-term bridge financing in June 1998, the Company issued 83,334 warrants (valued at $3,661). In conjunction with a 1999 extension of the maturity dates of the December 1997 notes, the exercise price was reduced by $0.25 per share for warrants related to the extended notes. This repricing of warrants was valued at $35,702. The amortization of such warrant costs was included in interest expense which was capitalized as a cost of oil and gas properties.
In 1998, the Company issued 70,000 shares of common stock (valued at $98,000) in settlement of invoices for previously rendered legal services.
In 1999, the Company issued 2,812,528 shares of common stock in exchange for the cancellation of long-term notes payable totaling $2,025,000.

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

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 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, 1998. Interim results are not necessarily indicative of results to be expected for the full fiscal year ended December 31, 1999.

The Company is currently a development stage enterprise and reports as such under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 7, "Accounting and Reporting by Development Stage Enterprises." The Company's future business will be in the field of oil and gas exploration and exploitation.

The Company intends to adopt SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," issued in June 1998 effective with its fiscal year beginning January 1, 2000 as required by the Statement. Due to the Company's current and anticipated limited use of derivative instruments, management anticipates that adoption of SFAS 133 will not have any significant impact on the Company's financial position or results of operations.

NOTE 2 - NOTES PAYABLE

In December 1997, Cheniere completed the private placement of a $4,000,000 bridge financing (the "December 1997 Bridge Financing"). The notes payable issued by Cheniere had an initial maturity date of March 15, 1998, which was extended to September 15, 1998 and further extended to January 15, 1999. In December 1998, Cheniere received commitments from certain noteholders to exchange notes payable for an aggregate of 2,812,528 shares of Cheniere common stock at a price of $0.72 per share. Accordingly, the $2,025,020 face amount of the exchanged notes was classified as a long-term obligation as of December 31, 1998. For those notes which were not exchanged for common stock, the maturity date has been extended to July 15, 1999. The notes bear interest at a rate of LIBOR plus 4%. The securities purchase agreements which govern such bridge financing specify that, during the term of the notes, capital raised by the Company in excess of $5,000,000 must be directed to repayment of the notes.

In connection with the December 1997 Bridge Financing, Cheniere issued 100,000 shares of common stock and four-year warrants to purchase 1,333,334 shares of common stock at $2-3/8 per share. Additional warrants to purchase 1,600,000 shares of Cheniere common stock were issued on September 15, 1998 in consideration for the extension to that date. In connection with the extension to January 15, 1999, the Company offered two alternatives of consideration.

Holders of $3,000,000 of the notes elected to reduce the exercise price of their warrants to $1.50 per share. The holder of $1,000,000 of the notes elected to reduce the exercise price of its warrants to $2.00 per share, to extend the term of such warrants to five years from the latter of September 15, 1998 or the date of issue, to receive additional warrants to purchase 387,500 shares of common stock and to receive 50,000 shares of common stock. In January 1999, the maturity date was extended to March 15, 1999. In March 1999, the maturity date was extended to April 15, 1999. As consideration for the extension to April 15, 1999, the Company reduced the exercise price by $0.25 per share for all warrants issued in connection with the issuance or extensions of the notes. In April 1999, the maturity date was extended to July 15, 1999.

NOTE 3 - PRODUCTION PAYMENT

In March 1999, the Company sold a production payment and stock option for $400,000. Under the terms of the production payment and stock option agreement, the production payment could be exchanged for common stock at the election of the holder. In April 1999, the production payment was exchanged for 584,475 shares of common stock.

NOTE 4 - STOCK OPTIONS

On March 18, 1999, the Company granted options to certain employees under the Cheniere Energy, Inc. 1997 Stock Option Plan. Options covering a total of 218,500 shares of common stock were granted to employees, exercisable at $1.50 per share, which is above the quoted market price of the stock at the time of the grant. The options vest 25% at each of the first four anniversaries of the date of grant and expire on the fifth anniversary date of the grants.

Also on March 18, 1999, the Company's Board of Directors elected a new outside director. This director was granted options to purchase 35,000 shares of the Company's common stock at an exercise price of $3.00 per share, which is above the quoted market price at the time of the grant. These options vest on 22,500 shares on March 18, 2000, and on 12,500 shares on March 18, 2001, and will expire on March 17, 2004.

NOTE 5 - RELATED PARTY TRANSACTIONS

In conjunction with certain of the Company's private placements of equity, placement fees have been paid to Investors Administration Services, Limited ("IAS"), a company in which the brother of the Company's Co-Chairman, Charif Souki, is a principal. Placement fees totaling $30,000 were paid to IAS related to the April 1999 private placement of units described in Note 6.

NOTE 6 - SUBSEQUENT EVENTS

In April 1999, the Company completed the private placement of 300,000 units, each unit representing one share of Cheniere common stock and a warrant to purchase one share of common stock at a share price equal to the lesser of $1.00 or an amount calculated as 65% times the lowest trading price of Cheniere common stock during the 30-day period ending June 12, 1999.

Also in April 1999, the Company issued 584,475 shares of common stock in exchange for the cancellation of a production payment which it had sold in March 1999. The terms of the production payment and stock option agreement provided for the per share price of the exchange

to be an amount equal to 75% times the average closing bid price for the five-day period preceding notice of the exchange. The balance of the production payment at the time of the exchange was $400,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General - Cheniere Energy, Inc. is currently a development stage company, which has not yet begun generating revenues, and reports as such under the provisions of SFAS No. 7. The Company's unaudited consolidated financial statements and notes thereto relate to the three-month periods ended March 31, 1999 and 1998. 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, 1998 contain detailed information that should be referred to in conjunction with the following discussion.

