
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2006

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. 001-16383

CHENIERE ENERGY, INC.

(Exact name as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

95-4352386

(I.R.S. Employer Identification No.)

717 Texas Avenue, Suite 3100

Houston, Texas

(Address of principal executive offices)

77002

(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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 3, 2006, there were 54,826,009 shares of Cheniere Energy, Inc. Common Stock, \$.003 par value, issued and outstanding.

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**CAUTIONARY STATEMENT
REGARDING FORWARD-LOOKING STATEMENTS**

This quarterly report contains certain statements that are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical facts, included herein or incorporated herein by reference are "forward-looking statements." Included among "forward-looking statements" are, among other things:

- statements that we expect to commence or complete construction of each of our proposed liquefied natural gas ("LNG") receiving terminals or our proposed pipelines, or any expansions or extensions thereof, by certain dates, or at all;
- statements that we expect to receive Draft Environmental Impact Statements or Final Environmental Impact Statements from the Federal Energy Regulatory Commission ("FERC") by certain dates, or at all, or that we expect to receive an order from FERC authorizing us to construct and operate proposed LNG receiving terminals or proposed pipelines by certain dates, or at all;
- statements regarding future levels of domestic or foreign natural gas production or consumption or future levels of LNG imports into North America or sales of natural gas in North America, regardless of the source of such information, or the transportation or other infrastructure or prices related to natural gas, LNG or other hydrocarbon products;
- statements regarding any financing transactions or arrangements, or ability to enter into such transactions, whether on the part of Cheniere or at the project level, including financing arrangements for which we may have received commitment letters;
- statements relating to the construction of our proposed LNG receiving terminals and our proposed pipelines, including statements concerning the engagement of any engineering, procurement and construction ("EPC") contractor and the anticipated terms and provisions of any agreement with an EPC contractor, and anticipated costs related thereto;

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- statements regarding any terminal use agreement (“TUA”) or other agreement to be entered into or performed substantially in the future, including any cash distributions and revenues anticipated to be received and the anticipated timing thereof, and statements regarding the amounts of total regasification capacity that is, or may become subject to, TUAs or other contracts;
- statements that our proposed LNG receiving terminals and pipelines, when completed, will have certain characteristics, including amounts of regasification and storage capacities, a number of storage tanks and docks, pipeline deliverability and the number of pipeline interconnections, if any;
- statements regarding possible expansions of the currently projected size of any of our proposed LNG receiving terminals;
- statements regarding our business strategy, our business plans or any other plans, forecasts or objectives, any or all of which are subject to change;
- statements regarding any Securities and Exchange Commission (“SEC”) or other governmental or regulatory inquiry or investigation;
- statements regarding anticipated legislative, governmental, regulatory, administrative or other public body actions, requirements, permits or decisions;
- statements regarding our anticipated LNG and natural gas marketing activities; and
- any other statements that relate to non-historical or future information.

These forward-looking statements are often identified by the use of terms and phrases such as “achieve,” “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “plan,” “project,” “propose,” “strategy” and similar terms and phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this quarterly report.

Our actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those discussed in “Risk Factors” of our annual report on Form 10-K for the year ended December 31, 2005. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these risk factors. These forward-looking statements are made as of the date of this quarterly report. Other than as required under the securities laws, we assume no obligation to update or revise these forward-looking statements or provide reasons why actual results may differ.

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CHENIERE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(in thousands, except share data)

	March 31, 2006 (unaudited)	December 31, 2005 (as adjusted)
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 678,098	\$ 692,592
Restricted cash and cash equivalents	144,948	160,885
Restricted certificate of deposit	682	676
Advances to EPC contractor	—	8,087
Accounts receivable	3,799	2,912
Derivative assets	9,413	5,468
Prepaid expenses	2,857	843
Total current assets	839,797	871,463
NON-CURRENT RESTRICTED CASH AND CASH EQUIVALENTS		
PROPERTY, PLANT AND EQUIPMENT, NET	15,234	16,500
DEBT ISSUANCE COSTS, NET	341,695	280,106
INVESTMENT IN LIMITED PARTNERSHIP	41,297	43,008
GOODWILL	—	—
LONG-TERM DERIVATIVE ASSETS	76,844	76,844
INTANGIBLE ASSETS	16,943	1,837
OTHER	240	93
Total assets	<u>\$ 1,332,351</u>	<u>\$ 1,290,147</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 2,219	\$ 778
Accrued liabilities	24,512	54,544
Current portion of long-term debt	6,000	6,000
Total current liabilities	32,731	61,322
LONG-TERM DEBT		
DEFERRED REVENUE	986,000	917,500
LONG-TERM DERIVATIVE LIABILITIES	41,000	41,000
LONG-TERM ASSET RETIREMENT OBLIGATION	—	1,682
COMMITMENTS AND CONTINGENCIES	—	102
STOCKHOLDERS' EQUITY		
Preferred stock, \$.0001 par value		
Authorized: 5,000,000 shares issued and outstanding: none	—	—
Common stock, \$.003 par value		
Authorized: 120,000,000 shares at both March 31, 2006 and December 31, 2005 issued and outstanding: 54,768,837 shares at March 31, 2006 and 54,521,131 shares at December 31, 2005	165	164
Treasury stock, 24,300 common shares at cost	(932)	—
Additional paid-in-capital	372,920	375,551
Deferred compensation	—	(9,684)
Accumulated deficit	(117,099)	(101,288)
Accumulated other comprehensive income	17,566	3,798
Total stockholders' equity	272,620	268,541
Total liabilities and stockholders' equity	<u>\$ 1,332,351</u>	<u>\$ 1,290,147</u>

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

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CHENIERE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2006	2005 (as adjusted)
Revenues		
Oil and gas sales	\$ 422	\$ 737
Total revenues	<u>422</u>	<u>737</u>
Operating costs and expenses		
LNG receiving terminal and pipeline development expenses	8,313	5,424
Exploration costs	838	542
Oil and gas production costs	51	56
Depreciation, depletion and amortization	606	205
General and administrative expenses	13,181	4,990
Total operating costs and expenses	<u>22,989</u>	<u>11,217</u>
Loss from operations	(22,567)	(10,480)
Equity in net loss of limited partnership	—	(844)
Derivative gain	761	—
Interest expense	(11,138)	—
Interest income	9,544	1,793
Other income	176	—
Loss before income taxes and minority interest	(23,224)	(9,531)
Income tax benefit	7,413	—
Loss before minority interest	(15,811)	(9,531)
Minority interest	—	97
Net loss	<u>\$(15,811)</u>	<u>\$ (9,434)</u>
Net loss per common share—basic and diluted	<u>\$ (0.29)</u>	<u>\$ (0.18)</u>
Weighted average number of common shares outstanding—basic and diluted	<u>54,217</u>	<u>52,364</u>

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

CHENIERE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	<u>Common Stock</u>		<u>Treasury Stock</u>		<u>Additional Paid-In Capital</u>	<u>Deferred Compensation</u>	<u>Accumulated Deficit</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>					
Balance—December 31, 2005 (as adjusted)	54,521	\$ 164	—	\$ —	\$375,551	\$ (9,684)	\$ (101,288)	\$ 3,798	\$ 268,541
Issuances of stock	184	1	—	—	1,162	—	—	—	1,163
Issuance of restricted stock	88	—	—	—	—	—	—	—	—
Reversal of deferred compensation	—	—	—	—	(9,684)	9,684	—	—	—
Stock-based compensation	—	—	—	—	5,891	—	—	—	5,891
Purchase of treasury stock	—	—	(24)	(932)	—	—	—	—	(932)
Comprehensive income on interest rate swaps	—	—	—	—	—	—	—	13,768	13,768
Net loss	—	—	—	—	—	—	(15,811)	—	(15,811)
Balance—March 31, 2006	<u>54,793</u>	<u>\$ 165</u>	<u>(24)</u>	<u>\$ (932)</u>	<u>\$372,920</u>	<u>\$ —</u>	<u>\$ (117,099)</u>	<u>\$ 17,566</u>	<u>\$ 272,620</u>

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

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CHENIERE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2006	2005 (as adjusted)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (15,811)	\$ (9,434)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, depletion and amortization	606	205
Impairment of unproved properties	323	241
Exploration dry holes	240	—
Amortization of debt issuance cost	918	—
Non-cash compensation	5,600	874
Deferred tax benefit	(7,413)	—
Equity in net loss of limited partnership	—	844
Minority interest	—	(97)
Non-cash derivative gain	(722)	—
Other	184	22
Changes in operating assets and liabilities		
Accounts receivable	281	(60)
Prepaid expenses	(2,014)	(1,290)
Accounts payable and accrued liabilities	(2,670)	5,765
NET CASH USED IN OPERATING ACTIVITIES	(20,478)	(2,930)
CASH FLOWS FROM INVESTING ACTIVITIES:		
LNG terminal and pipeline construction-in-progress	(73,807)	(6,457)
Use of (investment in) restricted cash and cash equivalents	17,203	(1,760)
Advance to EPC contractor	—	(32,347)
Purchases of fixed assets	(1,655)	(1,424)
Investment in limited partnership	—	(1,134)
Oil and gas property additions	(1,954)	(293)
Sale of interest in oil and gas prospects	448	—
Other	(5)	(294)
NET CASH USED IN INVESTING ACTIVITIES	(59,770)	(43,709)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of term loan	(1,500)	—
Purchase of treasury shares	(932)	—
Debt issuance costs	(2,978)	(16,637)
Sale of common stock	1,164	1,625
Borrowing under Sabine Pass Credit Facility	70,000	—
Other	—	56
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	65,754	(14,956)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,494)	(61,595)
CASH AND CASH EQUIVALENTS—BEGINNING OF PERIOD	692,592	308,443
CASH AND CASH EQUIVALENTS—END OF PERIOD	\$678,098	\$ 246,848

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. have been prepared in accordance with generally accepted accounting principles in the United States 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 our opinion, all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation, have been included. As used herein, the terms “Cheniere,” “we,” “our” and “us” refer to Cheniere Energy, Inc. and its subsidiaries.

For further information, refer to the consolidated financial statements and footnotes included in our annual report on Form 10-K for the year ended December 31, 2005. Interim results are not necessarily indicative of results to be expected for the full fiscal year ending December 31, 2006. Certain reclassifications have been made to conform prior period amounts to the current period presentation. These reclassifications had no effect on net loss or stockholders’ equity. As discussed below, we changed our method of accounting for investments in oil and gas properties from the full cost method to the successful efforts method of accounting, and as a result, the change in accounting method required that all prior period financial statements be adjusted to reflect the results and balances that would have been reported had we been following the successful efforts method of accounting from inception.

All references to issued and outstanding shares, weighted average shares, and per share amounts in the accompanying unaudited consolidated financial statements have been retroactively adjusted to reflect our two-for-one stock split that occurred on April 22, 2005.

New Accounting Pronouncements

In February 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 155, *Accounting for Certain Hybrid Financial Instruments – An Amendment of FASB Statements No. 133 and 140*. SFAS No. 155 provides entities with relief from having to separately determine the fair value of an embedded derivative that would otherwise be required to be bifurcated from its host contract in accordance with SFAS No. 133. SFAS No. 155 allows an entity to make an irrevocable election to measure such a hybrid financial instrument at fair value in its entirety, with changes in fair value recognized in earnings. SFAS No. 155 is effective for all financial instruments acquired, issued or subject to a remeasurement event occurring after the beginning of an entity’s first fiscal year that begins after September 15, 2006. We believe that the adoption of SFAS No. 155 will not have a material impact on our consolidated financial statements.

In March 2006, the FASB issued SFAS No. 156, *Accounting for Servicing of Financial Assets – An Amendment to FASB Statement No. 140*. Once effective, SFAS No. 156 will require entities to recognize a servicing asset or liability each time they undertake an obligation to service a financial asset by entering into a servicing contract in certain situations. This statement also requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value and permits a choice of either the amortization or fair value measurement method for subsequent measurement. The effective date of this statement is for annual periods beginning after September 15, 2006, with earlier adoption permitted as of the beginning of an entity’s fiscal year provided the entity has not issued any financial statements for that year. We do not plan to adopt SFAS No. 156 early, and do not believe that it will have a material impact on our consolidated financial statements.

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

Change in Method of Accounting for Investments in Oil and Gas Properties

Effective January 1, 2006, we converted from the full cost method to the successful efforts method of accounting for our investments in oil and gas properties. While our primary focus is the development of our LNG-related businesses, we have continued to be involved, to a limited extent, in oil and gas exploration and development activities in the U.S. Gulf of Mexico. We believe, in light of our current level of exploration and development activities, the successful efforts method of accounting provides a better matching of expenses to the period in which oil and gas production is realized. As a result, we believe that the change in accounting method at this time is appropriate. The change in accounting method constitutes a “Change in Accounting Principle,” requiring that all prior period financial statements be adjusted to reflect the results and balances that would have been reported had we been following the successful efforts method of accounting from our inception. The cumulative effect of the change in accounting method as of December 31, 2004 and 2005 was to reduce the balance of our net investment in oil and gas properties and retained earnings at those dates by \$18,237,000 and \$17,977,000, respectively. The change in accounting method resulted in an increase in the net loss of \$219,000, or \$0.00 per share (basic and diluted), for the three months ended March 31, 2005 (see Note 17—“Adjustment to Financial Statements – Successful Efforts”). The change in method of accounting has no impact on cash or working capital.

Successful Efforts Method of Accounting

We have elected to follow the successful efforts method of accounting for our oil and gas properties. Under this method, production costs, geological and geophysical costs including the cost of seismic data, delay rentals, costs of unsuccessful exploratory wells, and internal costs directly related to our exploration and development activities are charged to expense as incurred. The costs of property acquisitions, successful exploratory wells, development costs, and support equipment and facilities are initially capitalized when incurred. In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, we review proved oil and gas properties and other long-lived assets for impairment when events and circumstances indicate a decline in the recoverability of the carrying value of such properties, such as a downward revision of the reserve estimates or commodity prices. We estimate the future cash flows expected in connection with the properties and compare such future cash flows to the carrying amount of the properties to determine if the carrying amount is recoverable. When the carrying amounts of the properties exceed their estimated undiscounted future cash flows, the carrying amount of the properties is written down to their estimated fair value. The factors used to determine fair value include, but are not limited to, estimates of proved reserves, future commodity prices, timing of future production, future capital expenditures and a risk-adjusted discount rate. Individually significant unproved properties are also periodically assessed for impairment of value, and a loss is recognized at the time of impairment by providing an impairment allowance. Depreciation, depletion and amortization of proved oil and gas properties is determined on a field-by-field basis using the unit-of-production method over the life of the remaining proved reserves.

Capitalized Exploratory Well Costs

In April 2005, the FASB issued a FASB Staff Position (“FSP”) No. FAS 19-1, “*Accounting for Suspended Well Costs*,” which amends FSP No. FAS 19, “*Financial Accounting and Reporting by Oil and Gas Producing Companies*.” Under the provisions of the FSP No. FAS 19-1, exploratory well costs continue to be capitalized after the completion of drilling when (i) the well has found a sufficient quantity of reserves to justify completion as a producing well and (ii) the enterprise is making sufficient progress assessing the reserves and the economic and operating viability of the project. If either condition is not

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

met, or if an enterprise obtains information that raises substantial doubt about the economic or operational viability of the project, the exploratory well would be assumed to be impaired, and its costs, net of any salvage value, would be charged to expense. The FSP No. FAS 19-1 provides several indicators that can assist an entity in demonstrating that sufficient progress is being made when assessing the reserves and economic viability of the project.

At March 31, 2006, our suspended well costs for wells on which drilling was completed more than one year ago were \$164,000 relating to a single well, an increase of \$164,000 since December 31, 2005. There were no suspended well costs charged to expense in the three months ended March 31, 2006.

NOTE 2—Restricted Cash and Cash Equivalents

In February 2005, Sabine Pass LNG, L.P., our wholly-owned subsidiary (“Sabine Pass LNG”), entered into an \$822,000,000 credit facility, or the Sabine Pass Credit Facility, with an initial syndicate of 47 financial institutions. Société Générale serves as the administrative agent and HSBC Bank USA, National Association (“HSBC”) serves as collateral agent. Under the terms and conditions of the Sabine Pass Credit Facility, all cash held by Sabine Pass LNG is controlled by the collateral agent. These funds can only be released by the collateral agent upon receipt of satisfactory documentation that the Sabine Pass LNG Phase 1 project costs are bona fide expenditures and are permitted under the terms of the Sabine Pass Credit Facility. The Sabine Pass Credit Facility does not permit Sabine Pass LNG to hold any cash, or cash equivalents, outside of the accounts established under the agreement. Because these cash accounts are controlled by the collateral agent, the Sabine Pass LNG cash balance of \$371,000 held in these accounts as of March 31, 2006 is classified as restricted on our balance sheet.

In August 2005, Cheniere LNG Holdings, LLC, our wholly-owned subsidiary (“Cheniere LNG Holdings”), entered into a \$600,000,000 Senior Secured Term Loan (“Term Loan”) with Credit Suisse, Cayman Islands Branch (“Credit Suisse”), who also serves as collateral agent and administrative agent. Under the conditions of the Term Loan, Cheniere LNG Holdings was required to fund from the loan proceeds a total of \$216,200,000 into two collateral accounts: \$181,000,000 into a debt service reserve collateral account and \$35,200,000 into a capital contribution reserve collateral account. These funds are restricted to the payment of interest and principal due under the Term Loan, reimbursement of certain expenses, and funding of additional capital contributions to Sabine Pass LNG as required under the Sabine Pass Credit Facility. All additional capital contributions contemplated by the Term Loan were funded to Sabine Pass LNG in 2005. Because the accounts are controlled by the collateral agent, our cash and cash equivalent balance of \$159,577,000 held in these accounts as of March 31, 2006 is classified as restricted on our consolidated balance sheet. Of this amount, \$15,000,000 is classified as non-current due to the timing of certain required debt amortization payments.

NOTE 3—Advances to EPC Contractor

In December 2004, Sabine Pass LNG entered into a lump-sum turnkey EPC contract with Bechtel Corporation (“Bechtel”) to construct the initial phase (“Phase 1”) of the Sabine Pass LNG receiving terminal. Under the EPC contract, we were required to make a 5% advance payment to Bechtel upon issuance of the final notice to proceed (“NTP”) related to the construction of Phase 1. A payment of \$32,347,000 was made to Bechtel in March 2005 when the NTP was issued and that amount was classified on our consolidated balance sheet as a current asset. In accordance with the payment schedule included in the EPC contract, \$2,696,000 per month was reclassified to construction-in-progress over a twelve-month period. As of March 31, 2006, the remaining balance of the advance was zero.

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

NOTE 4—Property, Plant and Equipment

Property, plant and equipment is comprised of LNG terminal and natural gas pipeline construction-in-progress expenditures, LNG site and related costs, investments in oil and gas properties, and fixed assets, as follows (in thousands):

	March 31, 2006	December 31, 2005 (as adjusted)
LNG TERMINAL COSTS		
LNG terminal construction-in-progress	\$329,817	\$ 271,142
LNG site and related costs, net	1,101	1,249
Total LNG terminal costs	<u>330,918</u>	<u>272,391</u>
NATURAL GAS PIPELINE COSTS		
Pipeline construction-in-progress	653	—
Total natural gas pipeline costs	<u>653</u>	<u>—</u>
OIL AND GAS PROPERTIES, successful efforts method		
Proved	2,570	97
Unproved	600	1,600
Accumulated depreciation, depletion and amortization	(98)	(57)
Total oil and gas properties, net	<u>3,072</u>	<u>1,640</u>
FIXED ASSETS		
Computers and office equipment	3,938	3,611
Furniture and fixtures	1,264	1,145
Computer software	2,402	1,640
Leasehold improvements	2,023	1,757
Other	72	26
Accumulated depreciation	(2,647)	(2,104)
Total fixed assets, net	<u>7,052</u>	<u>6,075</u>
PROPERTY, PLANT AND EQUIPMENT, net	<u><u>\$341,695</u></u>	<u><u>\$ 280,106</u></u>

NOTE 5—Investment in Limited Partnership

We account for our 30% limited partnership investment in Freeport LNG Development, L.P. (“Freeport LNG”) using the equity method of accounting. For the three months ended March 31, 2006 and 2005, our equity share of the net loss of the limited partnership was \$3,175,000 and \$844,000, respectively. Our net loss for the three months ended March 31, 2005 was increased by \$844,000, which was our equity share of the net loss of the limited partnership. As of March 31, 2006, our basis of the investment in Freeport LNG was zero, and as a result, we did not record \$3,175,000 of our equity share of the loss of the partnership because we did not guarantee any obligations of Freeport LNG and had not committed to provide additional financial support to Freeport LNG at that time. At March 31, 2006 and December 31, 2005, we had cumulative suspended losses of \$7,143,000 and \$3,968,000, respectively, related to this investment.

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

The financial position of Freeport LNG at March 31, 2006 and December 31, 2005, and the results of Freeport LNG's operations for the three months ended March 31, 2006 and 2005, are summarized as follows (in thousands):

	March 31, 2006	December 31, 2005
Current assets	\$368,341	\$ 380,615
Construction-in-progress	315,374	246,351
Fixed assets, net, and other assets	9,503	9,309
Total assets	<u>\$693,218</u>	<u>\$ 636,275</u>
Current liabilities	\$ 49,366	\$ 53,533
Notes payable	667,462	595,766
Deferred revenue and other deferred credits	5,747	5,748
Partners' deficit	(29,357)	(18,772)
Total liabilities and partners' deficit	<u>\$693,218</u>	<u>\$ 636,275</u>
		Three Months Ended
		March 31,
		2006 2005
Loss from continuing operations	\$(10,585)	\$(2,812)
Net loss	\$(10,585)	\$(2,812)
Cheniere's equity in loss from limited partnership (1)	\$ (3,175)	\$ (844)

- (1) As discussed above, we did not record the \$3,175,000 loss in our consolidated financial statements for the three months ended March 31, 2006 because our investment basis was zero.

NOTE 6—Derivative Instruments*Interest Rate Derivative Instruments*

In connection with the closing of the Sabine Pass Credit Facility in February 2005, Sabine Pass LNG entered into swap agreements (the "Sabine Swaps") with HSBC and Société Générale. Under the terms of the Sabine Swaps, Sabine Pass LNG is able to hedge against rising interest rates, to a certain extent, with respect to its drawings under the Sabine Pass Credit Facility, up to a maximum amount of \$700,000,000. The Sabine Swaps have the effect of fixing the LIBOR component of the interest rate payable under the Sabine Pass Credit Facility with respect to hedged drawings under the Sabine Pass Credit Facility up to a maximum of \$700,000,000, at 4.49% from July 25, 2005 through March 25, 2009 and at 4.98%, from March 26, 2009 through March 25, 2012. The final termination date of the Sabine Swaps is March 25, 2012.

In connection with the closing of the Term Loan on August 31, 2005, Cheniere LNG Holdings entered into interest rate swap agreements with Credit Suisse (the "Term Loan Swaps"), to hedge against rising interest rates. Under the terms of the Term Loan Swaps, Cheniere LNG Holdings hedged an initial notional amount of \$600,000,000. The notional amount declines in accordance with anticipated principal payments under the Term Loan. The Term Loan Swaps have the effect of fixing the LIBOR rate component of the interest rate payable under the Term Loan at 3.75% from August 31, 2005 to September 27, 2007, at 3.98% from September 28, 2007 to September 27, 2008, and at 5.98% from September 28, 2008 to September 30, 2010. The final termination date of the Term Loan Swaps is September 30, 2010.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
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Accounting for Hedges

SFAS No. 133, as amended and interpreted by other related accounting literature, establishes accounting and reporting standards for derivative instruments. Under SFAS No. 133, we are required to record derivatives on our balance sheet as either an asset or liability measured at their fair value, unless exempted from derivative treatment under the normal purchase and normal sale exception. Changes in the fair value of derivatives are recognized currently in earnings unless specific hedge criteria are met. These criteria require that the derivative is determined to be effective as a hedge and that it is formally documented and designated as a hedge.

We have determined that the Sabine Swaps and the Term Loan Swaps (collectively, the “Swaps”) qualify as cash flow hedges within the meaning of SFAS No. 133 and have designated them as such. At their inception, we determined the hedging relationship of the Swaps and the underlying debt to be highly effective. We will continue to assess the hedge effectiveness of the Swaps on a quarterly basis in accordance with the provisions of SFAS No. 133.

SFAS No. 133 provides that the effective portion of the gain or loss on a derivative instrument designated and qualifying as a cash flow hedging instrument be reported as a component of other comprehensive income (“OCI”) and be reclassified into earnings in the same period during which the hedged forecasted transaction affects earnings. In our case, the impact on earnings is a reduction of \$710,000 in interest expense for the three months ended March 31, 2006. The ineffective portion of the gain or loss on the derivative instrument, if any, must be recognized currently in earnings. For the three months ended March 31, 2006, we have recognized net derivative gains of \$761,000 into earnings. If the forecasted transaction is no longer probable of occurring, the associated gain or loss recorded in OCI is recognized currently in earnings.

Summary of Derivative Values

The following table reflects the amounts that are recorded as assets and liabilities at March 31, 2006 for our derivative instruments (in thousands):

	Interest Rate Derivative Instruments
Current derivative assets	\$ 9,413
Derivative receivables (1)	1,902
Long-term derivative assets	<u>16,943</u>
Total derivative assets	<u>28,258</u>
Current derivative liabilities	—
Derivative payables	—
Long-term derivative liabilities	<u>—</u>
Total derivative liabilities	<u>—</u>
Net derivative assets	<u>\$ 28,258</u>

(1) Included in Accounts Receivable on the Consolidated Balance Sheet.

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

Below is a reconciliation of our net derivative liabilities to our accumulated other comprehensive income at March 31, 2006 (in thousands):

Net derivative asset	\$28,258
Effective non-cash items	(39)
Ineffective non-cash items	<u>(1,198)</u>
Accumulated other comprehensive income before income tax	27,021
Income taxes on other comprehensive loss	<u>(9,455)</u>
Accumulated other comprehensive income after income tax	<u>\$17,566</u>

The maximum length of time over which we have hedged our exposure to the variability in future cash flows for forecasted transactions is seven years under the Swaps. As of March 31, 2006, \$10,539,000 of accumulated net deferred gains on the Swaps, currently included in OCI, are expected to be reclassified to earnings during the next twelve months, assuming no change in the LIBOR forward curves at March 31, 2006. The actual amounts that will be reclassified will likely vary based on the probability that interest rates will, in fact, change. Therefore, management is unable to predict what the actual reclassification from OCI to earnings (positive or negative) will be for the next twelve months.

NOTE 7—Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	<u>March 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
LNG terminal construction costs	\$ 16,247	\$ 39,728
Accrued interest expense and related fees	2,053	4,937
Debt issuance costs	—	3,083
Payroll	109	2,460
LNG terminal development expenses	2,831	1,534
Professional and legal services	906	1,043
Pipeline construction costs	228	—
Fixed assets	541	—
Oil and gas assets	698	—
Insurance expense	—	41
Other accrued liabilities	899	1,718
Accrued liabilities	<u>\$ 24,512</u>	<u>\$ 54,544</u>

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NOTE 8—Long-Term Debt

As of March 31, 2006 and December 31, 2005, our long-term debt was comprised of the following (in thousands):

	<u>March 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
Sabine Pass Credit Facility	\$ 70,000	\$ —
Convertible Senior Unsecured Notes	325,000	325,000
Term Loan	597,000	598,500
	992,000	923,500
Less: Current Portion—Term Loan	(6,000)	(6,000)
Total Long-Term Debt	<u>\$986,000</u>	<u>\$ 917,500</u>

Sabine Pass Credit Facility

In February 2005, Sabine Pass LNG entered into the \$822,000,000 Sabine Pass Credit Facility with an initial syndicate of 47 financial institutions. Société Générale serves as the administrative agent and HSBC serves as collateral agent. The Sabine Pass Credit Facility will be used to fund a substantial majority of the costs of constructing and placing into operation Phase 1 of our Sabine Pass LNG receiving terminal. Unless Sabine Pass LNG decides to terminate availability earlier, the Sabine Pass Credit Facility will be available until no later than April 1, 2009, after which time any unutilized portion of the Sabine Pass Credit Facility will be permanently canceled. Before Sabine Pass LNG could make an initial borrowing under the Sabine Pass Credit Facility, it was required to provide evidence that it had received equity contributions in an amount sufficient to fund \$233,715,000 of the project costs. As of December 31, 2005, the \$233,715,000 in equity contributions had been funded. At December 31, 2005, there were no borrowings outstanding; however, as of March 31, 2006, \$70,000,000 had been drawn under the Sabine Pass Credit Facility.

Borrowings under the Sabine Pass Credit Facility bear interest at a variable rate equal to LIBOR plus the applicable margin. The applicable margin varies from 1.25% to 1.625% during the term of the Sabine Pass Credit Facility. The Sabine Pass Credit Facility provides for a commitment fee of 0.50% per annum on the daily committed, undrawn portion of the facility. Annual administrative fees must also be paid to the administrative and collateral agents. The principal of loans made under the Sabine Pass Credit Facility must be repaid in semi-annual installments commencing six months after the later of (i) the date that substantial completion of the project occurs under the EPC agreement and (ii) the commercial start date under the Total LNG USA, Inc. (“Total”) TUA. Sabine Pass LNG may specify an earlier date to commence repayment upon satisfaction of certain conditions. In any event, payments under the Sabine Pass Credit Facility must commence no later than October 1, 2009, and all obligations under the Sabine Pass Credit Facility mature and must be fully repaid by February 25, 2015.

The Sabine Pass Credit Facility contains customary conditions precedent to any borrowings, as well as customary affirmative and negative covenants. We were in compliance, in all material respects, with these covenants at March 31, 2006 and December 31, 2005. Sabine Pass LNG has obtained, and may in the future seek, consents, waivers and amendments to the Sabine Pass Credit Facility documents. The obligations of Sabine Pass LNG under the Sabine Pass Credit Facility are secured by all of Sabine Pass LNG’s personal property, including the TUAs with Total and Chevron USA, Inc. (“Chevron”) and the partnership interests in Sabine Pass LNG.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – Continued
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During the construction period, all interest costs, including amortization of related debt issuance costs and commitment fees, will be capitalized as part of the total cost of Phase 1 of our Sabine Pass LNG receiving terminal. As of March 31, 2006 and December 31, 2005, \$7,387,000 and \$5,323,000, respectively, in commitment fees, interest costs, impact of interest rate swaps and amortization of debt issuance costs had been capitalized and included in LNG terminal construction-in-progress, respectively.

Convertible Senior Unsecured Notes

In July 2005, we consummated a private offering of \$325,000,000 aggregate principal amount of 2.25% Convertible Senior Unsecured Notes (the “Notes”) due August 1, 2012 to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The Notes are convertible into our common stock pursuant to the terms of the indenture governing the Notes at an initial conversion rate of 28.2326 per \$1,000 principal amount of the Notes, which is equal to a conversion price of approximately \$35.42 per share. We may redeem some or all of the Notes on or before August 1, 2012, for cash equal to 100% of the principal plus any accrued and unpaid interest if in the previous 10 trading days the volume-weighted average price of our common stock exceeds \$53.13, subject to adjustment, for at least five consecutive trading days. In the event of such a redemption, we will make an additional payment equal to the present value of all remaining scheduled interest payments through August 1, 2012, discounted at the U.S. Treasury rate plus 50 basis points. The indenture governing the Notes contains customary reporting requirements.

Concurrent with the issuance of the Notes, we also entered into hedge transactions in the form of an issuer call spread (consisting of a purchase and a sale of call options on our common stock) with an affiliate of the initial purchaser of the Notes, having a term of two years, and a net cost to us of \$75,703,000. These hedge transactions are expected to offset potential dilution from conversion of the Notes up to a market price of \$70.00 per share. The net cost of the hedge transactions is recorded as a reduction to Additional Paid-in-Capital in accordance with the guidance of the Emerging Issues Task Force (“EITF”) Issue 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company’s Own Stock*. Net proceeds from the offering were \$239,786,000, after deducting the cost of the hedge transactions, the underwriting discount and related fees. As of March 31, 2006, no holders had elected to convert their Notes. Total interest expense recognized for the three months ended March 31, 2006 was \$2,154,000 before interest capitalization of \$241,000.

Term Loan

In August 2005, Cheniere LNG Holdings entered into the \$600,000,000 Term Loan with Credit Suisse. The Term Loan has an interest rate equal to LIBOR plus a 2.75% margin and matures on August 30, 2012. In connection with the closing, Cheniere LNG Holdings entered into the Term Loan Swaps with Credit Suisse to hedge the LIBOR interest rate component of the Term Loan. The blended rate of the Term Loan Swaps on the Term Loan results in an annual fixed interest rate of 7.25% (including the 2.75% margin) for the first five years (see Note 6—“Derivative Instruments”). On December 30, 2005, Cheniere LNG Holdings made the first required quarterly principal payment of \$1,500,000. Quarterly principal payments of \$1,500,000 are required through June 30, 2012, and a final principal payment of \$559,500,000 is required on August 30, 2012. As discussed in Note 2—“Restricted Cash and Cash Equivalents,” a portion of the loan proceeds is controlled by Credit Suisse and is restricted as to its use.

At March 31, 2006, principal repayments on the Term Loan of \$6,000,000 are due within the next 12 months and are classified on the balance sheet as a current liability. Interest expense for the three

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – Continued
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months ended March 31, 2006 was \$11,138,000 before interest capitalization of \$1,099,000 and impact of the Term Loan Swaps of \$686,000. The Term Loan contains customary affirmative and negative covenants. Cheniere LNG Holdings was in compliance with these covenants, in all material respects, at March 31, 2006. The obligations of Cheniere LNG Holdings are secured by its 100% equity interest in Sabine Pass LNG and its 30% limited partner equity interest in Freeport LNG.

NOTE 9—Financial Instruments

The estimated fair value of financial instruments is the amount at which the instrument could be exchanged currently between willing parties. The carrying amounts reported in the consolidated balance sheet for cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to their short-term nature. We use available marketing data and valuation methodologies to estimate the fair value of debt. This disclosure is presented in accordance with SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, and does not impact our financial position, results of operations or cash flows.

Long-Term Debt (in thousands):

	March 31, 2006	
	Carrying Amount	Estimated Fair Value
Term Loan due 2012 (1)	\$597,000	\$ 597,000
2.25% Convertible Senior Unsecured Notes due 2012 (2)	325,000	418,236
Sabine Pass Credit Facility (3)	70,000	70,000
	<u>\$992,000</u>	<u>\$ 1,085,236</u>

- (1) The Term Loan bears interest based on a floating rate; therefore, the estimated fair value is deemed to equal the carrying amount of these notes.
- (2) The fair value of the Notes is based on the closing bid price as of March 31, 2006.
- (3) The Sabine Pass Credit Facility bears interest based on a floating rate.

NOTE 10—Income Taxes

From our inception, we have reported annual net operating losses for both financial reporting purposes and for federal and state income tax reporting purposes. Accordingly, we are not presently a taxpayer and have not recorded a net liability for federal or state income taxes in any of the periods included in the accompanying financial statements. Our consolidated statement of operations for the three months ended March 31, 2006 and 2005 includes deferred income tax benefits of \$7,413,000, and \$-0-, respectively. The deferred income tax benefit recorded for the three months ended March 31, 2006 has been provided for in accordance with the guidance in paragraph 140 of SFAS No. 109 and EITF Abstracts, Topic D-32, which, in certain circumstances, requires items reported in pre-tax accumulated other comprehensive income to be considered in the determination of the amount of tax benefit when a net operating loss occurs. In our situation, the specific circumstance relates to pre-tax accumulated other comprehensive income of \$27,021,000 recorded as of March 31, 2006 related to our interest rate swaps (see Note 6—“Derivative Instruments” for additional discussion). The deferred tax benefit included in our consolidated statement of operations for the three months ended March 31, 2006, represents the portion of the change in our tax asset valuation account that is allocable to the deferred income tax on items reported in accumulated other comprehensive income in our March 31, 2006 consolidated statement of stockholders’ equity.

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

Income tax benefit included in our reported net loss consists of the following (in thousands):

	Three Months Ended March 31,	
	2006	2005
Current federal income tax expense	\$ —	\$ —
Deferred federal income tax benefit	7,413	—
	<u>\$ 7,413</u>	<u>\$ —</u>

NOTE 11—Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing the net income (loss) by the weighted average number of shares of common stock outstanding for the period. The computation of diluted net income (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock that are dilutive to net income were exercised or converted into common stock or resulted in the issuance of common stock that would then share in Cheniere's earnings.

The following table reconciles basic and diluted weighted average shares outstanding for the three months ended March 31, 2006 and 2005 (in thousands except for loss per share):

	Three Months Ended March 31,	
	2006	2005 (as adjusted)
Weighted average common shares outstanding:		
Basic	54,217	52,364
Dilutive common stock options (1)	—	—
Dilutive common stock warrants (1)	—	—
Dilutive Convertible Senior Unsecured Notes (1)	—	—
Diluted	<u>54,217</u>	<u>52,364</u>
Basic loss per share	\$ (0.29)	\$ (0.18)
Diluted loss per share	\$ (0.29)	\$ (0.18)

(1) Dilutive shares were not included in the calculation, as we had a net loss for the periods ended March 31, 2006 and 2005.

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

NOTE 12—Other Comprehensive Loss

The following table is a reconciliation of our net loss to our comprehensive loss for the periods shown (in thousands):

	Three Months Ended March 31,	
	2006	2005 (as adjusted)
Net loss	\$(15,811)	\$ (9,434)
Other comprehensive income items:		
Cash flow hedges, net of tax	13,768	5,006
Comprehensive loss	<u>\$ (2,043)</u>	<u>\$ (4,428)</u>

NOTE 13—Related Party Transactions

From time to time, officers and employees may charter aircraft for company business travel. We entered into a letter agreement, or charter letter, with an unrelated third-party entity, Western Airways, Inc. (“Western”) that specified the terms under which it would provide for charter of a Challenger 600 aircraft. One of the Challenger 600 aircraft which could be provided by Western for such services was owned by Bramblebush, LLC (the “LLC”). The LLC is owned and/or controlled by our Chairman and Chief Executive Officer, Charif Souki. Our Code of Business Conduct and Ethics prohibits potential conflicts of interest. Upon the recommendation of our Audit Committee, which determined that the terms of the charter letter were fair and in our best interest, our Board of Directors unanimously approved the terms of the charter letter in May 2005 and granted an exception under our Code of Business Conduct and Ethics in order to permit us to charter the Challenger 600 aircraft. For the three months ended March 31, 2006, we incurred \$111,000 related to the charter of the Challenger 600 aircraft owned by the LLC.

NOTE 14—Commitments and Contingencies

In March 2006, Cheniere LNG Services, SARL (“Cheniere LNG Services”), our wholly-owned subsidiary, entered into a 9-year lease for office space in Paris, France. The lease calls for annual payments of approximately \$234,000 (based on the Euro exchange rate in effect on March 31, 2006).

NOTE 15—Supplemental Cash Flow Information

The following table provides supplemental disclosure of cash flow information (in thousands):

	Three Months Ended March 31,	
	2006	2005
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 16,512	\$ —
Income taxes	\$ —	\$ —

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

NOTE 16—Business Segment Information

At this stage in our development, our business activities are conducted within two principal operating segments: LNG receiving terminal development, and oil and gas exploration and development. These segments operate independently.

Our LNG receiving terminal development segment is in various stages of developing three, 100% owned LNG receiving terminal projects along the U.S. Gulf Coast at the following locations: Sabine Pass LNG in western Cameron Parish, Louisiana on the Sabine Pass Channel; Corpus Christi LNG near Corpus Christi, Texas; and Creole Trail LNG at the mouth of the Calcasieu Channel in central Cameron Parish, Louisiana. In addition, we own a 30% minority interest in a fourth project, Freeport LNG, located on Quintana Island near Freeport, Texas. Our related natural gas pipeline development activities and other initiatives that complement the development of our LNG receiving terminal business are also presently included in the segment.

Our oil and gas exploration and development segment explores for oil and natural gas using a regional database of approximately 7,000 square miles of regional 3D seismic data. Exploration efforts are focused on the shallow waters of the Gulf of Mexico offshore of Louisiana and Texas and consist primarily of active interpretation of our seismic data and generation of prospects, through participation in the drilling of wells, and through farm-out arrangements and back-in interests (a reversionary interest in oil and gas leases reserved by us) whereby the capital costs of such activities are borne primarily by industry partners. This segment participates in drilling and production operations with industry partners on the prospects that we generate.

The following table summarizes our revenues, net loss and total assets for each of our operating segments (in thousands):

	Three Months Ended	
	March 31,	
	2006	2005
	(as adjusted)	
Revenues:		
LNG receiving terminal	\$ —	\$ —
Oil and gas exploration and development	422	737
Total	422	737
Corporate and other (1)	—	—
Total consolidated	<u>\$ 422</u>	<u>\$ 737</u>
Net loss:		
LNG receiving terminal	\$(11,178)	\$ (6,761)
Oil and gas exploration and development	(1,184)	(215)
Total	(12,362)	(6,976)
Corporate and other (1)	(3,449)	(2,458)
Total consolidated	<u>\$(15,811)</u>	<u>\$ (9,434)</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – Continued
(Unaudited)

	<u>March 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u> <u>(as adjusted)</u>
Total Assets:		
LNG receiving terminal	\$ 841,006	\$ 783,837
Oil and gas exploration and development	<u>3,291</u>	<u>2,328</u>
Total	844,297	786,165
Corporate and other (1)	<u>488,054</u>	<u>503,982</u>
Total consolidated	<u>\$ 1,332,351</u>	<u>\$ 1,290,147</u>

(1) Includes corporate activities and certain intercompany eliminations.

NOTE 17—Adjustment to Financial Statements – Successful Efforts

As a result of our election to change our method of accounting for investments in oil and gas properties as discussed in Note 1—“Basis of Presentation”, adjustments have been made to the financial statements of prior periods as required by SFAS No. 154, *Accounting Changes and Error Corrections*. The effects of the change as it relates to financial data for the periods presented are displayed below (in thousands, except per share data):

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

Statement of Operations
(Unaudited)

	Three Months Ended March 31, 2006		
	As Computed Under Full Cost	As Reported Under Successful Efforts	Effect of Change
Revenues	\$ 422	\$ 422	\$ —
Operating costs and expenses:			
LNG receiving terminal and pipeline development expenses	8,313	8,313	—
Exploration costs	—	838	838
Oil and gas production costs	51	51	—
Depreciation, depletion and amortization	847	606	(241)
Ceiling test write-down	5,595	—	(5,595)
General and administrative expenses	13,181	13,181	—
Total operating costs and expenses	<u>27,987</u>	<u>22,989</u>	<u>(4,998)</u>
Loss from operations	(27,565)	(22,567)	4,998
Non-operating loss and minority interest	(833)	(657)	176
Loss before income taxes	(28,398)	(23,224)	5,174
Income tax benefit	7,413	7,413	—
Net loss	<u>\$ (20,985)</u>	<u>\$ (15,811)</u>	<u>\$ 5,174</u>
Net loss per share—basic and diluted	<u>\$ (0.39)</u>	<u>\$ (0.29)</u>	<u>\$ 0.10</u>

	Three Months Ended March 31, 2005		
	As Originally Reported	As Reported Under Successful Efforts	Effect of Change
Revenues	\$ 737	\$ 737	\$ —
Operating costs and expenses:			
LNG receiving terminal and pipeline development expenses	5,424	5,424	—
Exploration costs	—	542	542
Oil and gas production costs	56	56	—
Depreciation, depletion and amortization	528	205	(323)
General and administrative expenses	4,990	4,990	—
Total operating costs and expenses	<u>10,998</u>	<u>11,217</u>	<u>219</u>
Loss from operations	(10,261)	(10,480)	(219)
Non-operating income and minority interest	1,046	1,046	—
Loss before income taxes	(9,215)	(9,434)	(219)
Income tax provision	—	—	—
Net loss	<u>\$ (9,215)</u>	<u>\$ (9,434)</u>	<u>\$ (219)</u>
Net loss per share—basic and diluted	<u>\$ (0.18)</u>	<u>\$ (0.18)</u>	<u>\$ —</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – Continued
(Unaudited)

Balance Sheet
(Unaudited)

	March 31, 2006		
	As Computed Under Full Cost	As Reported Under Successful Efforts	Effect of Change
Current assets	\$ 839,797	\$ 839,797	\$ —
Oil and gas properties, net	15,875	3,072	(12,803)
Other property, plant and equipment, net	<u>338,623</u>	<u>338,623</u>	<u>—</u>
Total property, plant and equipment, net	354,498	341,695	(12,803)
Other non-current assets	<u>150,859</u>	<u>150,859</u>	<u>—</u>
Total assets	<u>\$ 1,345,154</u>	<u>\$ 1,332,351</u>	<u>\$ (12,803)</u>
Current liabilities	\$ 32,731	\$ 32,731	\$ —
Non-current liabilities	1,027,000	1,027,000	—
Common stock	165	165	—
Treasury stock	(932)	(932)	—
Additional paid-in capital	372,920	372,920	—
Accumulated deficit	(104,296)	(117,099)	(12,803)
Accumulated other comprehensive income	<u>17,566</u>	<u>17,566</u>	<u>—</u>
Total stockholders' equity	<u>285,423</u>	<u>272,620</u>	<u>(12,803)</u>
Total liabilities and stockholders' equity	<u>\$ 1,345,154</u>	<u>\$ 1,332,351</u>	<u>\$ (12,803)</u>
	December 31, 2005		
	As Originally Reported	As Adjusted	Effect of Change
Current assets	\$ 871,463	\$ 871,463	\$ —
Oil and gas properties, net	19,617	1,640	(17,977)
Other property, plant and equipment, net	<u>278,466</u>	<u>278,466</u>	<u>—</u>
Total property, plant and equipment, net	298,083	280,106	(17,977)
Other non-current assets	<u>138,578</u>	<u>138,578</u>	<u>—</u>
Total assets	<u>\$ 1,308,124</u>	<u>\$ 1,290,147</u>	<u>\$ (17,977)</u>
Current liabilities	\$ 61,322	\$ 61,322	\$ —
Non-current liabilities	960,284	960,284	—
Common stock	164	164	—
Additional paid-in capital	375,551	375,551	—
Deferred compensation	(9,684)	(9,684)	—
Accumulated deficit	(83,311)	(101,288)	(17,977)
Accumulated other comprehensive income	<u>3,798</u>	<u>3,798</u>	<u>—</u>
Total stockholders' equity	<u>286,518</u>	<u>268,541</u>	<u>(17,977)</u>
Total liabilities and stockholders' equity	<u>\$ 1,308,124</u>	<u>\$ 1,290,147</u>	<u>\$ (17,977)</u>

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

Statement of Cash Flows
(Unaudited)

	Three Months Ended March 31, 2006		
	As Computed Under Full Cost	As Reported Under Successful Efforts	Effect of Change
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (20,985)	\$ (15,811)	\$ 5,174
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation, depletion and amortization	847	606	(241)
Ceiling test write-down	5,595	—	(5,595)
Impairment of unproved properties	—	323	323
Exploration dry holes	—	240	240
Other adjustments	(1,433)	(1,433)	—
Changes in operating assets and liabilities	(4,403)	(4,403)	—
NET CASH USED IN OPERATING ACTIVITIES	(20,379)	(20,478)	(99)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Oil and gas property additions, net of sales	(1,605)	(1,506)	99
Other cash flows from other investing activities	(58,264)	(58,264)	—
NET CASH USED IN INVESTING ACTIVITIES	(59,869)	(59,770)	99
NET CASH PROVIDED BY FINANCING ACTIVITIES	65,754	65,754	—
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,494)	(14,494)	—
CASH AND CASH EQUIVALENTS—BEGINNING OF PERIOD	692,592	692,592	—
CASH AND CASH EQUIVALENTS—END OF PERIOD	\$ 678,098	\$ 678,098	\$ —

	Three Months Ended March 31, 2005		
	As Originally Reported	As Reported Under Successful Efforts	Effect of Change
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (9,215)	\$ (9,434)	\$ (219)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation, depletion and amortization	528	205	(323)
Impairment of unproved properties	—	241	241
Other adjustments	1,643	1,643	—
Changes in operating assets and liabilities	4,415	4,415	—
NET CASH USED IN OPERATING ACTIVITIES	(2,629)	(2,930)	(301)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Oil and gas property additions, net of sales	(594)	(293)	301
Other cash flows from other investing activities	(43,416)	(43,416)	—
NET CASH USED IN INVESTING ACTIVITIES	(44,010)	(43,709)	301
NET CASH USED IN FINANCING ACTIVITIES	(14,956)	(14,956)	—
NET DECREASE IN CASH AND CASH EQUIVALENTS	(61,595)	(61,595)	—
CASH AND CASH EQUIVALENTS—BEGINNING OF PERIOD	308,443	308,443	—
CASH AND CASH EQUIVALENTS—END OF PERIOD	\$ 246,848	\$ 246,848	\$ —

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

NOTE 18—Share-Based Compensation

We have granted options to purchase common stock to employees, consultants and outside directors under the Cheniere Energy, Inc. Amended and Restated 1997 Stock Option Plan (“1997 Plan”) and the Cheniere Energy, Inc. Amended and Restated 2003 Stock Incentive Plan (“2003 Plan”). Prior to January 1, 2006, we accounted for grants made under the 1997 Plan and 2003 Plan using the intrinsic value method under the recognition and measurement principles of Accounting Principles Board (“APB”) Opinion No. 25, *Accounting for Stock Issued to Employees* and related interpretations, and applied SFAS No. 123, *Accounting for Stock-Based Compensation*, as amended by SFAS No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure*, for disclosure purposes only. Under APB Opinion No. 25, stock-based compensation cost related to stock options was not recognized in net income since the options granted under those plans had exercise prices greater than or equal to the market value of the underlying stock on the date of grant.