Results of Operations

Comparison of Three-Month Periods Ended March 31, 1999 and 1998 - The Company's operating results for the three months ended March 31, 1999 reflect a loss of $329,105, or $0.02 per share, compared to a loss of $189,500 or $0.01 per share a year earlier. The Company has not yet begun to generate operating revenues. General and administrative expenses of $334,043 in the three months ended March 31, 1999 were higher than the $195,394 reported for the comparable period a year earlier. The 1999 quarter included an increased level of activity related to the commencement of the Company's drilling operations. This activity included additional personnel and office costs as well as legal expenses related to oil and gas contract matters. Expenses in the first quarter of 1999 also included legal and professional fees related to year-end financial reporting for the fiscal year ended December 31, 1998. The comparable three months of 1998 did not include such expenses. At that time, the Company's fiscal year ended on August 31 rather than December 31.

Liquidity and Capital Resources

Since Cheniere's inception in February 1996, the business plan of the Company has included a lengthy start-up period before revenues would begin. Some of the prerequisite activities to be accomplished before the commencement of operating revenues were: the acquisition of 3-D seismic data, the processing of that seismic data, the interpretation of that seismic data to identify prospects, the leasing of those prospects, and the drilling of those prospects to prove up oil and gas reserves for production and sale to generate operating revenues. Cheniere has completed the acquisition of proprietary data over a 230-square-mile 3-D seismic survey in Cameron Parish, Louisiana, and the adjacent offshore area. It has processed and is interpreting the seismic data. It has identified 15 prospects to date and has acquired leases over the majority of those prospects. Cheniere has just begun the drilling phase of its exploration project.

Drilling operations commenced in February 1999. A completion attempt was made on the Company's initial well (at the Cobra Prospect) but the well was not productive in commercial quantities. Cheniere then commenced drilling a test well on its second prospect, Redfish, where completion operations and testing are presently underway. The Company has drilled a well on its third prospect, Shark, and determined that the indicated reserves found present were not adequate to justify a completion in an offshore environment. Cheniere is presently making plans for the drilling of its fourth and fifth prospects.

To fund its activities to date, Cheniere has raised $22,125,000 through private placements of its equity securities and $1,974,980 (net) through the issuance of bridge notes payable. The

Company has raised these funds through a series of private placements of moderate amounts of its securities. The Company has consistently issued its common stock in amounts necessary to meet financial needs when required. It has not been the strategy of the Company to raise a significant amount of capital in excess of its current needs, but rather, to sell stock as funds are required.

The Company anticipates that future liquidity requirements, including repayment of $1,974,980 in short-term notes payable maturing on July 15, 1999, exploration and development activities within the 3-D Exploration Program, other oil and gas activities and general corporate requirements will be met by a combination of: cash balances, the sale of equity, further borrowings, and/or the sale of portions of its interest in the 3-D Exploration Program or in the prospects generated thereunder. At this time, no assurance can be given that such further sales of equity, future borrowings, or sales of portions of its interest in the 3-D Exploration Program or in the prospects generated thereunder will be accomplished.

Subsequent to December 31, 1998, however, Cheniere has raised funds from the following sources: $658,000 through the sale of interests in three wells, $275,000 through the sale of a seismic option on three additional prospects, $2,025,020 through the issuance of common stock in exchange for the cancellation of notes payable, $400,000 through the sale of a production payment and $300,000 through the issuance of units comprised of common stock and warrants.

Year 2000

The Year 2000 presents significant issues for many computer systems. Much of the software in use today may not be able to accurately process data beyond the year 1999. The vast majority of computer systems process transactions using two digits for the year of the transaction, rather than the full four digits, making such systems unable to distinguish January 1, 2000 from January 1, 1900. Such systems may encounter significant processing inaccuracies or become inoperable when Year 2000 transactions are processed. Such matters could impact not only the Company in its day-to-day operations but also the Company's financial institutions, customers and vendors as well as state, provincial and federal governments with jurisdictions where the Company maintains operations.

The Company is currently addressing Year 2000 issues and is presently focussing on its internal business systems and processes. To the extent necessary, the Company will assess the readiness of any key business partners (financial institutions, customers, vendors, oil and gas operators, etc.).

It has been the Company's strategy to use, wherever possible, industry prevalent products and processes with minimal customization. As a result, the Company does not expect any extensive in-house hardware, software or process conversions in an effort to be Year 2000 compliant nor does the Company expect its Year 2000 compliance related costs to be material to its operations.

The Company's goal is to be Year 2000 compliant by June 30, 1999 wherever possible and to have contingency plans in place where compliance is not possible in a timely manner. While it is the Company's goal to be Year 2000 compliant, there can be no assurance that there will not be a material adverse effect on the Company as a result of a Year 2000 related issue. The Company's business partners may present the area of greatest risk to the Company, in part because of the Company's limited ability to influence actions of third parties, and in part because of the Company's inability to estimate the level and impact of noncompliance of third parties. Additionally, there are many variables and uncertainties associated with judgments regarding any contingency plans developed by the Company.

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 Notes 2, 3 and 4 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, 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 its obligations under the Exploration 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 the exploration and development within the Survey AMI; and statements about non-historical Year 2000 information, are forward-looking statements within the meaning of the Act. 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 the 3-D Exploration Program.

- The Company's ability to discover hydrocarbons in sufficient quantities to be economically viable, and its ability to overcome the operating hazards that are inherent in the oil and gas industry.

- 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 Company's ability to replace, modify or upgrade computer programs in ways that adequately address the Year 2000 issue.

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

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3.1	Amended and Restated Certificate of Incorporation of Cheniere Energy, Inc. ("Cheniere") (Incorporated by reference to Exhibit 3.1 of the Company's Registration Statement on Form S-1 filed on August 27, 1996 (File No. 333-10905))
3.2	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))
27.1	Financial Data Schedule

(b) None.

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 14, 1999

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