Effective January 1, 2006, we adopted SFAS No. 123 (revised 2004), *Share-Based Payment*, which revised SFAS No. 123 and superseded APB No. 25. SFAS No. 123R requires that all share-based payments to employees be recognized in the financial statements based on their fair values at the date of grant. The calculated fair value is recognized as expense (net of any capitalization) over the requisite service period, net of estimated forfeitures, using the straight-line method under SFAS No. 123R. We consider many factors when estimating expected forfeitures, including types of awards, employee class and historical experience. The statement was adopted using the modified prospective method of application, which requires compensation expense to be recognized in the financial statements for all unvested stock options beginning in the quarter of adoption. No adjustments to prior periods have been made as a result of adopting SFAS No. 123R. Under this transition method, compensation expense for share-based awards granted prior to January 1, 2006, but not yet vested as of January 1, 2006, and not previously amortized through the pro forma disclosures required by SFAS No. 123, will be recognized in our financial statements over their remaining service period. The cost was based on the grant-date fair value estimated in accordance with the original provisions of SFAS No. 123. As allowed by SFAS No. 123, compensation cost associated with forfeited options was reversed for disclosure purposes in the period of forfeiture. As required by SFAS No. 123R, compensation expense recognized in future periods for share-based compensation granted prior to adoption of the standard will be adjusted for the effects of estimated forfeitures.

For the three months ended March 31, 2006 and 2005, the total stock-based compensation expense recognized in our net loss was \$5,891,000 and \$933,000, respectively. The impact of adopting SFAS No. 123R on our first quarter 2006 consolidated statement of operations was an increase in expenses of \$4,543,000, with a corresponding increase in our loss from operations, loss before income taxes and minority interest, and net loss resulting from the first-time recognition of compensation expense associated with employee stock options. The impact on our basic and diluted net loss per common share was an increase in per share net loss of \$0.08. For the three months ended March 31, 2006 and 2005, the total stock-based compensation cost capitalized as part of the cost of capital assets was \$290,000 and \$59,000, respectively.

The total unrecognized compensation cost at March 31, 2006 relating to non-vested share-based compensation arrangements granted under the 1997 Plan and 2003 Plan, before any capitalization, was \$72,084,000. That cost is expected to be recognized over six years, with a weighted average period of 2.2 years.

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CHENIERE ENERGY, INC. AND SUBSIDIARIES
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The adoption of SFAS No. 123R has no effect on net cash flow. Since we are not presently a taxpayer and have provided a valuation allowance against our deferred income tax assets net of liabilities, there is also no effect on our consolidated statement of cash flows. Had we been a taxpayer, we would have recognized cash flow resulting from tax deductions in excess of recognized compensation cost as a financing cash flow. We received total proceeds from the exercise of stock options of \$1,164,000 and \$1,125,000 in the three months ended March 31, 2006 and 2005, respectively.

The following table illustrates the pro forma net income and earnings per share that would have resulted in the three months ended March 31, 2005 from recognizing compensation expense associated with accounting for employee stock-based awards under the provisions of SFAS No. 123. The reported and pro forma net income and earnings per share for the three months ended March 31, 2006 are provided for comparative purposes only, as stock-based compensation expense is recognized in the financial statements under the provisions of SFAS No. 123R (in thousands, except per share data).

	Three Months Ended	
	March 31,	
	2006	2005
Net loss as reported	\$(15,811)	\$ (9,434) (as adjusted)
Add: Stock-based employee compensation included in net loss (1)	5,600	874
Deduct:		
Total stock-based employee compensation expense determined under fair value method for all awards, net of related income tax (1)(2)	(5,600)	(2,219)
Pro forma net loss	<u>\$(15,811)</u>	<u>\$ (10,779)</u>
Net loss per share		
Basic and diluted—as reported	\$ (0.29)	\$ (0.18)
Basic and diluted—pro forma	<u>\$ (0.29)</u>	<u>\$ (0.21)</u>

(1) First quarter 2005 conformed to first quarter 2006 presentation.

(2) Fair value of stock options computed using Black-Scholes-Merton option pricing model and the value of non-vested stock based on intrinsic value in accordance with SFAS No. 123R and SFAS No. 123.

Stock Options

During the first quarter of 2006, we issued options to purchase 474,720 shares of our common stock under the 2003 Plan. This included options to purchase 129,720 shares, granted to new employees as hiring incentives, having an exercise price equal to the stock price on the date of grant, graded vesting over four years, and a 10-year contractual life; an option to purchase 300,000 shares granted to our Chairman having an exercise price of \$90.00, graded vesting over three years beginning in March 2010, and a 10-year contractual life; a fully vested option to purchase 25,000 shares granted to one of our directors having an exercise price equal to the stock price on the date of grant and a 10-year contractual life; and an option to purchase 20,000 shares having an exercise price equal to the stock price on the date of grant, graded vesting over two years, and a five-year contractual life granted to a consultant in exchange for services. These options are being accounted for in accordance with the guidance in SFAS No. 123R, with the exception of the consultant grant, which is being accounted for in accordance with the relevant accounting guidance for equity instruments granted to a non-employee.

CHENIERE ENERGY, INC. AND SUBSIDIARIES
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We estimate the fair value stock options under SFAS No. 123R at the date of grant using a Black-Scholes-Merton valuation model, which is consistent with the valuation technique we previously utilized to value options for the footnote disclosures required under SFAS No. 123. The following table provides the weighted average assumptions used in the Black-Scholes-Merton option valuation model to value options granted in the first quarter of 2006 and 2005. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected term (estimated period of time outstanding) of options granted in 2006 is based on the “simplified” method of estimating expected term for “plain vanilla” options allowed by SEC Staff Accounting Bulletin No. 107, and varies based on the vesting period and contractual term of the option. Prior to 2006, the expected term was based on our historical experience and estimate of future behavior of employees. Expected volatility for options granted in 2006 is based on an equally weighted average of the implied volatility of exchange traded options on our common stock expiring more than one year from the measurement date, and historical volatility of our common stock for a period equal to the option’s expected life. Prior to 2006, estimated volatility was based solely on the historical volatility of our common stock for a period equal to the option’s expected life. We have not declared dividends on our common stock.

	Three Months Ended March 31,	
	2006	2005
Risk-free rate	4.3 – 4.8%	3.6 – 4.4%
Expected life (in years)	6.9	6.8
Expected volatility	55 – 69%	85 – 101%
Weighted average volatility	66%	100%
Expected dividends	0.0%	0.0%

The table below provides a summary of option activity under the combined plans as of March 31, 2006, and changes during the three months then ended:

	Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2006	5,125	\$ 28.66		
Granted	475	71.43		
Exercised	(189)	7.03		
Forfeited or Expired	—	—		
Outstanding at March 31, 2006	<u>5,411</u>	<u>33.17</u>	<u>7.3</u>	<u>\$ 67,635</u>
Exercisable at March 31, 2006	<u>714</u>	<u>\$ 11.28</u>	<u>3.3</u>	<u>\$ 20,917</u>

The weighted average grant-date fair value of options granted during the three months ended March 31, 2006 and 2005 was \$23.55 and \$21.41, respectively. The total intrinsic value of options exercised during the three months ended March 31, 2006 and 2005 was \$5,983,000 and \$8,121,000, respectively.

Stock and Non-Vested Stock

We have granted stock and non-vested stock to employees and outside directors under the 2003 Plan. Prior to January 1, 2006, we accounted for grants of non-vested stock using the intrinsic value

CHENIERE ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – Continued
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method under the recognition and measurement principles of APB No. 25 and recognized the computed value of the non-vested stock in stockholders' equity as an increase in additional paid-in-capital and a corresponding reduction in stockholders' equity attributable to deferred compensation. The balance in deferred compensation was amortized ratably over the vesting period to non-cash compensation expense (before any capitalization) with a corresponding decrease in the deferred compensation balance.

Under SFAS No. 123R, grants of non-vested stock continue to be accounted for on an intrinsic value basis. No recognition of deferred compensation is made in stockholders' equity, however. Instead, the amortization of the calculated value of non-vested stock grants is accounted for as a charge to non-cash compensation and an increase in additional paid-in-capital over the requisite service period. With the adoption of SFAS No. 123R, we offset the remaining unamortized deferred compensation balance (\$9,684,000 at December 31, 2005) in stockholders' equity against additional paid-in-capital. Amortization of the remaining unamortized balance will continue under SFAS No. 123R as described above.

In the first quarter of 2006 a total of 113,071 shares of non-vested stock were granted under the 2003 Plan. In January 2006, 78,671 shares having three-year graded vesting were issued to certain of our executive officers. In February and March 2006, a total of 34,400 shares of non-vested stock having four-year graded vesting were issued to new employees of Cheniere.

The table below provides a summary of the status of our non-vested shares under the 2003 Plan as of March 31, 2006, and changes during the three months then ended (in thousands except for per share information):

	Non-Vested Shares	Weighted Average Grant-Date Fair Value Per Share
Non-vested at January 1, 2006	550	\$ 21.06
Granted (1)	113	38.54
Vested	(218)	7.50
Forfeited	—	—
Non-vested at March 31, 2006	<u>445</u>	<u>\$ 32.14</u>

(1) Includes an award of 25,000 non-vested shares granted under the French Addendum to the 2003 Plan, which have not been issued and are not outstanding at March 31, 2006.

The weighted average grant-date fair value of non-vested stock granted during the three months ended March 31, 2006 and 2005 was \$4,358,000 and \$-0-, respectively. The total grant-date fair value of shares vested during the three months ended March 31, 2006 and 2005 was \$1,635,000 and \$1,716,000, respectively.

Share-Based Plan Descriptions and Information

Our 1997 Plan provides for the issuance of stock options to purchase up to 5,000,000 shares of our common stock, all of which has been granted. Non-qualified stock options were granted to employees, contract service providers and outside directors. Option terms for the remaining unexercised options are five years with vesting that generally occurs on a graded basis over three years.

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

Awards providing for the issuance of up to an aggregate of 8,000,000 shares of our common stock may be made under our 2003 Plan. These awards may be in the form of non-qualified stock options, incentive stock options, purchased stock, restricted (non-vested) stock, bonus (unrestricted) stock, stock appreciation rights, phantom stock, and other stock-based performance awards deemed by the Compensation Committee to be consistent with the purposes of the 2003 Plan. To date, the only awards made by the Compensation Committee have been in the form of non-qualified stock options, restricted stock and bonus stock. Beginning in 2005, stock options granted to employees as hiring incentives have been granted at the money with 10-year terms and graded vesting over four years. Prior to that time, stock options granted as hiring incentives were granted at the money with five-year terms and graded vesting over three years. Retention grants made to employees provide for exercise prices at or in excess of the stock price on the grant date, 10-year terms, and graded vesting over three years, which commences on the fourth anniversary of the grant date. Restricted stock that has been granted as a hiring incentive vests over four years on a graded basis, while restricted stock granted from a bonus pool vests over three years. Shares issued under the 2003 Plan are generally newly issued shares.

NOTE 19—Subsequent Events

On April 4, 2006, Cheniere LNG Marketing, Inc. (“Cheniere Marketing”), our wholly-owned subsidiary, entered into a 10-year Gas Purchase and Sale Agreement with PPM Energy, Inc. (“PPM”), a subsidiary of Scottish Power PLC. Upon completion of certain of our facilities, the agreement gives Cheniere Marketing the ability to sell to PPM up to 600,000 MMBtus of natural gas per day at a Henry Hub-related market index price, and calls for Cheniere Marketing to allocate to PPM a portion of the LNG that it procures under certain long-term LNG supply agreements.

On April 13, 2006, Corpus Christi LNG, L.P. (“Corpus Christi LNG”) entered into an EPC agreement with La Quinta LNG Partners, LP (“La Quinta”). La Quinta is a limited partnership whose general partners are Zachry Construction Corporation and AMEC E&C Services, Inc. Under the terms of the EPC agreement, La Quinta will provide Corpus Christi LNG with certain preliminary design, engineering, procurement, pipeline dismantlement, removal and construction, road construction and site preparation work on a reimbursable basis in connection with the construction of the Corpus Christi LNG facility. Payments anticipated to be made by Corpus Christi LNG to La Quinta for work performed under the EPC Agreement are not expected to exceed \$50,000,000.

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

General

We are engaged primarily in the business of developing and constructing, and then owning and operating, a network of three onshore LNG receiving terminals, and related natural gas pipelines, along the Gulf Coast of the United States. We are also engaged, to a limited extent, in oil and natural gas exploration and development activities in the Gulf of Mexico. We operate four business activities: LNG receiving terminal development, natural gas pipeline development, LNG and natural gas marketing and oil and gas exploration and development. At this stage in our development, our operations are divided into two reporting segments in our financial statements: LNG Receiving Terminal Development and Oil and Gas Exploration and Development.

LNG Receiving Terminal Development Business

We have focused our development efforts on three, 100% owned LNG receiving terminal projects at the following locations: Sabine Pass LNG in western Cameron Parish, Louisiana on the Sabine Pass Channel; Corpus Christi LNG near Corpus Christi, Texas; and Creole Trail LNG at the mouth of the Calcasieu Channel in central Cameron Parish, Louisiana. In addition, we own a 30% interest in a fourth project, Freeport LNG, located on Quintana Island near Freeport, Texas. Our three terminals have an aggregate designed regasification capacity of approximately 10.0 Bcf/d, subject to expansion. We have entered into long-term TUAs with Total and Chevron USA for an aggregate of 2.0 Bcf/d of the available regasification capacity, and we have reserved 2.5 Bcf/d for use by Cheniere Marketing.

Construction of Phase 1 of our Sabine Pass LNG receiving terminal commenced in March 2005, and we anticipate commencing operations at the terminal in 2008. Preliminary work including certain design and engineering work associated with construction of the Corpus Christi LNG receiving terminal commenced during the first quarter of 2006, and we anticipate commencing operations at the facility in 2010. Construction of the Creole Trail LNG receiving terminal is anticipated to commence in 2007, and we anticipate commencing operations at the facility in 2011.

Natural Gas Pipeline Development Business

We anticipate developing natural gas pipelines from each of our three LNG receiving terminals to provide optimal access to North American natural gas markets. Development efforts to date have focused primarily on advancing our pipeline projects through the regulatory review and authorization process. Recently, our development efforts have also included the construction and operation of our proposed natural gas pipelines. Certain preliminary work including engineering, survey and easement acquisition related to our Sabine Pass pipeline are in progress. Subject to FERC approval of the implementation plan for construction of our Sabine Pass pipeline, we anticipate beginning construction in early 2007. We anticipate commencing operations of the pipeline in the fourth quarter of 2007.

LNG and Natural Gas Marketing Business

Our LNG and natural gas marketing business is in its early stages of development. We plan to utilize a portion of our planned LNG receiving terminal regasification capacity through Cheniere Marketing (1.5 Bcf/d and 1.0 Bcf/d currently reserved at the Sabine Pass LNG and Corpus Christi LNG receiving terminals, respectively). Through utilization of this capacity, we intend to purchase LNG from foreign suppliers, arrange transportation of LNG to our network of LNG receiving terminals, arrange the transportation of revaporized natural gas through our pipelines and other interconnected pipelines and sell natural gas to buyers in the North American market. In addition, we also expect to enter into domestic natural gas purchase and sale transactions as part of our marketing activities.

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Oil and Gas Exploration and Development Business

Although our focus is primarily on the development of LNG-related businesses, we continue to be involved to a limited extent in oil and gas exploration, development and exploitation, and in exploitation of our existing 3D seismic database through prospect generation. We have historically focused on evaluating and generating drilling prospects using a regional and integrated approach with a large seismic database as a platform. From time to time, we will invest in drilling a share of these prospects and may pursue opportunities in other geographic locations as well.

Our current oil and gas exploration and development activities are focused on two areas:

- the Cameron Project, which covers an area of approximately 230 square miles extending roughly three to five miles on either side of the westernmost 28 miles of Louisiana coastline; and
- the Offshore Texas Project Area, which covers approximately 6,800 square miles in the shallow waters offshore Texas and the West Cameron Area of offshore Louisiana.

Liquidity and Capital Resources

We are primarily engaged in LNG-related business activities. Our three LNG terminal projects, as well as our proposed pipelines, will require significant amounts of capital and are subject to risks and delays in completion. In addition, our marketing business will need a substantial amount of capital for hiring employees, satisfying creditworthiness requirements of contracts and developing the systems necessary to implement our business strategy. Even if successfully completed and implemented, our LNG-related business activities are not expected to begin to operate and generate significant cash flows before 2008. As a result, our business success will depend to a significant extent upon our ability to obtain the funding necessary to construct our three LNG terminals and related pipelines, to bring them into operation on a commercially viable basis and to finance the costs of staffing, operating and expanding our company during that process.

We currently estimate that the cost of completing our three LNG receiving terminals will be approximately \$3 billion, before financing costs. In addition, we expect that capital expenditures of approximately \$800 million to \$1 billion will be required to construct our three proposed pipelines.

As of March 31, 2006, we had working capital of \$807.1 million. While we believe that we have adequate financial resources available to us through 2006, we must augment our existing sources of cash with significant additional funds in order to carry out our long-term business plan. We currently expect that our capital requirements will be financed in part through cash on hand, issuances of project-level debt, equity or a combination of the two and in part with net proceeds of debt or equity securities issued by Cheniere or other Cheniere borrowings.

Our LNG Receiving Terminals

Sabine Pass LNG

We currently estimate that the cost of constructing Phase 1 of the Sabine Pass LNG facility will be approximately \$900 million to \$950 million, before financing costs, which will be funded as described below. Phase 2 of the Sabine Pass LNG facility may be constructed in stages. The first stage is estimated to cost approximately \$500 million to \$550 million, before financing costs. We are currently evaluating funding alternatives for the first stage of construction of Phase 2 of the Sabine Pass LNG facility, which may include existing cash balances, proceeds from debt or equity offerings, or a combination thereof. The cost estimate for the second stage of constructing Phase 2 of the Sabine Pass LNG facility is still under evaluation.

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Sabine Pass Credit Facility

In February 2005, Sabine Pass LNG entered into the \$822 million Sabine Pass Credit Facility with an initial syndicate of 47 financial institutions. Société Générale serves as the administrative agent and HSBC serves as collateral agent. The Sabine Pass Credit Facility will be used to fund a substantial majority of the costs of constructing and placing into operation Phase 1 of the Sabine Pass LNG receiving terminal. Unless Sabine Pass LNG decides to terminate availability earlier, the Sabine Pass Credit Facility will be available until no later than April 1, 2009, after which time any unutilized portion of the Sabine Pass Credit Facility will be permanently canceled. Before Sabine Pass LNG could make an initial borrowing under the Sabine Pass Credit Facility, it was required to provide evidence that it had received equity contributions in amounts sufficient to fund \$233.7 million of the project costs. As of December 31, 2005, the \$233.7 million equity contributions had been funded and, as a result, we began drawing under the Sabine Pass Credit Facility in January 2006. As of March 31, 2006, \$70 million had been drawn under the Sabine Pass Credit Facility. In addition, we made an intercompany subordinated loan in the amount of \$37.4 million to Sabine Pass LNG in late 2005 to fund certain costs related to Phase 1 of the project.

Borrowings under the Sabine Pass Credit Facility bear interest at a variable rate equal to LIBOR plus the applicable margin. The applicable margin varies from 1.25% to 1.625% during the term of the Sabine Pass Credit Facility. The Sabine Pass Credit Facility provides for a commitment fee of 0.50% per annum on the daily committed, undrawn portion of the Sabine Pass Credit Facility. Administrative fees must also be paid annually to the agent and the collateral agent. The principal of loans made under the Sabine Pass Credit Facility must be repaid in semi-annual installments commencing six months after the later of (i) the date that substantial completion of the project occurs under the EPC agreement and (ii) the commercial start date under the Total TUA. Sabine Pass LNG may specify an earlier date to commence repayment upon satisfaction of certain conditions. In any event, payments under the Sabine Pass Credit Facility must commence no later than October 1, 2009, and all obligations under the Sabine Pass Credit Facility mature and must be fully repaid by February 25, 2015.

Under the terms and conditions of the Sabine Pass Credit Facility, all cash held by Sabine Pass LNG is controlled by the collateral agent. These funds can only be released by the collateral agent upon receipt of satisfactory documentation that the Sabine Pass LNG project costs are bona fide expenditures and are permitted under the terms of the Sabine Pass Credit Facility. The Sabine Pass Credit Facility does not permit Sabine Pass LNG to hold any cash, or cash equivalents, outside of the accounts established under the agreement. Because these cash accounts are controlled by the collateral agent, the Sabine Pass LNG cash balance of \$371,000 held in these accounts as of March 31, 2006 is classified as restricted on our balance sheet.

The Sabine Pass Credit Facility contains customary conditions precedent to borrowings, as well as customary affirmative and negative covenants. Sabine Pass LNG has obtained, and may in the future seek, consents, waivers and amendments to the Sabine Pass Credit Facility documents. The obligations of Sabine Pass LNG under the Sabine Pass Credit Facility are secured by all of Sabine Pass LNG's personal property, including the Total and Chevron USA TUAs and the partnership interests in Sabine Pass LNG.

In connection with the closing of the Sabine Pass Credit Facility, Sabine Pass LNG entered into swap agreements with HSBC and Société Générale. Under the terms of the swap agreements, Sabine Pass LNG will be able to hedge against rising interest rates, to a certain extent, with respect to its drawings under the Sabine Pass Credit Facility up to a maximum amount of \$700 million. The swap agreements have the effect of fixing the LIBOR component of the interest rate payable under the Sabine Pass Credit Facility with respect to hedged drawings under the Sabine Pass Credit Facility, up to a maximum of \$700 million, at 4.49% from July 25, 2005 to March 25, 2009 and at 4.98% from March 26, 2009 through March 25, 2012. The final termination date of the swap agreements is March 25, 2012.

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EPC Agreement

Sabine Pass LNG issued an NTP in early April 2005, which required Bechtel to commence all other aspects of the work under the EPC agreement. Sabine Pass LNG agreed to pay to Bechtel a contract price of \$646.9 million plus certain reimbursable costs for the work under the EPC agreement. This contract price is subject to adjustment for changes in certain commodity prices, contingencies, change orders and other items. Payments under the EPC agreement will be made in accordance with the payment schedule set forth in the EPC agreement. The contract price and payment schedule, including milestones, may be amended only by change order. Bechtel will be liable to Sabine Pass LNG for certain delays in achieving substantial completion, minimum acceptance criteria and performance guarantees. Bechtel will be entitled to a scheduled bonus of \$12 million, or a lesser amount in certain cases, if on or before April 3, 2008, Bechtel completes construction sufficient to achieve, among other requirements specified in the EPC agreement, a sendout rate of at least 2.0 Bcf/d for a minimum sustained test period of 24 hours. Bechtel will be entitled to receive an additional bonus of \$67,000 per day (up to a maximum of \$6 million) for each day that commercial operation is achieved prior to April 1, 2008. As of May 2006, change orders for \$65.8 million were approved, thereby increasing the total contract price to \$712.7 million. We anticipate additional change orders intended to mitigate ongoing effects of the 2005 hurricanes that would increase the contract price by an amount not expected to exceed \$50 million. We have submitted a related change order to our lenders for approval under the Sabine Pass Credit Facility. In addition, we have submitted a request to the lenders that, if approved, would allow us to make subordinated loans related to such change orders for up to an additional \$50 million to Sabine Pass LNG.

Bechtel has claimed events of *force majeure* arising out of three hurricanes in 2005 along the U.S. Gulf Coast. Sabine Pass LNG is currently in negotiations with Bechtel and certain subcontractors concerning additional activities and expenditures in order, among other things, to attract sufficient skilled labor to mitigate potential schedule delays and provide a reasonable opportunity for Bechtel to attain the initial target bonus date of April 3, 2008. As part of these negotiations, we have agreed in principle to defer the date by which substantial completion of the entire project is required to be accomplished under the EPC contract from September 3 to December 20, 2008. In the absence of substantial completion by such date, Bechtel would be obligated to pay us certain liquidated damages as provided under the terms of the contract. We expect that cost under the above-described arrangement will not exceed \$50 million, although such amount is subject to change, requires approval of the lenders under our Sabine Pass Credit Facility and requires that a change order be agreed upon with Bechtel.

Customer TUAs

Total has paid Sabine Pass LNG nonrefundable advance capacity reservation fees of \$20 million in the aggregate in connection with the reservation under a 20-year TUA of approximately 1.0 Bcf/d of LNG regasification capacity at the Sabine Pass LNG receiving terminal. These capacity reservation fee payments will be amortized over a 10-year period as a reduction of Total's regasification capacity fee under the TUA.

Chevron USA has paid Sabine Pass LNG nonrefundable advance capacity reservation fees of \$20 million in the aggregate in connection with the reservation under a 20-year TUA of approximately 1.0 Bcf/d of LNG regasification capacity at the Sabine Pass LNG receiving terminal. These capacity reservation fee payments will be amortized over a 10-year period as a reduction of Chevron USA's regasification capacity tariff under the TUA.

Cheniere Marketing has entered into a TUA with Sabine Pass LNG for 1.5 Bcf/d of regasification capacity at our Sabine Pass LNG receiving terminal, which capacity will be reduced to 600 MMcf/d in the event that both the Total TUA and the Chevron TUA commence prior to completion of Phase 2 of our Sabine Pass LNG facility.

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Proposed Capacity Offering

In April 2006, Sabine Pass LNG began a formal request-for-proposal process with unaffiliated third parties for up to 500 MMcf/d of regasification capacity at the Sabine Pass LNG receiving terminal. We expect the request-for-proposal period to conclude by the end of the second quarter of 2006; however, we may not be able to obtain any TUAs on terms acceptable to us, or at all.

Corpus Christi LNG

We currently estimate that the cost of constructing the Corpus Christi LNG facility will be approximately \$650 million to \$750 million, before financing costs. This estimate is based in part on our negotiations with a major international EPC contractor. Our cost estimate is subject to change due to such items as cost overruns, change orders, changes in commodity prices (particularly steel) and escalating labor costs. We expect to commence operations at the Corpus Christi LNG receiving terminal in early 2010.

Development

On April 13, 2006, Corpus Christi LNG entered into an EPC agreement with La Quinta LNG Partners, LP ("La Quinta"). La Quinta is a limited partnership whose general partners are Zachry Construction Corporation and AMEC E&C Services, Inc. Under the terms of the EPC agreement, La Quinta will provide Corpus Christi LNG with certain preliminary design, engineering, procurement, pipeline dismantlement, removal and construction, road construction and site preparation work on a reimbursable basis in connection with the construction of the Corpus Christi LNG facility. Payments anticipated to be made by Corpus Christi LNG to La Quinta for work performed under the EPC agreement are not expected to exceed \$50 million. We expect to commence operations at the Corpus Christi LNG receiving terminal in early 2010.

Funding

We currently expect to fund the amounts payable under the La Quinta EPC agreement from existing cash balances. The remainder of the project cost is expected to be funded through project financing similar to that used for our Sabine Pass LNG facility, existing cash, proceeds from debt or equity offerings, or a combination thereof.

Customers

Cheniere Marketing has entered into a TUA with Corpus Christi LNG for 1.0 Bcf/d of regasification capacity at the LNG receiving terminal.

Creole Trail LNG

We currently estimate that the cost of constructing the Creole Trail LNG facility will be approximately \$850 million to \$950 million, before financing costs. Our cost estimate is preliminary and subject to change. We currently expect to fund the costs of the Creole Trail LNG terminal project using financing similar to that used for our Sabine Pass LNG facility, proceeds from future debt or equity offerings, existing cash or a combination thereof. If these types of financing are not available, we will be required to seek alternative sources of financing, which may not be available on acceptable terms, if at all.

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Other LNG Interests

We have a 30% limited partner interest in Freeport LNG. Under the limited partnership agreement of Freeport LNG, development expenses of the Freeport LNG project and other Freeport LNG cash needs generally are to be funded out of Freeport LNG's own cash flows, borrowings or other sources, and, up to a pre-agreed total amount, with capital contributions by the limited partners. In July 2004, Freeport LNG entered into a credit agreement with ConocoPhillips to provide a substantial majority of the debt financing. We received capital calls, and made capital contributions, in the amount of approximately \$2.1 million in 2005. In December 2005, Freeport LNG announced that it had closed a \$383 million private placement of notes, which will be used to fund the remaining portion of the initial phase of the project, a portion of the cost of expanding the LNG receiving terminal and the development of 7.5 Bcf of underground salt cavern gas storage. As a result of such financing being obtained, we do not anticipate that any capital calls will be made upon the limited partners of Freeport LNG in the foreseeable future.

Although no capital calls are currently outstanding, and we do not anticipate any in the foreseeable future, additional capital calls may be made upon us and the other limited partners in Freeport LNG. In the event of each such future capital call, we will have the option either to contribute the requested capital or to decline to contribute. If we decline to contribute, the other limited partners could elect to make our contribution and receive back twice the amount contributed on our behalf, without interest, before any Freeport LNG cash flows are otherwise distributed to us. We currently expect to evaluate Freeport LNG capital calls on a case-by-case basis and to fund additional capital contributions that we elect to make using cash on hand and funds raised through the issuance of Cheniere equity or debt securities or other Cheniere borrowings.

Our Proposed Pipelines

We estimate that approximately \$800 million to \$1 billion of total capital expenditures will be required to construct our three proposed pipelines. We currently expect to fund the costs of our three proposed pipelines from our existing cash balances, project financing, proceeds from future debt or equity offerings, or a combination thereof.

In February 2006, Cheniere Sabine Pass Pipeline Company ("Sabine Pass Pipeline Company"), our wholly-owned subsidiary, entered into an EPC pipeline contract with Willbros. Under the EPC pipeline contract, Willbros will provide Sabine Pass Pipeline Company with services for the management, engineering, material procurement, construction and construction management of the Sabine Pass pipeline. Sabine Pass Pipeline Company entered into the EPC pipeline contract sufficiently in advance of commencement of physical construction of the pipeline in order to perform detailed engineering and procure materials. This EPC pipeline contract, among other things, provides for a guaranteed maximum price of approximately \$67.7 million, subject to adjustment under certain circumstances, as provided in the contract. We estimate that the total cost to construct the pipeline, including certain work not included in the EPC pipeline contract, such as interconnection with third-party pipelines, will be approximately \$90 million. Our total cost estimate is preliminary and subject to change due to such items as cost overruns, change orders, changes in commodity prices (particularly steel) and escalation of labor costs. Construction contracts for the Corpus Christi and Creole Trail pipelines have not been negotiated.

Our Marketing Business

We are in the early stages of developing our LNG and natural gas marketing business. We will need to spend funds to develop our marketing business, including capital required to satisfy any creditworthiness requirements under contracts. These costs are expected to be incurred to develop the systems necessary to implement our business strategy and to hire additional employees to conduct our natural gas marketing activities. We expect to fund these expenses with available cash balances.

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In April 2006, Cheniere Marketing entered into a 10-year Gas Purchase and Sale Agreement with PPM. Upon completion of certain of our facilities, the agreement gives Cheniere Marketing the ability to sell to PPM up to 600,000 MMBtus of natural gas per day at a Henry Hub-related market index price, and calls for Cheniere Marketing to allocate to PPM a portion of the LNG that it procures under certain long-term LNG supply agreements.

Other Capital Resources

Convertible Senior Unsecured Notes

In July 2005, we consummated a private offering of \$325 million aggregate principal amount of Convertible Senior Unsecured Notes due August 1, 2012 to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The Notes bear interest at a rate of 2.25% per year. The Notes are convertible into our common stock pursuant to the terms of the indenture governing the Notes at an initial conversion rate of 28.2326 per \$1,000 principal amount of the Notes, which is equal to a conversion price of approximately \$35.42 per share. We may redeem some or all of the Notes on or before August 1, 2012, for cash equal to 100% of the principal plus any accrued and unpaid interest if in the previous 10 trading days the volume-weighted average price of our common stock exceeds \$53.13, subject to adjustment, for at least five consecutive trading days. In the event of such a redemption, we will make an additional payment equal to the present value of all remaining scheduled interest payments through August 1, 2012, discounted at the U.S. Treasury rate plus 50 basis points. The indenture governing the Notes contains customary reporting requirements.

Concurrent with the issuance of the Notes, we also entered into hedge transactions in the form of an issuer call spread (consisting of a purchase and a sale of call options on our common stock) with an affiliate of the initial purchaser of the notes, having a term of two years and a net cost to us of \$75.7 million. These hedge transactions are expected to offset potential dilution from conversion of the Notes up to a market price of \$70.00 per share. The net cost of the hedge transactions will be recorded as a reduction to Additional Paid-in-Capital in accordance with the guidance of EITF Issue 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock*. Net proceeds from the offering were \$239.8 million, after deducting the cost of the hedge transactions, the underwriting discount and related fees. As of March 31, 2006, no holders had elected to convert their Notes.

We currently intend to use the net proceeds from the Notes offering primarily for the following purposes: (i) to fund Phase 2 of the Sabine Pass LNG receiving terminal, development and construction of the Corpus Christi and/or Creole Trail LNG receiving terminals and pipelines, (ii) to pay debt service obligations and/or (iii) for general corporate purposes.

Term Loan

In August 2005, Cheniere LNG Holdings entered into a \$600 million Term Loan with Credit Suisse. The Term Loan has an interest rate equal to LIBOR plus a 2.75% margin and terminates on August 30, 2012. In connection with the closing, Cheniere LNG Holdings entered into swap agreements with Credit Suisse to hedge the LIBOR interest rate component of the Term Loan. The blended rate of the swap agreements on the Term Loan results in an annual fixed interest rate of 7.25% (including the 2.75% margin) for the first five years (see Note 6—"Derivative Instruments" to our Consolidated Financial Statements). On December 30, 2005, Cheniere LNG Holdings made the first required quarterly principal payment of \$1.5 million. Quarterly principal payments of \$1.5 million are required through June 30, 2012, and a final principal payment of \$559.5 million is required on August 30, 2012. The Term Loan contains customary affirmative and negative covenants. The obligations of Cheniere LNG Holdings are secured by its 100% equity interest in Sabine Pass LNG and its 30% limited partner equity interest in Freeport LNG.

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Under the conditions of the Term Loan, Cheniere LNG Holdings was required to fund from the loan proceeds a total of \$216.2 million into two collateral accounts. These funds are restricted and to be disbursed only for the payment of interest and principal due under the Term Loan, reimbursement of certain expenses, and funding of additional capital contributions to Sabine Pass LNG as required under the Sabine Pass Credit Facility. Because these accounts are controlled by Credit Suisse, the collateral agent, our cash and cash equivalent undisbursed balance of \$159.6 million held in these accounts as of March 31, 2006 is classified as restricted on our consolidated balance sheet. Of this amount, \$15 million is classified as non-current due to the timing of certain required debt amortization payments.

We currently intend to use the remaining proceeds from the Term Loan primarily for the following purposes: (i) to fund requirements in excess of amounts available under the Sabine Pass Credit Facility for the construction of the Sabine Pass LNG receiving terminal, (ii) to pay specified Term Loan debt service obligations and certain other expenses, (iii) to fund Phase 2 of the Sabine Pass LNG receiving terminal, (iv) to fund the development and construction of the Corpus Christi and/or Creole Trail LNG receiving terminals and pipelines and/or (v) for general corporate purposes.

Short-Term Liquidity Needs

We anticipate funding our more immediate liquidity requirements, including some expenditures related to the construction of our LNG receiving terminals, the development of our pipeline business, the growth of our marketing business and our oil and gas exploration, development and exploitation activities, through a combination of any or all of the following:

- cash balances;
- drawings under the Sabine Pass Credit Facility;
- issuances of Cheniere debt and equity securities, including issuances of common stock pursuant to exercises by the holders of existing options;
- LNG receiving terminal capacity reservation fees;
- collection of receivables; and
- sales of prospects generated by our oil and gas exploration and development business.

Historical Cash Flows

Net cash used in operations increased to \$20.5 million during the three months ended March 31, 2006 compared to \$2.9 million in the same period of 2005. This \$17.6 million increase was primarily due to continued development of our LNG receiving terminals and related pipelines and increased costs to support such activities.

Net cash used in investing activities was \$59.8 million during the three months ended March 31, 2006 compared to net cash used in investing activities of \$43.7 million during the three months ended March 31, 2005. During the first three months of 2006, we invested \$73.3 million relating to Phase 1 construction activities at our Sabine Pass LNG facility. We also invested \$1.7 million and \$2.0 million in fixed assets and oil and gas drilling activities, respectively. These investment activities were partially offset by a \$17.2 million use of our restricted cash investments during the first quarter of 2006 related to funding of our Sabine Pass LNG construction activities discussed above and to make payments of interest and principal relating to our Term Loan. During the first three months of 2005, we made an advance of \$32.3 million to Bechtel related to the construction of our Sabine Pass LNG receiving terminal. We also invested \$6.5 million in construction-in-progress costs related to the facility. The

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remaining first quarter 2005 cash used in investing activities primarily related to transfers to the Sabine Pass LNG restricted cash collateral accounts under the Sabine Pass Credit Facility, purchase of fixed assets, advances to Freeport LNG and oil and gas property additions.

Net cash provided by financing activities during the first three months of 2006 was \$65.8 million compared to \$15.0 million used in financing activities in the same period of 2005. During the first three months of 2006, we received proceeds from borrowings under the Sabine Pass Credit Facility totaling \$70.0 million and \$1.2 million received from the issuance of common stock related to stock option exercises. These proceeds were partially offset by a \$1.5 million Term Loan principal payment and \$3.0 million in debt issuance costs related to the Sabine Pass Credit Facility which became due at first borrowing under the facility. In addition, we paid federal withholding taxes of \$932,000 in exchange for 24,300 shares of our common stock, which vested in February 2006 and related to stock previously awarded to an executive officer. During the first three months of 2005, we incurred \$16.6 million in debt issuance costs primarily related to the Sabine Pass Credit Facility, partially offset by \$1.6 million in proceeds from the exercise of stock options and warrants.

Due to the factors described above, our cash and cash equivalents decreased to \$678.1 million as of March 31, 2006 compared to \$692.6 million at December 31, 2005, and our working capital decreased to \$807.1 million as of March 31, 2006 compared to \$810.1 million at December 31, 2005.

Issuances of Common Stock

During the first three months of 2006, a total of 168,601 shares of our common stock were issued pursuant to the exercise of stock options, resulting in net cash proceeds of \$1.2 million. In addition, 15,858 shares of common stock were issued in satisfaction of a cashless exercise of options to purchase 20,000 shares of common stock.

In January 2006, 78,671 shares were issued to executive officers in the form of non-vested (restricted) stock awards related to our performance in 2005. During the first three months of 2006, we issued 9,400 shares of non-vested restricted stock to certain employees.

As discussed above, we paid federal payroll withholding taxes of \$932,000 in exchange for 24,300 shares of our common stock which vested in February 2006 related to stock previously awarded to an executive officer. These shares are now held as treasury shares, at cost, and may be reissued in satisfaction of future stock option exercises.

Off-Balance Sheet Arrangements

As of March 31, 2006, we had no off-balance sheet debt or other such unrecorded obligations, and we have not guaranteed the debt of any other party.

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Results of Operations—Comparison of the Three-Month Periods Ended March 31, 2006 and 2005 (As Adjusted)

Overview

Our financial results for the three months ended March 31, 2006 reflect a net loss of \$15.8 million, or \$0.29 per share (basic and diluted), compared to a net loss of \$9.4 million, or \$0.18 per share (basic and diluted), for the three months ended March 31, 2005.

The major factors contributing to our net loss of \$15.8 million during the first quarter of 2006 were LNG terminal and pipeline development expenses of \$8.3 million, general and administrative expenses of \$13.2 million and interest expense of \$11.1 million. These factors were partially offset by interest income of \$9.5 million and a \$7.4 million tax benefit that was recorded in accordance with SFAS No. 109. The major factors contributing to our \$9.4 million net loss during the first three months of 2005 were LNG receiving terminal development expenses of \$5.4 million and general and administrative expenses of \$5.0 million.

LNG Receiving Terminal Development and Related Pipeline Activities

LNG receiving terminal development expenses were 54% higher in the first three months of 2006 (\$8.3 million) than in the first quarter of 2005 (\$5.4 million). Our development expenses primarily include professional fees associated with front-end engineering and design work, obtaining orders from FERC authorizing construction of our facilities and other required permitting for our planned LNG receiving terminals, terminal site rental costs, their related natural gas pipelines as well as other initiatives that complement the development of our LNG receiving terminal business. Expenses of our LNG employees involved in development activities are also included. Beginning in the first quarter of 2005, costs related to the construction of Phase 1 of our Sabine Pass LNG receiving terminal have been capitalized.

In the first quarter of 2006, we recorded \$4.2 million of LNG terminal development expenses attributable to Phase 2 of the Sabine Pass LNG project, Creole Trail LNG and Corpus Christi LNG receiving terminals. In addition, we incurred \$1.2 million of development expenses primarily related to pipeline development activities for our Creole Trail LNG project. We also incurred \$2.9 million in other LNG receiving terminal development expenses, including \$2.1 million in LNG employee-related costs. Our LNG staff increased from an average of 19 employees in the first quarter of 2005 to an average of 36 employees in the first quarter of 2006 as a result of the expansion of our business. LNG employee-related costs for the first quarter of 2006 included non-cash compensation of \$1.2 million.

In the first quarter of 2005, we recorded \$1.2 million in LNG receiving terminal development expenses related to the Creole Trail LNG receiving terminal. In addition, we incurred \$2.2 million of development expenses primarily related to our Creole Trail pipeline development activities. We incurred \$654,000 in LNG receiving terminal development expenses in the first quarter of 2005 with respect to the Corpus Christi LNG receiving terminal and related pipeline. This amount was partially offset by \$97,000 reimbursed by the 33.3% limited partner minority interest for the period prior to our February 2005 acquisition of such minority interest. In addition, we incurred \$1.7 million in other LNG receiving terminal development expenses, including \$1.0 million in LNG employee-related costs. LNG employee-related costs for the first quarter of 2005 also included non-cash compensation of \$292,000 related to the amortization of deferred compensation associated with non-vested stock awarded in 2004.

In the first quarter of 2005, we recorded our 30% equity share of the net loss of Freeport LNG of \$844,000. As of March 31, 2006, our basis of the investment in Freeport LNG was zero, and as a result, we did not record \$3.2 million of our equity share of the loss of the partnership because we did not guarantee any obligations of Freeport LNG and had not committed to provide additional financial support to Freeport LNG at that time (see Note 5—"Investment in Limited Partnership" to our Consolidated Financial Statements).

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General and Administrative Expenses

General and administrative (“G&A”) expenses primarily relate to our general corporate, marketing and other activities. These expenses increased \$8.2 million, or 164%, to \$13.2 million in the first three months of 2006 compared to \$5.0 million in the first three months of 2005. The increase in G&A resulted primarily from the expansion of our business (including increases in corporate and marketing staff from an average of 28 employees in the first three months of 2005 to an average of 84 employees in the first three months of 2006). Corporate and marketing employee-related costs for the first three months of 2006 included non-cash compensation of \$4.2 million. G&A expenses related to the development of our LNG and natural gas marketing business totaled \$1.1 million for the first three months of 2006.

Exploration Expense

Exploration expense includes oil and gas exploration activities that are required to be expensed under the successful efforts method of accounting. In the first three months of 2006, exploration expense increased to \$838,000 compared to \$542,000 in the first three months of 2005. The increase was due to higher lease abandonment costs and the expensing of drilling costs associated with an unsuccessful exploration well.

Depreciation, Depletion and Amortization Expenses

Depreciation, depletion and amortization (“DD&A”) expenses increased \$401,000, or 196%, to \$606,000 million in the first three months of 2006 from \$205,000 in the first three months of 2005. The increase in DD&A expenses was primarily due to a \$401,000 increase in the first three months of 2006 associated with the acquisition of furniture, fixtures and equipment and office space leasehold improvements associated with the expansion of our business.

Derivative Gain, Net

During the first three months of 2006, we recorded a net derivative gain of \$761,000 attributable to the ineffective portion of our interest rate swaps.

Interest Income

Interest income increased to \$9.5 million in the first three months of 2006 from \$1.8 million in the first three months of 2005 because of a higher average cash and cash equivalents balance due to the issuance of the Notes, higher interest rates and completion of the Term Loan during the third quarter of 2005.

Interest Expense

Interest expense, net of capitalization, and impact of interest rate swaps was \$11.1 million in the first three months of 2006 compared to zero in the first three months of 2005. This increase was primarily attributable to the issuance of the Notes and completion of the Term Loan during the third quarter of 2005. Total capitalized interest was \$3.4 million in the first quarter of 2006, primarily related to interest and other related costs attributable to the Sabine Pass Credit Facility.

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Oil and Gas Activities

Oil and gas revenues decreased by \$315,000, or 43%, to \$422,000 in the first three months of 2006 from \$737,000 in the first three months of 2005 as a result of a 55% decrease in production volumes (to 61,000 Mcfe in the first three months of 2006 compared to 135,000 Mcfe in the first three months of 2005), partially offset by a 27% increase in average natural gas prices to \$6.83 per thousand cubic feet ("Mcf") in the first three months of 2006 from \$5.39 per Mcf in the first three months of 2005. Our production costs are relatively minor because most of our revenues are generated from non-cost bearing, overriding royalty interests ("ORRI"). In December 2004, we converted an ORRI to a cost-bearing working interest upon well payout, which resulted in higher production volumes during the first three months of 2005; however, the production from this well was minimal during the first three months of 2006 as the reserves were fully depleted.

Other Income

In the first three months of 2006, we recorded a \$176,000 gain associated with the sale of an oil and gas exploration project.

Income Tax Benefit

A tax benefit of \$7.4 million was recognized in the first quarter of 2006 relating to the portion of the change in our tax asset valuation account that is allocable to the deferred income tax on items reported in accumulated other comprehensive income on derivative instruments in accordance with SFAS No. 109, *Accounting for Income Taxes*, and EITF *Abstracts*, Topic D-32.

Other Matters

Critical Accounting Estimates and Policies

The selection and application of accounting policies is an important process that has developed as our business activities have evolved and as the accounting rules have developed. Accounting rules generally do not involve a selection among alternatives but involve an implementation and interpretation of existing rules, and the use of judgment, to the specific set of circumstances existing in our business. We make every effort to comply properly with all applicable rules on or before their adoption, and we believe that the proper implementation and consistent application of the accounting rules are critical. However, not all situations are specifically addressed in the accounting literature. In these cases, we must use our best judgment to adopt a policy for accounting for these situations. We accomplish this by analogizing to similar situations and the accounting guidance governing them.

Accounting for LNG Activities

Generally, we begin capitalizing the costs of our LNG receiving terminals and related pipelines once the individual project meets the following criteria: (i) regulatory approval has been received, (ii) financing for the project is available and (iii) management has committed to commence construction. Prior to meeting these criteria, most of the costs associated with a project are expensed as incurred. These costs primarily include professional fees associated with front-end engineering and design work, costs of securing necessary regulatory approvals, and other preliminary investigation and development activities related to our LNG receiving terminals and related natural gas pipelines.

Generally, costs that are capitalized prior to a project meeting the criteria otherwise necessary for capitalization include: land costs, costs of lease options and the cost of certain permits which are capitalized as intangible LNG assets. The costs of lease options are amortized over the life of the lease once it is obtained. If no lease is obtained, the costs are expensed. Site rental costs and related amortization of capitalized options have been capitalized during the construction period through the end of 2005. Beginning in 2006, such costs will be expensed as required by FSP 13-1.

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During the construction periods of our LNG receiving terminals and related pipelines, we capitalize interest and other related debt costs in accordance with SFAS No. 34, *Capitalization of Interest Cost*, as amended by SFAS No. 58, *Capitalization of Interest Cost in Financial Statements That Include Investments Accounted for by the Equity Method (an Amendment of FASB Statement No. 34)*. Upon commencement of operations, capitalized interest, as a component of the total cost, will be amortized over the estimated useful life of the asset.

In the first quarter of 2005, we began capitalizing direct costs associated with the construction of Phase I of our Sabine Pass LNG facility. In January and March 2006, we began capitalizing direct costs associated with the construction of the Sabine Pass Pipeline and the Corpus Christi LNG facility, respectively.

Revenue Recognition

LNG regasification capacity fees are recognized as revenue over the term of the respective TUAs. Advance capacity reservation fees are deferred initially.

Change in Method of Accounting for Investments in Oil and Gas Properties

Effective January 1, 2006, we converted from the full cost method to the successful efforts method of accounting for our investments in oil and gas properties. While our primary focus is the development of our LNG-related businesses, we have continued to be involved, to a limited extent, in oil and gas exploration and development activities in the U.S. Gulf of Mexico. We believe, in light of our current level of exploration and development activities, the successful efforts method of accounting provides a better matching of expenses to the period in which oil and gas production is realized. As a result, we believe that the change in accounting method at this time is appropriate. The change in accounting method constitutes a "Change in Accounting Principle," requiring that all prior period financial statements be adjusted to reflect the results and balances that would have been reported had we been following the successful efforts method of accounting from our inception. The cumulative effect of the change in accounting method as of December 31, 2004 and 2005 was to reduce the balance of our net investment in oil and gas properties and retained earnings at those dates by \$18.2 million and \$18.0 million, respectively. The change in accounting method resulted in an increase in the net loss of \$219,000, or \$0.00 per share (basic and diluted), for the three months ended March 31, 2005 (see Note 17—"Adjustment to Financial Statements – Successful Efforts" to our Consolidated Financial Statements). The change in method of accounting has no impact on cash or working capital.

Cash Flow Hedges

As defined in SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, cash flow hedge transactions hedge the exposure to variability in expected future cash flows (i.e., in our case, the variability of floating interest rate exposure). In the case of cash flow hedges, the hedged item (the underlying risk) is generally unrecognized (i.e., not recorded on the balance sheet prior to settlement), and any changes in the fair value, therefore, will not be recorded within earnings. Conceptually, if a cash flow hedge is effective, this means that a variable, such as a movement in interest rates, has been effectively fixed so that any fluctuations will have no net result on either cash flows or earnings. Therefore, if the changes in fair value of the hedged item are not recorded in earnings, then the changes in fair value of the hedging instrument (the derivative) must also be excluded from the income statement or else a one-sided net impact on earnings will be reported, despite the fact that the establishment of the effective hedge results in no net economic impact. To prevent such a scenario from occurring, SFAS No. 133 requires that the fair value of a derivative instrument designated as a cash flow hedge be recorded as an asset or liability on the balance sheet, but with the offset reported as part of other comprehensive income, to the extent that the hedge is effective. Any ineffective portion will be reflected in earnings.

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Goodwill

Goodwill is accounted for in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*. We perform an annual goodwill impairment review in the fourth quarter of each year, although we may perform a goodwill impairment review more frequently whenever events or circumstances indicate that the carrying value may not be recoverable.

Share-Based Compensation Expense

Effective January 1, 2006, we adopted the fair value recognition provisions of SFAS No. 123R using the modified prospective transition method, and therefore have not restated prior periods' results. Under this method, we recognize compensation expense for all share-based payments granted after January 1, 2006 and prior to, but not yet vested as of, January 1, 2006, in accordance with SFAS 123R using the Black-Scholes-Merton option valuation model. Under the fair value recognition provisions of SFAS 123R, we recognize stock-based compensation net of an estimated forfeiture rate and only recognize compensation cost for those shares expected to vest on a straight-line basis over the requisite service period of the award. Prior to the adoption of SFAS 123R, we accounted for share-based payments under APB No. 25 and accordingly, did not recognize compensation expense for options granted that had an exercise price greater than or equal to the market value of the underlying common stock on the date of grant.

Determining the appropriate fair value model and calculating the fair value of share-based payment awards require the input of highly subjective assumptions, including the expected life of the share-based payment awards and stock price volatility. We believe that implied volatility, calculated based on traded options of our common stock, combined with historical volatility is an appropriate indicator of expected volatility and future stock price trends. Therefore, expected volatility for the quarter ended March 31, 2006 was based on a combination of implied and historical volatilities. The assumptions used in calculating the fair value of share-based payment awards represent our best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our stock-based compensation expense could be materially different in the future. In addition, we are required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. If our actual forfeiture rate is materially different from our estimate, the stock-based compensation expense could be significantly different from what we have recorded in the current period. See Note 18—"Share-Based Compensation" to our Consolidated Financial Statements for a further discussion on share-based compensation.

New Accounting Pronouncements

In February 2006, the FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments*. SFAS No. 155 provides entities with relief from having to separately determine the fair value of an embedded derivative that would otherwise be required to be bifurcated for its host contract in accordance with SFAS No. 133. SFAS No. 155 allows an entity to make an irrevocable election to measure such a hybrid financial instrument at fair value in its entirety, with changes in fair value recognized in earnings. SFAS No. 155 is effective for all financial instruments acquired, issued or subject to a remeasurement event occurring after the beginning of an entity's first fiscal year that begins after September 15, 2006. We believe that the adoption of SFAS No. 155 will not have a material impact on our financial position, results of operations or cash flows.

In March 2006, the FASB issued SFAS No. 156, *Accounting for Servicing of Financial Assets an Amendment to FASB Statement No. 140* Once effective, SFAS No. 156 will require entities to recognize

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a servicing asset or liability each time they undertake an obligation to service a financial asset by entering into a servicing contract in certain situations. This statement also requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value and permits a choice of either the amortization or fair value measurement method for subsequent measurement. The effective date of this statement is for annual periods beginning after September 15, 2006, with earlier adoption permitted as of the beginning of an entity's fiscal year provided the entity has not issued any financial statements for that year. We do not plan to adopt SFAS No. 156 early, and we are currently assessing the impact on our consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The development of our LNG receiving terminal business is based upon the foundational premise that prices of natural gas in the U.S. will be sustained at levels of \$3.00 per Mcf or more. Should the price of natural gas in the U.S. decline to sustained levels below \$3.00 per Mcf, our ability to develop and operate LNG receiving terminals could be materially adversely affected.

We produce and sell natural gas, crude oil and condensate. As a result, our financial results can be affected as these commodity prices fluctuate widely in response to changing market forces. We have not entered into any derivative transactions related to our oil and gas producing activities.

We have cash investments that we manage based on internal investment guidelines that emphasize liquidity and preservation of capital. Such cash investments are stated at historical cost, which approximates fair market value on our consolidated balance sheet.

Interest Rates

We are exposed to changes in interest rates, primarily as a result of our debt obligations. The fair value of our fixed rate debt is affected by changes in market rates. We utilize interest rate swap agreements to mitigate exposure to rising interest rates. We do not use interest rate swap agreements for speculative or trading purposes.

At March 31, 2006, we had \$992 million of debt outstanding. Of this amount, our \$325 million of Notes bore a fixed interest rate of 2.25%. The Term Loan and Sabine Pass Credit Facility, totaling \$597 million and \$70 million, respectively, bear interest at floating rates; however, we entered into interest rate swaps with respect to these loan amounts (see Note 6—"Derivative Instruments" to our Consolidated Financial Statements).

The following table summarizes the fair market values of our existing interest rate swap agreements as of March 31, 2006 (in thousands):

Variable to Fixed Swaps

<u>Maturity Date</u>	<u>Weighted Average Notional Principal Amount</u>	<u>Fixed Interest Rate (Pay)</u>	<u>Weighted Average Interest Rate</u>	<u>Fair Market Value (1)</u>
March through December 2006	\$ 973,517	3.75% - 4.49%	US \$LIBOR BBA	\$ 6,208
January through December 2007	1,135,432	3.75% - 4.49%	US \$LIBOR BBA	11,436
January through December 2008	1,276,168	3.98% - 5.98%	US \$LIBOR BBA	7,855
January through December 2009	1,275,948	4.49% - 5.98%	US \$LIBOR BBA	(1,810)
January through December 2010	1,017,093	4.98% - 5.98%	US \$LIBOR BBA	(236)
January through December 2011	662,442	4.98%	US \$LIBOR BBA	1,840
January through December 2012	650,100	4.98%	US \$LIBOR BBA	1,063
				<u>\$ 26,356</u>

(1) The fair market value is based upon a marked-to-market calculation utilizing an extrapolation of third-party mid-market LIBOR rate quotes at March 31, 2006.

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ITEM 4. DISCLOSURE CONTROLS AND PROCEDURES

We maintain a set of disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports filed by us under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. As of the end of the period covered by this report, we evaluated, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures are effective.

During the most recent fiscal quarter, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We may in the future be involved as a party to various legal proceedings, which are incidental to the ordinary course of business. We regularly analyze current information and, as necessary, provide accruals for probable liabilities on the eventual disposition of these matters. In the opinion of management and legal counsel, as of March 31, 2006, there were no threatened or pending legal matters that would have a material impact on our consolidated results of operations, financial position or cash flows.

As previously disclosed, we received a letter dated December 17, 2004 advising us of a nonpublic, informal inquiry being conducted by the SEC. On August 9, 2005, the SEC informed us that it had issued a formal order and commenced a nonpublic factual investigation of actions and communications by Cheniere, its current or former directors, officers and employees and other persons in connection with our agreements and negotiations with Chevron USA, the Company's December 2004 public offering of common stock, and trading in our securities. The scope, focus and subject matter of the SEC investigation may change from time to time, and we may be unaware of matters under consideration by the SEC. We have cooperated fully with the SEC informal inquiry and intend to continue cooperating fully with the SEC in its investigation.

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ITEM 6. EXHIBITS

(a) Each of the following exhibits is filed herewith:

- 10.1 Agreement for Engineering, Procurement and Construction Services, effective February 1, 2006, between Cheniere Sabine Pass Pipeline Company and Willbros Engineers, Inc.
- 10.2 Gas Purchase and Sale Agreement, dated April 4, 2006, between Cheniere LNG Marketing, Inc. and PPM Energy, Inc.
- 10.3 Engineering, Procurement and Construction Services Agreement for Preliminary Work, dated April 13, 2006, between Corpus Christi LNG, LLC and La Quinta LNG Partners, LP
- 10.4 Change Orders 28, 29 and 31 to Lump Sum Turnkey Engineering, Procurement and Construction Agreement dated December 18, 2004 between Sabine Pass LNG, L.P. and Bechtel Corporation
- 31.1 Certification by Chief Executive Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act
- 31.2 Certification by Chief Financial Officer required by Rule 13a-14(a) and 15d-14(a) under the Exchange Act
- 32.1 Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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/ Craig K. Townsend

Vice President and Chief Accounting Officer
(on behalf of the registrant and as principal accounting officer)

Date: May 5, 2006

AGREEMENT

For

**ENGINEERING, PROCUREMENT, AND
CONSTRUCTION SERVICES**

for

42 - INCH SABINE PASS PIPELINE PROJECT

between

CHENIERE SABINE PASS PIPELINE COMPANY

and

WILLBROS ENGINEERS, INC.

AGREEMENT

THIS AGREEMENT for Engineering, Procurement and Construction Services (the “Agreement”) is made and entered into effective as of this 1st day of February 2006 (“Effective Date”) by and between Cheniere Sabine Pass Pipeline Company, a company organized under the laws of the State of Delaware (“Cheniere”), and Willbros Engineers, Inc., a company incorporated under the laws of the State of Delaware (“Willbros”). Cheniere and Willbros are hereinafter sometimes referred to individually as a “Party” or collectively as the “Parties.”

WHEREAS, Cheniere desires to design, build, own and operate the 16.0-mile, 42-inch pipeline and related facilities to be constructed from the Cheniere liquefied natural gas terminal to a pipeline interconnect at Johnson’s Bayou, all located entirely in Cameron Parish, Louisiana (as more fully described herein, the “Project”); and

WHEREAS, Willbros, itself or through its Subcontractors or Vendors desires to provide engineering, procurement and construction services related to the Project;

NOW, THEREFORE, in consideration of the mutual covenants herein and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Cheniere and Willbros hereby agree as follows:

1. SCOPE OF WORK

- 1.1 In close cooperation and coordination with Cheniere and subject to Paragraph 1.3 below, Willbros agrees to perform the Work, including all Project management, engineering, procurement, construction and construction management for the Project, and provide all equipment, materials, supplies, labor workmanship, apparatus, machinery, tools, structures, inspection, manufacture, fabrication, installation, design, delivery, transportation, storage and any incidental work reasonably inferable as required and necessary to complete the Project in accordance with Applicable Law, Applicable Codes and Standards and all other provisions of this Agreement. Without limiting the generality of the foregoing, the Work is described in more particular detail in the Scope of Work set forth in Schedule “B”.
- 1.2 The Scope of Work is based upon and shall comply with the preliminary engineering developed by Cheniere’s other consultants and contractors and the FERC Certificate.
- 1.3 Willbros shall not be responsible for and the Work excludes the Cheniere Provided Items identified in Paragraph 5.3 which are to be provided by Cheniere.

2. PROJECT SCHEDULE

The Work shall be performed in accordance with the dates set forth in the Project Schedule attached as Schedule “F”.

3. COMPENSATION

Willbros will submit invoices, and Cheniere shall pay Willbros the amounts due in accordance with Paragraph 5.4 of Schedule "A". The sum of the Cost of the Work, the Willbros Management Fee and the Contingency Costs is guaranteed by Willbros not to exceed Sixty-Seven Million Six Hundred Seventy Thousand Two Hundred Dollars (\$67,670,200), subject to additions and deductions by Change Order as provided herein (the "Guaranteed Maximum Price"), excluding Louisiana sales and use taxes applicable to permanent materials and equipment to be incorporated into the Project, which shall be reimbursed by Cheniere in accordance with Paragraph 5.4.2 of Schedule "A". Costs which would cause the Guaranteed Maximum Price to be exceeded shall be paid by Willbros without reimbursement by Cheniere.

4. GENERAL

4.1 The Agreement consists of this signed document (the "Signature Document") and the following attached Schedules, which by this reference are incorporated herein and made a part hereof:

- | | |
|-----------------|---|
| Schedule "A" - | Terms and Conditions |
| Attachment I | - Willbros Parent Guarantee |
| Attachment II | - Payment Bond, Performance Bond and Riders |
| Attachment III | - Mechanical Completion Certificate |
| Attachment IV | - Project Completion Certificate |
| Attachment V | - Start-up Certificate |
| Attachment VI | - Change Order Form |
| Attachment VII | - Approved Subcontractors and Vendors List |
| Attachment VIII | - Organizational Chart |
| Attachment IX | - Cheniere's Health, Safety and Environmental Policies |
| Attachment X | - Lien and Claim Waivers |
| Schedule "B" - | Scope of Work for the Project |
| Attachment I | - Work Site |
| Schedule "C" - | <i>Intentionally Omitted</i> |
| Schedule "D" - | Applicable Codes and Standards, Drawings and Specifications |
| Attachment I | - Drawings |
| Attachment II | - Specifications |
| Schedule "E" - | <i>Intentionally Omitted</i> |
| Schedule "F" - | Project Schedule |

4.2 A reference in the Agreement to any of the Schedules shall, in addition, be considered a reference to any Attachments to said Schedules, and to all documents referred to in said Schedules or Attachments.

4.3 Any notice, demand, offer or other written instrument required or permitted to be given pursuant to this Agreement shall be in writing and signed by the Party giving such notice

and shall be sufficient when delivered in person or sent by e-mail, by facsimile, or by certified or registered mail, to the other Party at the appropriate address as follows:

If delivered to Cheniere:
Richard E. Keyser
Cheniere Sabine Pass Pipeline
717 Texas Avenue, Suite 3100
Houston, Texas 77002
Telephone: (832) 204-2284
Fax: (713) 659-5459
Attention: Mr. Richard E. Keyser
E Mail: rkeyser@cheniere.com

If delivered to Willbros:
Willbros Engineers, Inc.
2087 East 71st Street
P.O. Box 701650
Tulsa, Oklahoma 74170
Telephone: (918) 481-4163
Fax: (918) 493-3430
Attention: Mr. Curtis E. Simkin
E Mail: curt.simkin@willbros.com

Copy to:
Allan Bartz
Cheniere Sabine Pass Pipeline
717 Texas Avenue, Suite 3100
Houston, Texas 77002
Telephone: (713) 659-1361
Fax: (713) 659-5459
Attention: Mr. Allan Bartz
E Mail: abartz@cheniere.com

Copy to:
Willbros Engineers, Inc.
2087 East 71st Street
P.O. Box 701650
Tulsa, Oklahoma 74170
Telephone: (918) 499-3706
Fax: (918) 499-3702
Attention: Mr. Mike Reifel
E Mail: mike.reifel@willbros.com

Willbros or Cheniere may notify the other at any time of a change in, or addition to, the addresses and/or persons to which communications should be sent. Notices, demands, offers or other written instruments shall be deemed to have been duly given on the date actually received by its intended recipient.

IN WITNESS WHEREOF, Cheniere and Willbros have executed duplicate originals of the Agreement, effective and binding as of the Effective Date.

Witness
/s/ Richard Keyser

Cheniere Sabine Pass Pipeline Company
By: /s/ Robert Keith Teague
Title: President
Date: February 21, 2006

Witness
/s/ Kevin R. Fox

Willbros Engineers, Inc.
By: /s/ Curtis E. Simkin
Title: President
Date: February 1, 2006

SCHEDULE "A"

TERMS AND CONDITIONS

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ATTACHMENT V	- START-UP CERTIFICATE
ATTACHMENT VI	- CHANGE ORDER FORM
ATTACHMENT VII	- APPROVED SUBCONTRACTORS AND VENDORS LIST
ATTACHMENT VIII	- ORGANIZATIONAL CHART
ATTACHMENT IX	- CHENIERE'S HEALTH, SAFETY AND ENVIRONMENTAL POLICIES
ATTACHMENT X	- LIEN AND CLAIM WAIVERS

SCHEDULE "A"

TERMS AND CONDITIONS

1. DEFINITIONS

The following terms shall have the meanings indicated for all purposes of the Agreement and the use of the singular includes the plural, and vice versa:

- 1.1 "AAA" has the meaning set forth in Paragraph 14.3.
- 1.2 "AAA Rules" has the meaning set forth in Paragraph 14.3.
- 1.3 "Actual Contract Amount" has the meaning set forth in Attachment I of the Letter Agreement.
- 1.4 "Agreement" has the meaning set forth in, and incorporates by reference the documents as stated in, Paragraph 4.1 of the Signature Document.
- 1.5 "Amendment" means any written modification of the Agreement, signed by both Cheniere and Willbros, other than Change Orders.
- 1.6 "Applicable Codes and Standards" means any and all codes, standards or requirements set forth herein (including Schedule "D") or in any Applicable Law, which codes, standards and requirements shall govern Willbros' performance of the Work, as provided herein. In the event of an inconsistency or conflict between any of the Applicable Codes and Standards, the highest performance standard as contemplated therein shall govern Willbros' performance.
- 1.7 "Applicable Law" means all laws, statutes, ordinances, certifications, orders, decrees, injunctions, permits, agreements, rules and regulations, including any conditions thereto, of any Governing Authority having jurisdiction over all or any portion of the Work Site or the Project or performance of all or any portion of the Work, or other legislative or administrative action of a Governing Authority, or a final decree, judgment or order of a court which relates to the performance of Work hereunder or the interpretation or application of this Agreement, including (a) any and all permits, authorizations, certifications, or other approvals or orders, (b) any Applicable Codes and Standards set forth in Applicable Law and (c) any Applicable Law related to (i) conservation, regulation, improvement, protection, pollution, contamination or remediation of the environment or (ii) Hazardous Substances or any handling, treatment, storage, release, use and disposal or other disposition of Hazardous Substances, including the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA").
- 1.8 "Books and Records" has the meaning set forth in Paragraph 2.9.

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- 1.9 “Catastrophic Storms” means storms which are listed by the National Oceanic and Atmospheric Administration as Billion Dollar U.S. Weather Disasters.
- 1.10 “Change” means an addition, deletion, suspension of, revision or any other modification or Amendment to the Work. Adjustment to the Guaranteed Maximum Price, the Preparation and Material Receipt Commencement Date, the Construction Commencement Date or the Scheduled Mechanical Completion Date shall in every instance constitute a Change.
- 1.11 “Change Order” means a document, in the form attached hereto as Attachment VI and signed by Cheniere and Willbros, issued on or after the Effective Date, authorizing a Change to the Work, the Guaranteed Maximum Price, the Preparation and Material Receipt Commencement Date, the Scheduled Mechanical Completion Date, the Construction Commencement Date or any other material requirement under this Agreement.
- 1.12 “Cheniere” has the meaning set forth in the introductory paragraph of the Signature Document.
- 1.13 “Cheniere’s Authorized Representative” means Richard E. Keyser, the person hereby authorized by Cheniere to act on its behalf on all matters pertaining to the Agreement, and whose actions shall be binding upon Cheniere.
- 1.14 “Cheniere’s Confidential Information” has the meaning set forth in Paragraph 13.6.
- 1.15 “Cheniere Group” means the owners and affiliated companies of Cheniere or its lenders, including, their respective officers, directors, employees, agents, representatives, contractors (excluding Willbros, its affiliates, Subcontractors and Vendors) and subcontractors.
- 1.16 “Cheniere Provided Items” means those items to be provided by Cheniere, and those responsibilities to be performed by Cheniere, as described in Paragraph 5.3.
- 1.17 “Claim” has the meaning set forth in Paragraph 10.1.1.
- 1.18 “Confidential Information” has the meaning set forth in Paragraph 13.8.
- 1.19 “Construction Commencement Date” means the date set forth in Paragraph 6.1.2.
- 1.20 “Contingency Costs” means those reasonable costs actually incurred incident to the performance of Work under this Agreement and prior to Project Completion of the Project, which are not reimbursable as a Cost of the Work, are not attributable to Willbros’ negligence, willful misconduct or breach of this Agreement, are not recoverable from Subcontractors, Vendors or insurers, and for which records required hereunder exist and are contemporaneously prepared and maintained (“Contingency Costs”).

-
- 1.21 “Contingency Pool” has the meaning set forth in Attachment I of the Letter Agreement.
- 1.22 “Contract Amount” has the meaning set forth in Paragraph 5.4.1.
- 1.23 “Corrective Work” has the meaning set forth in Paragraph 12.2.2.
- 1.24 “Cost of the Work” has the meaning set forth in Paragraph 5.4.1.
- 1.25 “Defect” or “Defective” has the meaning set forth in Paragraph 12.1.
- 1.26 “Defect Correction Period” has the meaning set forth in Paragraph 12.2.2.
- 1.27 “Disclosing Party” has the meaning set forth in Paragraph 13.8.
- 1.28 “Dispute” has the meaning set forth in Paragraph 14.2.
- 1.29 “Dispute Notice” has the meaning set forth in Paragraph 14.2.
- 1.30 “Drawings” means drawings developed by Willbros and approved by Cheniere for the performance of the Project in accordance with Paragraph 2.7, Paragraph 2.8 and Schedule “B” and as listed in Schedule “D”. The Drawings shall be based on the Specifications. Should there be an inconsistency between the Specifications and the Drawings, the Specifications shall prevail.
- 1.31 “E&O Insurance” has the meaning set forth in Paragraph 11.1.7.
- 1.32 “Effective Date” shall be the date given in the introductory paragraph of the Signature Document.
- 1.33 “Exception Items” means finishing items required to complete various portions of the Work which are incomplete, Defective or otherwise not in accordance with the Agreement, but the completion of which shall not affect, interrupt, disrupt, or interfere with the safe and orderly operation of all or a part of the Project as more fully described in Paragraph 8.
- 1.34 “FERC Certificate” means that certification issued by the Federal Energy Regulatory Commission (“FERC”) (i) authorizing the construction of the Project, including any conditions governing the conduct of the construction activities for the Project, and (ii) detailing the pipeline route and required pipe class associated with the route’s population density survey. The FERC Certificate includes related FERC filing documents CP04-38-00, CP04-38-001, CP04-39-000 and CP04-40-000 and the approved implementation plan.
- 1.35 “Force Majeure” means Catastrophic Storms or floods, lightning, tornadoes, hurricanes, named tropical storms, earthquakes and other acts of God, wars, civil disturbances, terrorist attacks, revolts, insurrections, sabotage, commercial embargoes, epidemics, fires,

explosions, and actions of a Governing Authority that were not requested, promoted, or caused by the affected Party, and strikes or other similar labor actions (except as set forth in (iii) below); provided that such act or event (a) renders impossible or impracticable the affected Party's performance of its obligations under the Agreement, (b) is beyond the reasonable control of the affected Party and not due to its fault or negligence and (c) could not have been prevented or avoided by the affected Party through the exercise of due diligence, including the expenditure of any reasonable sum taking into account the Guaranteed Maximum Price. For avoidance of doubt, Force Majeure shall not include any of the following: (i) a Party's economic hardship, (ii) changes in market conditions, (iii) strikes, or other similar labor actions to the extent caused by the act or omission of the Party claiming Force Majeure, (iv) unavailability of Subcontractors or Vendors; (v) climatic conditions (including rain, snow, wind, temperature and other weather conditions), tides, and seasons, regardless of the magnitude, severity, duration or frequency of such climatic conditions (except those Catastrophic Storms as set forth above), or (vi) nonperformance or delay by Willbros or its Subcontractors or Vendors, unless any of the foregoing conditions is otherwise caused by Force Majeure.

- 1.36 "Guaranteed Maximum Price" shall have the meaning set forth in Paragraph 3 of the Signature Document.
- 1.37 "Governing Authority" means any federal, state, or local department, office, instrumentality, agency, board or commission having jurisdiction over a Party or any portion of the Work, the Work Site or the Project.
- 1.38 "Hazardous Substance" means any substance that under Applicable Law is considered to be hazardous or toxic or is or may be required to be remediated, including (a) "hazardous substances" as defined in 42 U.S.C. § 9601(14), (b) "chemicals" subject to regulation under Title III of the Superfunds Amendments and Reauthorization Act ("SARA") of 1986, (c) natural gas liquids, liquefied natural gas or synthetic gas, (d) any petroleum, petroleum-based products or crude oil or any fraction, or (e) any other chemical, waste, material, pollutant, contaminant or any other substance, exposure to which is now or hereafter prohibited, limited or regulated by any Governing Authority or which may be the subject of liability for damages, costs or remediation.
- 1.39 "Key Personnel" or "Key Persons" has the meaning set forth in Paragraph 3.1 and includes the Willbros Personnel listed in Attachment VIII.
- 1.40 "Letter Agreement" means that letter agreement entered into between the Parties simultaneously with this Agreement dated February 01, 2006.
- 1.41 "Liquidated Damages" has the meaning set forth in Paragraph 21.1.
- 1.42 "Major Vendor" means any Vendor (a) who has entered a subcontract or purchase order having an aggregate value in excess of One Hundred Thousand Dollars (\$100,000), or (b)

who has entered multiple subcontracts or purchase orders with an aggregate value in excess of One Hundred Thousand Dollars (\$100,000).

- 1.43 “Mechanical Completion” or “Mechanically Complete” means that all of the following has occurred: (a) the Work is approved by Cheniere as being ready for pre-commissioning and/or commissioning; (b) Willbros has delivered to Cheniere a set of original test and inspection certificates, including hydrostatic test reports, materials documentation, MAOP establishment records, and internal geometry pig results; (c) Willbros has completed all construction, procurement, fabrication, assembly, erection, installation and testing, including final pipeline hydrostatic tests for the pipeline and all appropriate appurtenances to ensure that such systems were correctly constructed, procured, fabricated, assembled, erected, installed and tested and are capable of being operated safely and reliably within the requirements contained in this Agreement; (d) Willbros has delivered to Cheniere a Mechanical Completion Certificate for the Project in the form of Attachment III, and Cheniere has accepted such certificate by signing such certificate; (e) Willbros has dewatered and dried the pipeline to a dewpoint of negative forty degrees Fahrenheit (-40°F); (f) Willbros has completed all Exception Items in accordance with Paragraph 8.1; and (g) Willbros has performed all other obligations required under this Agreement for Mechanical Completion.
- 1.44 “QA/QC Plan” has the meaning set forth in Paragraph 7.1.
- 1.45 “Party” or “Parties” has the meaning set forth in the introductory paragraph of the Signature Document.
- 1.46 “Paragraph” means a paragraph in the Schedule in which it appears, unless otherwise indicated.
- 1.47 “Preparation and Material Receipt Commencement Date” has the meaning set forth in Paragraph 6.1.1.
- 1.48 “Project” means the whole of the Work to be performed by Willbros in respect of the pipeline and in accordance with this Agreement, including the construction, testing, and commissioning of the 16-mile, 42-inch pipeline and related facilities, including an inlet monitor regulator station, a pig launcher, a 30-inch side tap, a 42-inch side tap, two- 42-inch mainline valves, and all other appropriate valves and appurtenances, to be constructed from the Cheniere liquefied natural gas terminal to a pipeline interconnect at Johnson’s Bayou, all located entirely in Cameron Parish, Louisiana; for purposes of clarification, the Project does not include the NGPL Meter Station and the Cameron Meadows Meter Station being developed by Cheniere.
- 1.49 “Project Completion” means the date when all Work and all other obligations under this Agreement are fully and completely performed in accordance with the terms of this Agreement, including: (a) the successful achievement of Mechanical Completion of all systems for the Project; (b) the successful achievement of Start-up of all systems for the

Project; (c) delivery by Willbros of all documentation required to be delivered under this Agreement, including any Work Product, Cheniere's Confidential Information and other documentation; (d) delivery by Willbros to Cheniere of fully executed Final Lien and Claim Waivers in the form of Attachment X – Part 2; (e) removal from the Work Site of all of Willbros Personnel, supplies, waste, materials, rubbish and temporary facilities and restoration of the Work Site to its natural conditions in accordance with this Agreement, Applicable Law and Applicable Codes and Standards or any other requirements of any Governing Authority; (f) delivery by Willbros to Cheniere of a Project Completion Certificate in the form of Attachment IV, which Cheniere has accepted by signing such certificate; (g) delivery by Willbros to Cheniere of evidence acceptable to Cheniere that all Subcontractors and Vendors have been fully and finally paid, including fully executed Final Lien and Claim Waivers from all Subcontractors and Major Vendors in the form of Attachment X – Part 4; (h) Willbros has completed all Exception Items in accordance with Paragraph 8.3; and (i) performance of all other obligations required by this Agreement for Project Completion.

- 1.50 "Project Schedule" means the dates for performance of the Work set forth in Schedule "F", including the Preparation and Material Receipt Commencement Date, the Scheduled Mechanical Completion Date and the Construction Commencement Date.
- 1.51 "Receiving Party" has the meaning set forth in Paragraph 13.8.
- 1.52 "Schedule of Values" has the meaning set forth in Paragraph 5.4.13.
- 1.53 "Scheduled Mechanical Completion Date" means the date set forth in Paragraph 6.1.3.
- 1.54 "Shared Savings" has the meaning set forth in Attachment I of the Letter Agreement.
- 1.55 "Signature Document" means the cover document to which all Schedules of the Agreement are attached thereto and which contains the signature page for which the Parties have signed in order to be bound by this Agreement.
- 1.56 "Specifications" means those items and requirements governing the performance and standards of the Work as set forth in this Agreement, including the FERC Certificate and those standard engineering and construction specifications developed by Willbros in accordance with Paragraph 2 and approved by Cheniere and as set forth or incorporated by reference in Schedule "D".
- 1.57 "Start-up" means that all of the following has occurred: (a) the successful achievement of Mechanical Completion of all systems for the Project; (b) Cheniere has purged the Project with either natural gas or nitrogen with assistance and support from Willbros as requested; (c) delivery by Willbros to Cheniere of a Start-up Certificate in the form of Attachment V, which Cheniere has accepted by signing such certificate; (d) Willbros has completed all Exception Items in accordance with Paragraph 8.2; and (e) performance of all other obligations required by this Agreement for Start-up.

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- 1.58 “Subcontractor” means any person or entity (other than a Vendor), of any tier, who performs any portion of the Work or otherwise furnishes labor, materials, supplies or equipment which are a portion of the Work or in connection with the Work and who is not a direct full-time employee of Willbros. The term “Subcontractor” may be referred to throughout the Agreement as if singular in number and means a Subcontractor or an authorized representative of Subcontractor.
- 1.59 “Taxes” has the meaning set forth in Paragraph 5.4.2.
- 1.60 “Vendor” means any person or entity, including a Major Vendor, (other than a Subcontractor), of any tier, including materialmen and equipment suppliers or renters, who, sells or supplies materials, supplies or equipment which are to be incorporated into the Work or used in connection with the Work and who is not a direct full-time employee of Willbros. The term “Vendor” may be referred to throughout the Agreement as if singular in number and means a Vendor or an authorized representative of a Vendor.
- 1.61 “Warranty” has the meaning set forth in Paragraph 12.1.
- 1.62 “Willbros” has the meaning set forth in the introductory paragraph of the Signature Document.
- 1.63 “Willbros Authorized Representative” means Mike Reifel, the person hereby authorized by Willbros to act on its behalf on all matters pertaining to the Agreement, and whose actions shall be binding upon Willbros.
- 1.64 “Willbros’ Confidential Information” has the meaning set forth in Paragraph 13.7.
- 1.65 “Willbros Equipment” means all machinery, apparatus, equipment, materials, tools, temporary facilities and other items previously owned by Willbros or rented for the purposes of this Project and utilized by Willbros to perform the Work but not forming a part of the Project, including also that of its Subcontractors and Vendors at whatever tier.
- 1.66 “Willbros’ Intellectual Property” has the meaning set forth in Paragraph 13.4.
- 1.67 “Willbros Management Fee” means Willbros’ lump sum fee for overhead, profit and indirect job risk which is set forth in the Schedule of Values.
- 1.68 “Willbros Personnel” means all labor, supervisory and other personnel utilized by Willbros to perform the Work, including also those of its Subcontractors and Vendors at whatever tier.
- 1.69 “Willbros Group” means the owners and affiliated companies of Willbros Engineers, Inc., and their respective officers, directors, employees, agents, representatives, Subcontractors, and Vendors.

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- 1.70 “Willbros RPI, Inc.” means the Willbros Group affiliated construction company headquartered in Houston, Texas that may be a Subcontractor to Willbros Engineers, Inc. on this Project.
- 1.71 “Work” means all the work, services, duties, responsibilities and other undertakings to be performed by Willbros, its Subcontractors or its Vendors as described in this Agreement, including that set forth in Schedule “B” and Paragraphs 2, 3 and 4.
- 1.72 “Work Plan” means the plan described in Paragraph 6.2 and formulated pursuant to Schedule “B” and Schedule “F” of the Agreement.
- 1.73 “Work Product” has the meaning set forth in Paragraph 13.3.
- 1.74 “Work Site” means the location on which the Project shall be located which is identified in more detail in Attachment I of Schedule “B”.

2. WILLBROS’ OBLIGATIONS

Subject to Paragraph 5 and in close cooperation and coordination with Cheniere, and subject to the terms and conditions of the Agreement, Willbros shall perform the Work in accordance with good engineering and construction practices, Applicable Law, Applicable Codes and Standards, the Specifications and all other provisions of this Agreement. Willbros accepts the relationship of trust and confidence established by this Agreement and covenants with Cheniere to exercise its skill and judgment in furthering the interests of Cheniere. Without limiting the generality of the foregoing or the requirements of any other provisions of this Agreement, Willbros shall:

- 2.1 Engineering, Procurement and Construction Management: Perform the Project management, engineering, procurement, construction and construction management for the Project as described in this Agreement, including in detail at Schedule “B” and the Specifications set forth in Schedule “D”;
- 2.2 Manpower and Equipment: Provide Willbros Equipment and Willbros Personnel, including Subcontractors and Vendors, as set forth in more detail in Paragraph 3;
- 2.3 Compliance: Perform the Work in compliance with the requirements of and provide assistance and documentation to Cheniere as reasonably requested by Cheniere in connection with those approvals, permits, licenses, and/or other authorizations obtained by Cheniere in accordance with Paragraph 5.1;
- 2.4 Health, Safety and Environmental Performance: Perform the Work in a safe, physically secure and environmentally sound manner and otherwise in compliance with Cheniere’s health, safety and environmental policies, which are attached hereto as Attachment IX. Cheniere’s provision of such health, safety and environmental policies shall not in any

- way relieve Willbros of its responsibility regarding safety, health or the environment, and Cheniere, in providing such policies, assumes no liability for the policies;
- 2.5 Authorized Representative: Appoint one (1) or more Willbros Authorized Representative for the duration of the Work;
- 2.6 Timeliness and Manner of Performance: Perform all Work in a timely, complete and workmanlike manner in accordance with this Agreement;
- 2.7 Drawings and Specifications: Prepare, for Cheniere's review and approval in accordance with Paragraph 2.8, all necessary Drawings and Specifications for the Project in accordance with the Applicable Codes and Standards, Applicable Law, Schedule "B", Schedule "D" and all other requirements within this Agreement; and
- 2.8 Review and Approval of Drawings and Specifications:
- 2.8.1 Over the Shoulder Review: During the development of the Drawings and Specifications, provide Cheniere with the opportunity to perform "over-the-shoulder" reviews of the design and engineering in progress. Such reviews may be conducted at Willbros' office located in Tulsa, Oklahoma, at any of its Subcontractors' offices or remotely by electronic internet access. The reviews may be of progress prints, computer images, draft documents, working calculations, draft specifications or reports, Drawings, Specifications or other design documents determined by Cheniere.
- 2.8.2 Submission by Willbros: Submit copies of the Drawings and Specifications to Cheniere for formal review, comment, disapproval and approval in accordance with this Paragraph 2.
- 2.8.3 Review Periods and Cheniere's Approval: Allow Cheniere up to fifteen (15) days from Cheniere's receipt of the Drawings and Specifications submitted in accordance with Paragraph 2.8.2 to issue written comments, proposed changes and/or written approvals or disapprovals of the submission of such Drawings and Specifications to Cheniere.
- (i) If Cheniere does not issue any comments, proposed changes or written approvals or disapprovals within such time period, Willbros may proceed with the development of such Drawings and Specifications and any construction or procurement relating thereto, but Cheniere's lack of comments, approval or disapproval shall in no event constitute an approval of the matters received by Cheniere.
 - (ii) In the event that Cheniere disapproves the Drawings or Specifications, Cheniere shall provide Willbros with a written statement of the reasons for such rejection within the time period required for Cheniere's response for

disapproval of the Drawings or Specifications. Willbros shall provide Cheniere with revised and corrected Drawings or Specifications as soon as possible thereafter and Cheniere's rights with respect to the issuing of comments, proposed changes or approvals or disapprovals of such revised and corrected Drawings or Specifications are governed by the procedures specified in this Paragraph 2.8.3; provided that Willbros shall not be entitled to any extensions of time to the Project Schedule, the Preparation and Material Receipt Commencement Date, the Construction Commencement Date, the Scheduled Mechanical Completion Date, or an adjustment to the Guaranteed Maximum Price.

- (iii) Upon Cheniere's written approval of the Drawings and Specifications, such Drawings and Specifications shall be the Drawings and Specifications that Willbros shall use to construct the Work; provided that Cheniere's review or approval of any Drawings or Specifications shall not in any way be deemed to limit or in any way alter Willbros' responsibility to perform and complete the Work in strict accordance with the requirements of this Agreement, and in the event that there is a discrepancy, difference or ambiguity between the terms of this Agreement and any Drawings or Specifications, the Agreement shall control. Due to the limited time under this Agreement for Cheniere's review of the Drawings and Specifications, Willbros' or its Subcontractors' or Vendors' expertise in the Work and Cheniere's reliance on Willbros to prepare accurate and complete Drawings and Specifications, Willbros recognizes and agrees that Cheniere is not required or expected to make detailed reviews of the Drawings and Specifications, but instead Cheniere's review of the Drawings or Specifications may be of only a general, cursory nature. Accordingly, any reviews or approvals given by Cheniere under this Agreement with respect to any Drawings or Specifications shall not in any way be, or deemed to be, an approval of any Work or Drawings or Specifications not meeting the requirements of this Agreement, as Willbros has the sole responsibility for performing the Work in accordance with the requirements of this Agreement.

- 2.9 Audit Rights: During the term of this Agreement and for a period of three (3) years after the earlier of Project Completion or termination of this Agreement, retain full and detailed books, construction logs, Drawings, Specifications, Change Orders, records, daily reports, accounts, payroll records, receipts, statements, electronic files (including schedules, e-mails and CAD), correspondence, subcontracts and other documents of Willbros, its affiliated companies or their respective Subcontractors and Vendors, which in any way: (a) pertain to the Agreement, including any such documents related to the Work; or (b) relate to costs, compensation for changes in the Work, or claims of any type by Willbros or its Subcontractors or Vendors ("Books and Records"). Upon five (5) days' written notice, Cheniere or any of its representatives shall have the right to audit such Books and Records during such three (3) year period, provided, however, such parties shall not have the right to audit or have audited Books and Records in connection

with the internal composition of any compensation that is fixed in amount hereunder such as the composition of unit rates or hourly rates. When requested by Cheniere, Willbros shall provide the auditors with reasonable access to all such Books and Records, and Willbros Personnel shall cooperate with the auditors to effectuate any audit hereunder. The auditors shall have the right to copy all such Books and Records. Willbros shall include audit provisions identical to this Paragraph 2.9 in all subcontracts and purchase orders with Subcontractors and Vendors. Willbros shall maintain all Books and Records in accordance with generally accepted accounting principles applicable in the United States. Willbros will not charge for any costs incurred by it in assisting Cheniere with audits performed pursuant to this Paragraph 2.9. Willbros obligations under this Paragraph 2.9 shall survive the termination of this Agreement.

3. WILLBROS PERSONNEL AND EQUIPMENT

- 3.1 **Key Personnel**: Willbros Personnel shall be provided in sufficient numbers, and shall be competent and fully qualified to execute the Work. Willbros shall submit to Cheniere's Authorized Representative an updated organization chart of key Project personnel from Willbros' or its Subcontractors' or Vendors' organization ("Key Personnel" or "Key Persons") who shall be assigned to the Work, such organization chart to be in the form of and attached as Attachment VIII. Key Personnel shall, unless otherwise expressly stated in such organization chart, be devoted full-time to the Work for the entire duration of the Project, and Key Personnel shall not be removed or reassigned without Cheniere's prior written approval. Cheniere shall have the right, but not the obligation, at any time to request that Willbros replace any Key Person with another employee acceptable to Cheniere. In such event, Willbros shall replace such Key Person without additional expense to Cheniere.
- 3.2 **Willbros Equipment**: Willbros Equipment shall be suitable for the performance of the Work, in good repair and otherwise comply with the terms of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, Willbros shall be responsible for repair, damage to or destruction or loss of, from any cause whatsoever, all Willbros Equipment. Willbros shall require that all insurance policies (including policies of Willbros and all Subcontractors and Vendors) in any way relating to such Willbros Equipment include clauses stating that each underwriter will waive all rights of recovery, under subrogation or otherwise, against the Cheniere Group.
- 3.3 **Subcontractors and Vendors**: Cheniere acknowledges and agrees that Willbros intends to have portions of the Work accomplished by Subcontractors or Vendors pursuant to written subcontracts or purchase orders between Willbros and such Subcontractors and Vendors, and that such Subcontractors and Vendors may have certain portions of the Work performed by lower tier subcontractors or vendors. All Subcontractors and Vendors shall be reputable, qualified firms with an established record of successful performance in their respective trades performing identical or substantially similar work. All contracts with Subcontractors and Vendors shall be consistent with the terms or provisions of this Agreement. No Subcontractor or Vendor is intended to be or shall be

deemed a third party beneficiary of this Agreement. Willbros shall be fully responsible to Cheniere for the acts or omissions of Subcontractors and Vendors and of persons directly or indirectly employed by either of them, as Willbros is for the acts or omissions of persons directly employed by Willbros. The Work of any Subcontractor or Vendor shall be subject to inspection by Cheniere to the same extent as the Work of Willbros. Nothing contained herein shall (i) create any contractual relationship between any Subcontractor or Vendor and Cheniere, or (ii) obligate Cheniere to pay or cause the payment of any amounts to any Subcontractor or Vendor. Willbros shall, within thirty (30) days prior to the selection of any Subcontractor or Vendor, notify Cheniere in writing of the selection of such Subcontractor or Vendor and inform Cheniere generally what portion of the Work such Subcontractor or Vendor is performing.

3.4 Bidding of Subcontracts and Purchase Orders: As part of Willbros' performance of the Work on an "open book basis", Willbros shall provide all necessary services related to the bidding of subcontracts and purchase orders for the construction and procurement components of the Work, including the following: (a) preparing lists of prospective bidders for review by Cheniere; (b) preparing appropriate bid documents, including proposed forms of subcontract and purchase orders; (c) establishing bid schedules; (d) advertising for bids and developing bidder interest; (e) furnishing information concerning the Project to prospective bidders; (f) conducting pre-bid conferences; (g) receiving bids, as described below, and analyzing bids and making recommendations to Cheniere regarding bid awards; (h) investigating the acceptability and responsibility of lower-tiered Subcontractors and Vendors proposed by any Subcontractor or Vendor and advising Cheniere of such evaluations; (i) negotiating with Subcontractors and Vendors concerning any matter related to the Project; and (j) providing such other services required by Cheniere with respect to the bidding process. Willbros shall require bidders to submit their sealed bids directly to Willbros, and Willbros shall forward copies of such bids to Cheniere. Willbros shall require bidders for the construction component of the Work to submit their sealed bids directly to Cheniere and copies of such bids to Willbros. The receipt of the proposed bidders list by Cheniere shall not require Cheniere to investigate the qualifications of prospective bidders, nor shall it waive the right of Cheniere to later object to or reject any proposed Subcontractors or Vendors.

3.5 Cheniere Approval of Subcontractors and Vendors:

3.5.1 Approved Subcontractors and Vendors List: Attachment VII sets forth a list of Subcontractors and Vendors that Willbros and Cheniere have agreed are approved Subcontractors and Vendors for the performance of that stated portion of the Work specified in Attachment VII. Approval by Cheniere of any Subcontractors or Vendors does not relieve Willbros of any responsibilities under this Agreement. Unless Cheniere otherwise approves, each prospective bidder list shall contain at least three (3) Subcontractors or Vendors from the Approved Subcontractors and Vendors List in Attachment VII.

3.5.2 Additional Proposed Subcontractors and Vendors: In the event that Willbros is considering the selection of a Subcontractor or Vendor not listed on Attachment VII, Willbros shall (i) notify Cheniere of its proposed Subcontractor or Vendor as soon as possible during the selection process, including clearly identifying such proposed Subcontractor or Vendor on the list of prospective bidders provided in accordance with Paragraph 3.4, and furnish to Cheniere all information reasonably requested by Cheniere with respect to Willbros' selection criteria, and (ii) notify Cheniere no less than seven (7) business days prior to the execution of a subcontract or purchase order with a Subcontractor or Vendor not listed on Attachment VII. Cheniere shall have the discretion, not to be unreasonably exercised, to reject any proposed Subcontractor or Vendor not listed on Attachment VII at any time. Willbros shall not enter into any subcontract or purchase order with a proposed Subcontractor or Vendor that is rejected by Cheniere in accordance with the preceding sentence. Cheniere shall undertake in good faith to review the information provided by Willbros with respect to such proposed Subcontractor or Vendor expeditiously and shall notify Willbros of its decision to accept or reject a proposed Subcontractor or Vendor as soon as practicable after such decision is made. Failure of Cheniere to accept a proposed Subcontractor or Vendor within seven (7) business days shall be deemed to be a rejection of such Subcontractor or Vendor.

4. WORK SITE RESPONSIBILITIES

- 4.1 Land Acquisition Plan: Willbros shall provide reasonable assistance to Cheniere, as requested by Cheniere in writing, in finalizing Cheniere's land acquisition plan as necessary to permit land activities for the Project to proceed in accordance with the FERC Certificate and in accordance with Paragraph 5.2. Such plan may include required rights of way, access roads, materials and equipment storage facilities, office sites, vehicle parking areas, temporary electrical supply locations and trash collection areas, including proposed locations for each.
- 4.2 Provision of Facilities: Willbros shall provide warehousing, offices, storage and related utilities in accordance with the terms of this Agreement and the FERC Certificate for Willbros Equipment and such other materials and equipment to be incorporated into the Work.
- 4.3 Maintenance of Work Sites: Willbros shall, to Cheniere's satisfaction, at all times keep the Work Site free from all waste materials or rubbish caused by the activities of Willbros or any of its Subcontractors or Vendors. Without limitation of the foregoing or limiting Willbros' obligations, Willbros shall clean up all such waste materials or rubbish at Cheniere's request with reasonable notice.
- 4.4 Compliance with Real Property Interests and Other Work Site Restrictions: Willbros shall, in the performance of the Work, comply, and cause all Subcontractors and Vendors to comply, with any agreement governing any easement, lease, right-of-way or other

property interests that affect or govern the Work Site or any other real property used for the purposes of completing the Work, including any line list, insurance or indemnification restrictions or obligations therein, to the extent such easement, lease, right-of-way or other property interests relate to the performance of the Work (but only to the extent that such indemnification restrictions and obligations are consistent with Willbros indemnification obligations agreed to herein). In addition, Willbros shall comply with any one-call requirements imposed by Applicable Law (including local law) and coordinate with owners or operators of all third-party utilities, including those crossed by the Project or otherwise situated within the Work Site or affected by the Work. Cheniere shall provide Willbros with copies of all relevant portions of the agreements governing such easement, lease, right-of-way, and other property interests to the extent that such agreements impose restrictions or obligations on Willbros pursuant to this Paragraph 4.4. To the extent that such agreements require Willbros to procure insurance in addition to or in amounts in excess of that insurance required by this Agreement, the Willbros shall be entitled a Change Order increasing the Guaranteed Maximum Price to cover the cost of such additional insurance.

- 4.5 **Coordination of Work**: Willbros acknowledges that Cheniere and other consultants and contractors may be working at the Work Site during the performance of this Agreement and the Work or use of certain facilities may be interfered with as a result of such concurrent activities, and Willbros agrees to coordinate the performance of the Work with Cheniere and such other consultants and contractors performing work at the Work Site so as not to materially interfere with Cheniere or its other consultants or subcontractors performing work at the Work Site.

5. CHENIERE'S OBLIGATIONS

In close cooperation and coordination with Willbros, and subject to the terms and conditions of the Agreement, Cheniere shall:

- 5.1 **Licenses and Permits**: Provide, or cause to be provided, all approvals, permits, licenses (other than Willbros' or its Subcontractors' or Vendors' operating and professional licenses, including road bonding) and/or other authorizations necessary for the Project from any Governing Authority, including the FERC Certificate and all environmental agencies.
- 5.2 **Work Site Access**: Secure legal and reasonable access to the Work Site, in accordance with the FERC Certificate, as necessary to permit Willbros to commence Work in accordance with this Agreement by obtaining the rights of way, pipe yards, ware yards, and all other land rights or property interests necessary for the Work, all in accordance with Cheniere's land acquisition plan.
- 5.3 **Cheniere Provided Items**: Cheniere shall provide: (i) hydrostatic test water; (ii) natural gas or nitrogen and personnel to determine the achievement of Start-up in accordance with Paragraphs 1.57 and 8.2; and (iii) environmental inspection services during

construction Work. In addition, Cheniere shall provide to Willbros the following preliminary drawings which shall be updated by Willbros in accordance with this Agreement: (y) preliminary drawings submitted to FERC, indicated by drawing numbers CH-5763-D-1103 (Sheets 1 to 6), Rev. 0 and titled "Proposed 42-inch Natural Gas Pipeline, Sabine Pass Pipeline Project, FERC Alignment Sheet," and (z) preliminary alignment drawings, indicated by drawing numbers CH-5763D-1101 to 1115, Rev. 1 and titled "Cheniere, Sabine to Johnson's Bayou, Cameron Parish, Louisiana."

5.4 Payment: Remunerate Willbros as required by the Agreement.

5.4.1 Contract Amount: Subject to additions and deductions by Change Order, Cheniere shall pay Willbros for performance of the Work to be performed by Willbros for the Project as described in this Agreement and Schedule "B", the "Contract Amount" consisting of (i) the Cost of the Work, (ii) the Willbros Management Fee, (iii) Contingency Costs, and (iv) Louisiana sales and use taxes applicable to permanent materials and equipment to be incorporated into the Project. The "Cost of the Work" shall mean those costs necessarily incurred by Willbros in good faith in the proper performance of the Work.

5.4.2 Taxes: The Guaranteed Maximum Price includes any and all taxes, assessments, levies, duties, fees, charges and withholding of any kind or nature whatsoever and howsoever described, including value-added, sales and use taxes (except as indicated herein), gross receipts, license, payroll, environmental, profits, premium, franchise, property, excise, capital stock, import, stamp, transfer, employment, occupation, generation, privilege, utility, regulatory, energy, consumption, lease, filing, recording and activities taxes, levies, duties, fees charges, imposts and withholding, together with any and all penalties, interests and additions thereto in any way related to the Work (collectively, "Taxes"), but not including Louisiana sales and use taxes applicable to permanent materials and equipment to be incorporated into the Project, the cost of which is not subject to the Guaranteed Maximum Price. With each invoice that requests reimbursement for Louisiana sales and use taxes applicable to permanent materials and equipment to be incorporated into the Project, Willbros shall separately list in the invoice such Louisiana sales and use taxes. Subject to the other provisions of this Agreement, Cheniere shall remit to Willbros the payment of such Louisiana sales and use taxes within the time allowed for payment of invoices under this Agreement. Willbros shall be responsible for paying to the applicable Governing Authority all Taxes and Louisiana sales and use taxes applicable to permanent materials and equipment to be incorporated into the Project owed under Applicable Law with respect to the Work. IF AND TO THE EXTENT CHENIERE HAS PAID TO WILLBROS THE APPLICABLE TAXES AND LOUISIANA SALES AND USE TAXES APPLICABLE TO PERMANENT MATERIALS AND EQUIPMENT TO BE INCORPORATED INTO THE PROJECT REQUIRED UNDER THIS PARAGRAPH, WILLBROS SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS THE CHENIERE GROUP FROM AND AGAINST ANY CLAIMS

5.4.3 Invoicing: Willbros shall submit invoices to Cheniere as follows:

- (i) twice per month for Project management, engineering and drafting, procurement services, and construction management services performed during the previous invoicing period. Charges shall be accumulated and invoiced on a rate reimbursable basis reflecting man-hours expended as described in Paragraph 1.2 of Attachment I to the Letter Agreement;
- (ii) for permanent materials as set forth in Paragraph 1.3 of Attachment I to the Letter Agreement;
- (iii) for the construction component of the Work as set forth in Paragraph 1.4 of Attachment I to the Letter Agreement;
- (iv) for the Willbros Management Fee properly allocable to the completed Work. The Willbros Management Fee allocable to the completed Work shall be determined by multiplying the percentage completion of the Work by the total amount of the Willbros Management Fee payable to Willbros for the Project; and
- (v) for Willbros' portion of any Shared Savings upon Project Completion.

5.4.4 Invoice Format: Invoices shall be complete with sufficient detail and itemized to facilitate Cheniere's confirmation and approval. Willbros' invoices shall be in a format and supported by such documentation as required by Cheniere. Without limitation of the foregoing, Willbros shall, with each invoice, submit payrolls, petty cash accounts, receipted invoices or invoices with check vouchers attached, and any other evidence required by Cheniere to demonstrate that cash disbursements already made by Willbros on account of the Cost of the Work equal or exceed (i) progress payments already received by Willbros; less (ii) that portion of those payments attributable to the Willbros Management Fee; plus (iii) payrolls for the period covered by the present invoice. Invoices shall show the percentage of completion of each portion of the Work as of the end of the period covered by the invoice. The percentage of completion shall be the lesser of: (1) the percentage of that portion of the Work which has actually been completed; or (2) the percentage obtained by dividing (a) the expense that has actually been incurred by Willbros on account of that portion of the Work for which Willbros has made or intends to make actual payment prior to the next invoice by (b) the share of the Guaranteed Maximum Price allocated to that portion of the Work in the Schedule of Values.

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- 5.4.5 **Payment Terms:** Cheniere shall pay Willbros all undisputed amounts due hereunder within fifteen (15) days after receipt of a complete and accurate invoice for Work that is satisfactorily completed during that period.
- 5.4.6 **Lien and Claim Waivers:** Each progress invoice shall be accompanied by a fully executed Willbros' Interim Lien and Claim Waiver in the form of Attachment X – Part 1, a fully executed Interim Lien and Claim Waiver in the form of Attachment X – Part 3 for each Subcontractor and Major Vendor, and such other evidence satisfactory to Cheniere to ensure that all amounts owed in connection with performance of this Agreement, including amounts owed to all Subcontractors and Vendors, have been paid. Waivers of liens and claims, however, will not be required from Subcontractors or Vendors until they have performed Work or furnished materials or equipment, and Willbros, Subcontractors and Major Vendors will be required to submit waivers of liens and claims only if they have performed Work or furnished materials or equipment not covered by a previous waiver. Receipt of all Interim Lien and Claim Waivers under this Paragraph 5.4.6 or all Final Lien and Claim Waivers required to meet the requirements of Paragraph 1.49, as applicable, is a condition precedent to payment of any amounts under an invoice.
- 5.4.7 **Final Invoice:** Prior to submission of a final invoice, Willbros shall perform an audit to determine the total Cost of the Work for the Project. Such audit shall also take into consideration Contingency Costs expended and the Willbros Management Fee in order to calculate the Actual Contract Amount in accordance with Paragraph 2.2 of Attachment 1 to the Letter Agreement. Willbros shall provide a copy of such audit report to Cheniere upon submission of Willbros' final invoice. Cheniere's accountants will review and report in writing on Willbros final audit within thirty (30) days after delivery thereof by Willbros. If Cheniere's accountants report the Cost of the Work and Contingency Costs as substantiated by Willbros final audit to be less than claimed by Willbros, and Willbros disagrees with Cheniere's accountants reporting of the Cost of the Work and Contingency Costs, Willbros has the right, within seven (7) days of its receipt of the Cheniere's accountants' report, to submit the Dispute for resolution in accordance with Paragraph 14. If Willbros fails to submit the Dispute within such seven (7) day period, Willbros shall be deemed to have agreed with Cheniere's accountants report on the Cost of the Work and Contingency Costs. Final payment shall not be made until resolution of a Dispute under this Paragraph 5.4.7.
- 5.4.8 **Unperformed Obligations:** Project Completion and payments made hereunder shall not in any way release Willbros or any surety of Willbros or its Subcontractors from any unperformed obligations of the Agreement, including Warranties, compliance with the Agreement, liabilities for which insurance is required or any other responsibility of Willbros, including the payment of any and

all fines and penalties assessed as a result of Willbros' failure to comply with Applicable Law or Applicable Codes and Standards.

5.4.9 Withholding: In addition to retainage and amounts withheld that are in dispute, Cheniere may, in addition to any other rights at law, in equity or under this Agreement, withhold amounts otherwise due by Cheniere to Willbros without payment of interest on account of: (a) Defective Work not remedied by Willbros in accordance with Paragraph 12; (b) the filing of claims or liens or evidence indicating the probable filing of claims or liens against Cheniere, the Project or the Work; (c) failure of Willbros to pay amounts when due for labor, services or material used by Willbros in performing the Work or amounts due to Subcontractors or Vendors as required in their respective subcontracts and purchase orders; (d) the assessment of any fines or penalties against Cheniere as a result of Willbros' failure to comply with Applicable Law or Applicable Codes and Standards; or (e) any other circumstance permitted under this Agreement. If and when the cause, or causes, for withholding any such payment shall be remedied or removed and satisfactory evidence of such remedy or removal has been presented to Cheniere, the payments withheld shall be made to Willbros in the next invoice and if the final invoice has been paid, within thirty (30) days of such remedy or removal.

5.4.10 Payment Account Number: Payments to Willbros under this Agreement shall be made by wire transfer to:

Southwest Bank of Texas
Houston, Texas
ABA#: 113-011-258
Beneficiary: Willbros USA, Inc.
Account Number: 127736

5.4.11 Address for Invoicing: Willbros shall submit invoices for payment to:

Cheniere Sabine Pass Pipeline
717 Texas Avenue, Suite 3100
Houston, Texas 77002
Telephone: (713) 659-1361
E Mail abartz@cheniere.com
Facsimile: (713) 659-5459
Attention: Mr. Allan Bartz

Or such other addressee and location as Cheniere may direct in writing.

5.4.12 Payment of Shared Savings: Willbros shall be paid its share of the Shared Savings within thirty (30) days of settlement and verification thereof by the

Parties following Cheniere's receipt of a final invoice and accounting report from Willbros in accordance with Paragraphs 5.4.4 and 5.4.7.

5.4.13 Schedule of Values: Attachment IV of the Letter Agreement sets forth the schedule of values allocating the entire Guaranteed Maximum Price among the various portions of the Work as of the Effective Date of the Agreement ("Schedule of Values") to be used as a basis for reviewing the invoices. Willbros shall periodically, upon award of various components of the Work to Subcontractors and Vendors, submit to Cheniere for Cheniere's written approval an updated Schedule of Values allocating the entire Guaranteed Maximum Price among the various portions of the Work, except that the Willbros Management Fee shall be shown as a separate line item. The updated Schedule of Values shall be prepared in such form and supported by such data to substantiate its accuracy as Cheniere may require. Each Cheniere-approved, updated Schedule of Values shall be incorporated into this Agreement by Change Order.

6. WORK PLAN AND REPORTS

- 6.1 Time for Performance: Willbros shall commence performance of the Work upon the Effective Date and shall perform the Work in accordance with the Project Schedule set forth in this Paragraph 6 and in Schedule "F". TIME IS OF THE ESSENCE with respect to Willbros' performance of the Work. Willbros may not commence a portion of the Work prior to the relevant commencement date, if any, listed below:
- 6.1.1 Willbros shall commence Work related to ware yard preparation and material receipt at the Work Site no earlier than January 01, 2007 ("Preparation and Material Receipt Commencement Date"). The Preparation and Material Receipt Commencement Date shall only be adjusted by Change Order as provided under this Agreement.
 - 6.1.2 Willbros shall commence Work related to the construction of the Project at the Work Site no earlier than April 01, 2007 ("Construction Commencement Date"). The Construction Commencement Date shall only be adjusted by Change Order as provided under this Agreement.
 - 6.1.3 Willbros shall achieve Mechanical Completion of the Project no later than September 30, 2007 ("Scheduled Mechanical Completion Date") based on an April 1, 2007, release for construction. The Scheduled Mechanical Completion Date shall only be adjusted by Change Order as provided under this Agreement.
- 6.2 Work Plan: On or before February 28, 2006, Willbros shall prepare and submit to Cheniere's Authorized Representative for review and written approval, a detailed critical path method schedule in a format approved by Cheniere ("Work Plan"). The Work Plan shall be based on and consistent with the Project Schedule, including the Preparation and Material Receipt Commencement Date, the Construction Commencement Date and the

Scheduled Mechanical Completion Date, shall show the method and order in which Willbros shall perform the Work, its subcontracting plan, and any other information that Cheniere may consider useful. The Work Plan shall represent Willbros' best judgment as to how it shall achieve Mechanical Completion by the Scheduled Mechanical Completion Date, and shall be a detailed graphic representation of all significant aspects of the Work showing Willbros' plans for performance of the Work. Without limitation of the foregoing, the Work Plan shall include separate activities for each portion of the Work, show the duration, early/late start dates, early/late finish dates and available float for each activity, show activity number, activity description and responsible Subcontractor or Vendor, and show an uninterrupted critical path from commencement of the Work through Project Completion.

- 6.3 Updated Work Plan: The Work Plan shall be used as the basis for progress reporting, schedule control and schedule forecasting. As reasonably requested by Cheniere, Willbros shall revise the Work Plan to include the effect of Change Orders and Amendments and to reflect actual Work in progress as agreed with Cheniere, provided, however, Willbros may not modify the Preparation and Material Receipt Commencement Date, the Construction Commencement Date or the Scheduled Mechanical Completion Date without a Change Order being executed in accordance with this Agreement. Each updated Work Plan shall provide the same details and form as required of the Work Plan. Willbros shall prepare schedule and cash flow forecasts on a monthly basis or as requested by Cheniere that reasonably predict the date for Mechanical Completion of the Project. Willbros shall notify Cheniere of any anticipated or actual slippage in the performance of the Work as compared to the Work Plan. Willbros shall provide to Cheniere weekly reports, monthly summaries of such reports, and upon request, all other relevant information concerning any circumstance or condition affecting the Work.
- 6.4 Progress Meetings: Work progress meetings between Authorized Representatives shall be held monthly between Cheniere and Willbros.
- 6.5 Recovery: If Willbros is responsible for any delays in the time and/or sequence of the performance of the Work that is on the critical path of the Work Plan, Willbros shall on its own initiative or at Cheniere's written directive, employ such additional forces, obtain such additional equipment, employ such additional supervision, pay such additional overtime wages, and use such priority freight as may be required to bring the Work back on schedule. If Willbros' progress is more than fourteen (14) days behind the critical path of the Work Plan, Cheniere may, without prejudice to any other remedies available to it under this Agreement, also require in writing that Willbros submit, within two (2) days of Cheniere's written notice and for Cheniere's approval, a recovery plan to Cheniere detailing Willbros' proposal for bringing the Work back on schedule and that the sequence of the performance of the Work be changed. In no event shall such costs to bring the Work back on schedule cause the Guaranteed Maximum Price to be exceeded. This Paragraph 6.5 shall not be construed to require that Cheniere give Willbros a written notice to perform any of the acts listed herein, and the Parties agree that Cheniere's

failure to give such written notice to Willbros shall not in any way relieve Willbros of its obligation to perform the Work within the times set forth in the Project Schedule.

- 6.6 Acceleration: Even if the Work is otherwise in compliance with the Work Plan, Cheniere may, at any time, direct Willbros to accelerate the Work by, among other things, establishing additional shifts, paying or authorizing overtime or providing additional equipment. In the event of this directive, Cheniere's sole liability to Willbros shall be to pay Willbros for any documented costs clearly and solely attributable to such acceleration. Such costs may include any shift differential, premium, or overtime payments to workers or field supervisors and other employees of Willbros dedicated to the Work on a full-time basis actually incurred over and above Willbros' normal rates, overtime charges for equipment, amounts to account for lost efficiency of workers and other costs agreed upon by Cheniere and Willbros in writing. Any adjustment to the Guaranteed Maximum Price resulting from Cheniere's directive to accelerate the Work shall be implemented by Change Order.

7. INSPECTION AND TESTING

- 7.1 QA/QC Plan: On or before March 31, 2006, Willbros shall submit to Cheniere's Authorized Representative, for review and written approval thereof, a quality assurance and quality control plan for materials procurement and for construction ("QA/QC Plan"). Cheniere's review and approval of the QA/QC Plan shall in no way relieve Willbros of its responsibility for performing the Work in compliance with this Agreement.
- 7.2 Willbros' Inspection and Testing of Work: Willbros shall inspect and test the overall and component parts of the Work, including that of its Subcontractors or Vendors, to ensure conformity of such Work with Applicable Codes and Standards, and all other obligations within this Agreement.
- 7.3 Cheniere Inspection of Work: All Work shall be subject to inspection by Cheniere or its designee at all times and at Cheniere's own expense, to determine whether the Work conforms to the requirements of this Agreement. Willbros shall furnish Cheniere with access to all locations where Work is in progress, including locations not on the Work Site such as locations from where equipment and material are being obtained, including pipe fabrication and coating and factory testing of mainline valves.
- 7.4 Correction of Work Prior to Start-up: If, in the judgment of Cheniere, any Work is Defective or any Work is determined to be Defective as a result of the testing and inspections performed pursuant to Paragraph 7.2, then Willbros shall, at its own expense, promptly correct such Defective Work, whether by repair, replacement or otherwise. Subject to Willbros' right to pursue a Dispute under Paragraph 14, the decision of Cheniere shall be conclusive as to whether the Work is conforming or Defective, and Willbros shall comply with the instructions of Cheniere in all such matters while pursuing any such Dispute. If it is later determined that the Work was not Defective, then Cheniere shall reimburse Willbros for all costs incurred in connection with such repair or

replacement and a Change Order shall be issued for such amount and shall address any impact the repair or replacement may have had on the Project Schedule. If Willbros fails, after a reasonable period of time not to exceed five (5) days, to repair or replace any Defective Work, or to commence to repair or replace any Defective Work and thereafter continue to proceed diligently to complete the same, then Cheniere may repair or replace such Defective Work and the expense thereof shall be paid by Willbros.

- 7.5 Notice to Cheniere and Cost of Disassembling: Willbros shall advise Cheniere's Authorized Representative of tests to be witnessed sufficiently in advance to enable him or his designee to attend and witness such test at Cheniere's expense. Willbros shall likewise advise Cheniere's Authorized Representative in advance of any critical component of the Work to be closed or covered. If such action is taken by Willbros before an opportunity to inspect or witness has been provided to Cheniere, it must, if required by Cheniere, be opened or uncovered for inspection or witnessing and recovered at Willbros' expense. The cost of disassembling, dismantling or making safe finished Work for the purpose of inspection, other than as set forth above, and reassembling such portions (and any delay associated therewith) shall be borne by Cheniere if such Work is found to conform with the requirements of this Agreement and by Willbros if such Work is found to be Defective.
- 7.6 No Obligation to Inspect: Cheniere's right to conduct inspections under this Paragraph 7 shall not obligate Cheniere to do so. Neither the exercise of Cheniere of any such right, nor any failure on the part of Cheniere to discover or reject Defective Work shall be construed to imply an acceptance of such Defective Work or a waiver of such Defect.

8. COMPLETION AND START-UP

- 8.1 Mechanical Completion: Willbros shall comply with all requirements for Mechanical Completion, including as set forth in the definition of the term Mechanical Completion and elsewhere in this Agreement. When Willbros believes the Work is Mechanically Complete, Willbros shall certify to Cheniere in writing in the form of the Mechanical Completion Certificate attached hereto as Attachment III that all of the requirements for Mechanical Completion of the Work have occurred, including all documentation required to establish that the requirements for Mechanical Completion have been met. Within seven (7) days after receipt of such notice Cheniere shall inspect the Work and either accept the Work as being Mechanically Complete (which acceptance shall be evidenced by Cheniere's signature on such Mechanical Completion Certificate), or specify the Exception Items which must be completed to achieve Mechanical Completion in a written notice to Willbros. Upon completion or correction of such Exception Items, Willbros shall so advise Cheniere. Within seven (7) days after receipt of such notice, Cheniere shall either accept the Work as being Mechanically Complete in the manner set forth above, or notify Willbros in writing of still unfinished or uncorrected Exception Items. If Exception Items remain unfinished or uncorrected, the foregoing procedure shall be repeated until the Work is Mechanically Complete.

- 8.2 Start-up: Willbros shall comply with all requirements needed to achieve Start-up, including as set forth in the definition of the term Start-up and elsewhere in this Agreement. When Willbros believes Start-up has been achieved, Willbros shall certify to Cheniere in writing in the form of the Start-up Certificate attached hereto as Attachment V that all of the requirements for achieving Start-up have occurred, including all documentation required to establish that the requirements for Start-up have been met. Within seven (7) days after receipt of such notice Cheniere shall inspect the Work and either accept the Work as having achieved Start-up (which acceptance shall be evidenced by Cheniere's signature on such Start-up Certificate), or specify the Exception Items which must be completed to achieve Start-up in a written notice to Willbros. Upon completion or correction of such Exception Items, Willbros shall so advise Cheniere. Within seven (7) days after receipt of such notice, Cheniere shall either approve the Start-up of the Work in the manner set forth above, or notify Willbros in writing of still unfinished or uncorrected Exception Items. If Exception Items remain unfinished or uncorrected, the foregoing procedure shall be repeated until Start-up is achieved. Notwithstanding the foregoing, if Cheniere has not commenced the introduction of either natural gas or nitrogen in accordance with Paragraph 1.57 within thirty (30) days of achievement of Mechanical Completion, then Start-up shall be deemed achieved upon the expiration of such thirty (30) day period, provided that Willbros has fully satisfied all other requirements for Start-up.
- 8.3 Project Completion: Willbros shall comply with all requirements for Project Completion, including as set forth in the definition of the term Project Completion and elsewhere in this Agreement. When Willbros believes it has completed all obligations under this Agreement to achieve Project Completion, Willbros shall certify to Cheniere in writing in the form of the Project Completion Certificate as attached hereto as Attachment IV that all of the requirements for achieving Project Completion have occurred, including all documentation required to establish that the requirements of Project Completion have been met. Within seven (7) days after receipt of such notice Cheniere shall inspect the Work and either accept that Project Completion has been achieved (which acceptance shall be evidenced by Cheniere's signature on such Project Completion Certificate), or specify the Exception Items which must be completed to achieve Project Completion in a written notice to Willbros. Upon completion or correction of such Exception Items, Willbros shall so advise Cheniere. Within seven (7) days after receipt of such notice, Cheniere shall either accept the Work as having achieved Project Completion in the manner set forth above, or notify Willbros in writing of still unfinished or uncorrected Exception Items. If Exception Items remain unfinished or uncorrected, the foregoing procedure shall be repeated until Project Completion is achieved.
- 8.4 No Waiver: No acceptance by Cheniere of any or all of the Work or any other obligations of Willbros under this Agreement, including acceptance of Mechanical Completion, Start-up or Project Completion, nor any payment made hereunder, whether an interim or final payment, shall in any way release Willbros or any surety of Willbros or its Subcontractors from any obligations or liability pursuant to this Agreement, including obligations with respect to unperformed obligations of this Agreement, obligations

regarding any remediation or other Work required pursuant to Paragraph 12, correction of any Work that does not conform to the requirements of the Agreement or other Warranty obligations, and any liabilities for which insurance is required or any other responsibility of Willbros, including the payment of any and all fines and penalties assessed as a result of Willbros' failure to comply with Applicable Law.

9. CHANGES

- 9.1 Change Orders Requested by Cheniere: At any time upon written notice to Willbros from Cheniere, and without notice to the sureties, if any, Cheniere may advise Willbros to make or agree with Willbros that there has been a Change to the Work, including the time and/or sequence of performance, or the conditions affecting the Work. All Work involved in a Change, as directed by a Change Order, shall be performed in accordance with the terms and conditions of the Agreement and shall not otherwise affect the existing rights or obligations of the Parties (except as may be expressly stated in a Change Order). Cheniere shall specify, in the Change Order, the amount and nature of Work to be done or omitted, the materials to be used and the equipment to be furnished. Willbros shall perform the Work as changed without delay.
- 9.2 Change Order Format: A Change in the Work shall be set forth in writing in a Change Order, using the form provided in Attachment VI, and signed by both Parties. Change Orders shall include the adjustment, if necessary, in the Preparation and Material Receipt Commencement Date, the Scheduled Mechanical Completion Date, Construction Commencement Date or the Guaranteed Maximum Price.
- 9.3 Change Orders Act as Accord and Satisfaction: The Parties agree that Change Orders executed by Cheniere and Willbros shall constitute a full and final settlement and accord and satisfaction of all effects of the Change upon any and all respects of this Agreement and the Work and shall compensate Willbros fully. Willbros expressly waives and releases any and all right to make a claim or demand or to take any action or proceeding for any other consequences arising out of, relating to, or resulting from the Change reflected in the Change Order, whether the consequences result directly or indirectly from the Change reflected in that Change Order.
- 9.4 Adjustment Only Through Change Order: Willbros shall not perform a Change of any kind, except as authorized in a Change Order. Adjustments to the Guaranteed Maximum Price, the Preparation and Material Receipt Commencement Date, the Construction Commencement Date or the Scheduled Mechanical Completion Date shall only be made by Change Order. No course of conduct or dealings between the Parties, nor express or implied acceptance of additions, deletions, suspensions or modifications to this Agreement, the Drawings or the Specifications, including any Work, and no claim that Cheniere has been unjustly enriched by any such addition, deletion, suspension or modification of this Agreement, the Drawings or the Specifications, whether or not there is in fact any such unjust enrichment, shall be the basis for any claim for an adjustment in the Guaranteed Maximum Price, the Preparation and Material Receipt Commencement

Date, the Construction Commencement Date, the Scheduled Mechanical Completion Date or any other obligations of Willbros under this Agreement.

- 9.5 Change Orders Requested by Willbros: Willbros shall give written notice to Cheniere of any requests, claims or proposals for adjustments to the Work, the Guaranteed Maximum Price, the Preparation and Material Receipt Commencement Date, the Construction Commencement Date or the Scheduled Mechanical Completion Date for Changes directed by Cheniere or for circumstances otherwise permitted by this Agreement within the time frame and in accordance with Paragraph 14.1.
- 9.6 Change Order Compensation: The cost or credit to Cheniere resulting from a Change in the Work shall in each instance be determined in accordance with one of more of the following methods and specified in the Change Order: (i) by mutual acceptance of a properly itemized lump sum amount; or (ii) for Project management, engineering and drafting, procurement services and construction management services, by unit prices or hourly rates set forth in Attachment II of the Letter Agreement or otherwise agreed upon by the Parties; or (iii) for construction work performed by Willbros RPI, Inc. (if such entity is the selected construction Subcontractor), by unit prices or hourly rates set forth in Attachment III of the Letter Agreement or otherwise agreed upon by the Parties. If any of the Changes provided for in a Change Order increase the lump sum construction costs within the Guaranteed Maximum Price, such increase shall be subject to Cheniere's right to retainage as set forth in Paragraph 1.4.1 of the Letter Agreement.

10. INDEMNITY, LIENS AND PATENTS

- 10.1 General Indemnifications Notwithstanding any other provision to the contrary, Cheniere and Willbros agree as follows:
- 10.1.1 INJURIES TO WILLBROS GROUP PERSONNEL AND DAMAGE TO WILLBROS GROUP PROPERTY: WILLBROS HEREBY RELEASES, AND AGREES TO DEFEND, INDEMNIFY, AND HOLD THE CHENIERE GROUP HARMLESS FROM AND AGAINST, ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, SUITS, LIABILITIES, LOSSES, DAMAGES AND EXPENSES INCLUDING COURT COSTS AND REASONABLE ATTORNEY'S FEES (COLLECTIVELY, "CLAIMS") ARISING OUT OF OR RESULTING FROM (1) INJURY TO OR DEATH OF THE WILLBROS GROUP PERSONNEL, OR (2) DAMAGE TO OR DESTRUCTION OF THE WILLBROS GROUP PROPERTY, WHETHER OR NOT SUCH CLAIMS ARE DUE TO AN ACT, OMISSION, NEGLIGENCE WHETHER CONTRIBUTORY, JOINT, OR SOLE, FAULT OR STRICT LIABILITY OF THE CHENIERE GROUP, BUT EXCLUDING ONLY THOSE CLAIMS DUE TO THE WILLFUL MISCONDUCT OF THE CHENIERE GROUP.
- 10.1.2 THIRD PARTY INDEMNIFICATION: WILLBROS HEREBY RELEASES, AND AGREES TO DEFEND, INDEMNIFY, AND HOLD CHENIERE GROUP HARMLESS FROM AND AGAINST, ANY AND ALL CLAIMS ARISING OUT OF OR RESULTING FROM DAMAGE TO OR DESTRUCTION OF PROPERTY OR PERSONAL INJURY TO OR DEATH OF ANY THIRD PARTY (OTHER THAN A MEMBER OF THE CHENIERE GROUP OR THE WILLBROS

GROUP) TO THE EXTENT ARISING OUT OF OR RESULTING FROM WILLBROS' OR ITS SUBCONTRACTORS' OR VENDORS' PERFORMANCE OF THE WORK, INCLUDING THE BREACH OF THIS AGREEMENT BY WILLBROS AND THE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF WILLBROS, ITS SUBCONTRACTORS, ITS VENDORS OR ANYONE EMPLOYED BY THEM OR ANYONE FOR WHOSE ACTS THEY MAY BE LIABLE.

- 10.1.3 INJURIES TO CHENIERE GROUP PERSONNEL AND DAMAGE TO CHENIERE GROUP PROPERTY: CHENIERE HEREBY RELEASES, AND AGREES TO DEFEND, INDEMNIFY, AND HOLD THE WILLBROS GROUP HARMLESS FROM AND AGAINST, ANY AND ALL CLAIMS ARISING OUT OF OR RESULTING FROM (1) INJURY TO OR DEATH OF THE CHENIERE GROUP PERSONNEL, OR (2) DAMAGE TO OR DESTRUCTION OF THE CHENIERE GROUP PROPERTY (EXCLUDING THE WORK OR THE PROJECT), WHETHER OR NOT SUCH CLAIMS ARE DUE TO AN ACT, OMISSION, NEGLIGENCE WHETHER CONTRIBUTORY, JOINT, OR SOLE, FAULT OR STRICT LIABILITY OF THE WILLBROS GROUP, BUT EXCLUDING ONLY THOSE CLAIMS DUE TO THE WILLFUL MISCONDUCT OF THE WILLBROS GROUP.
- 10.1.4 HAZARDOUS SUBSTANCES INDEMNIFICATION: WILLBROS HEREBY RELEASES, AND AGREES TO DEFEND, INDEMNIFY AND HOLD CHENIERE GROUP HARMLESS FROM ANY AND ALL CLAIMS, FINES, PENALTIES OR REMEDIATION OBLIGATIONS ARISING OUT OF OR RESULTING FROM (A) ACTUAL OR ALLEGED POLLUTION OR CONTAMINATION OF THE LAND, WATER OR AIR ARISING FROM SPILLS, RELEASES, DISCHARGES OR OTHERWISE OF HAZARDOUS SUBSTANCES, INCLUDING FUELS, LUBRICANTS, MOTOR OILS, PIPE DOPE, PAINTS, SOLVENTS, AND GARBAGE, USED, HANDLED OR DISPOSED OF BY WILLBROS OR ITS SUBCONTRACTORS OR VENDORS DURING THE PERFORMANCE OF THE WORK, AND (B) ANY ENVIRONMENTAL DAMAGE OF ANY OTHER NATURE TO THE EXTENT RESULTING FROM THE PERFORMANCE OF THE WORK BY WILLBROS OR ITS SUBCONTRACTORS OR VENDORS; PROVIDED, HOWEVER, THAT WILLBROS SHALL HAVE NO LIABILITY OR RESPONSIBILITY FOR ANY POLLUTION, CONTAMINATION OR ENVIRONMENTAL DAMAGE EXISTING AT THE WORK SITE PRIOR TO THE COMMENCEMENT OF THE WORK.
- 10.1.5 COMPLIANCE WITH APPLICABLE LAW INDEMNIFICATION: WILLBROS HEREBY RELEASES, AND AGREES TO DEFEND, INDEMNIFY AND HOLD CHENIERE GROUP HARMLESS FROM ANY AND ALL CLAIMS, FINES, PENALTIES OR REMEDIATION OBLIGATIONS TO THE EXTENT ARISING OUT OF OR RESULTING FROM WILLBROS' OR ITS SUBCONTRACTORS' OR VENDORS' ACTUAL OR ALLEGED FAILURE TO COMPLY WITH APPLICABLE LAW OR APPLICABLE CODES AND STANDARDS, OR ANY JUDICIAL ARBITRAL OR REGULATORY INTERPRETATION THEREOF.
- 10.1.6 WAIVER OF CONSEQUENTIAL DAMAGES: NOTWITHSTANDING ANY OTHER PROVISIONS IN THIS AGREEMENT TO THE CONTRARY, IN NO EVENT SHALL ANY ENTITY IN EITHER CHENIERE GROUP OR THE WILLBROS GROUP BE LIABLE, ONE TO THE OTHER, FOR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES,

INCLUDING LOSS OF PROFITS, LOSS OF USE OF ASSETS, OR BUSINESS INTERRUPTION UNDER THIS AGREEMENT OR ANY CAUSE OF ACTION RELATED THERETO, PROVIDED THAT THE LIMITATION OF LIABILITY SET FORTH IN THIS PARAGRAPH 10.1.6 SHALL NOT APPLY TO (A) WILLBROS' CONFIDENTIALITY OBLIGATIONS AS PROVIDED BY THIS AGREEMENT; (B) WILLBROS' INDEMNIFICATION OBLIGATIONS FOR THIRD PARTY CLAIMS UNDER THIS AGREEMENT; (C) THE AMOUNTS ENCOMPASSED WITHIN THE LIQUIDATED DAMAGES PROVIDED FOR IN PARAGRAPH 21; OR (D) AS EXPRESSLY PERMITTED UNDER PARAGRAPH 21.2.

- 10.2 **LIEN INDEMNIFICATION:** WITHOUT IN ANY WAY LIMITING THE FOREGOING, SO LONG AS CHENIERE REMITS UNDISPUTED PAYMENTS TO WILLBROS WHEN DUE UNDER THIS AGREEMENT, WILLBROS HEREBY RELEASES, AND AGREES TO DEFEND, INDEMNIFY AND HOLD CHENIERE GROUP HARMLESS FROM, AND SHALL KEEP THE WORK, THE WORK SITE AND THE PROJECT FREE AND CLEAR OF, ANY AND ALL LIENS AND ENCUMBRANCES ASSERTED BY AN ENTITY ACTING THROUGH WILLBROS, ANY SUBCONTRACTOR, ANY VENDOR OR ANY OTHER PERSON OR ENTITY ACTING THROUGH OR UNDER ANY OF THEM. IF WILLBROS FAILS TO DISCHARGE SUCH LIEN OR ENCUMBRANCE OR POST ADEQUATE SECURITY WITH RESPECT THERETO WITHIN THIRTY (30) DAYS OF THE FILING OF SUCH LIEN OR ENCUMBRANCE, CHENIERE, IF IT SO ELECTS, MAY DISCHARGE ANY SUCH LIENS OR ENCUMBRANCES, AND WILLBROS SHALL BE LIABLE TO CHENIERE FOR ALL DAMAGES, COSTS, LOSSES, AND EXPENSES (INCLUDING ALL ATTORNEYS' FEES, CONSULTANT FEES AND LITIGATION OR ARBITRATION EXPENSES) INCURRED BY CHENIERE ARISING OUT OF OR RELATING TO SUCH DISCHARGE OR RELEASE. THEREAFTER, CHENIERE MAY INVOICE WILLBROS FOR SUCH AMOUNT OWED (WHICH INVOICE SHALL BE PAID BY WILLBROS WITHIN THIRTY (30) DAYS AFTER RECEIPT THEREOF) OR DEDUCT THE AMOUNT SO PAID BY CHENIERE FROM SUMS DUE OR WHICH THEREAFTER BECOME DUE TO WILLBROS HEREUNDER.
- 10.3 **PATENT AND COPYRIGHT INDEMNIFICATION:** WILLBROS HEREBY RELEASES, AND AGREES TO DEFEND, INDEMNIFY AND HOLD CHENIERE GROUP HARMLESS FROM ANY CLAIMS TO THE EXTENT ARISING FROM OR RELATING TO THE ACTUAL OR ALLEGED INFRINGEMENT OF ANY DOMESTIC OR FOREIGN PATENTS, COPYRIGHTS, TRADEMARKS OR OTHER INTELLECTUAL PROPERTY RIGHTS THAT MAY BE ATTRIBUTABLE TO WILLBROS OR ITS SUBCONTRACTORS OR VENDORS IN CONNECTION WITH THE WORK. IN THE EVENT THAT ANY SUIT, CLAIM, TEMPORARY RESTRAINING ORDER OR PRELIMINARY INJUNCTION IS GRANTED IN CONNECTION WITH THIS PARAGRAPH 10.3, WILLBROS SHALL, IN ADDITION TO ITS OBLIGATION ABOVE, MAKE EVERY REASONABLE EFFORT, BY GIVING A SATISFACTORY BOND OR OTHERWISE, TO SECURE THE SUSPENSION OF THE INJUNCTION OR RESTRAINING ORDER. IF, IN ANY SUCH SUIT OR CLAIM, THE WORK, THE PROJECT OR ANY PART, COMBINATION OR PROCESS THEREOF, IS HELD TO CONSTITUTE AN INFRINGEMENT AND ITS USE IS PRELIMINARILY OR PERMANENTLY ENJOINED, WILLBROS SHALL PROMPTLY MAKE EVERY REASONABLE EFFORT TO SECURE FOR CHENIERE A LICENSE, AT NO COST TO CHENIERE, AUTHORIZING CONTINUED USE OF THE INFRINGING WORK. IF WILLBROS IS UNABLE TO SECURE SUCH A LICENSE WITHIN A REASONABLE TIME, WILLBROS SHALL, AT ITS OWN EXPENSE AND WITHOUT IMPAIRING PERFORMANCE REQUIREMENTS, EITHER REPLACE THE

AFFECTED WORK, IN WHOLE OR PART, WITH NON-INFRINGEMENTS COMPONENTS OR PARTS OR MODIFY THE SAME SO THAT THEY BECOME NON-INFRINGEMENTS.

- 10.4 ATTORNEYS' FEES: EACH PARTY AGREES TO REIMBURSE THE PREVAILING PARTY FOR ANY AND ALL NECESSARY EXPENSES, ATTORNEY'S FEES, AND RELATED COSTS INCURRED IN THE ENFORCEMENT OF ANY PART OF THE INDEMNITY AGREEMENTS PROVIDED FOR HEREIN.
- 10.5 Enforceability:
- 10.5.1 Exclusions to Liability and Indemnity: Except as expressly provided elsewhere in this Agreement, the exclusions of liability and indemnities herein shall apply according to their terms to any such Claim, loss, damage, expense, injury, illness or death, without regard to the cause thereof, including strict liability, ultra hazardous activity, breach of express or implied warranty, imperfection of material, defect or failure of equipment, defect or "ruin" or other condition of premises, or the sole or concurrent negligence or other fault of the party being indemnified.
- 10.5.2 CONCURRENT NEGLIGENCE: EXCEPT AS OTHERWISE SET FORTH IN PARAGRAPHS 10.1.1 AND 10.1.3, THE INDEMNITY, DEFENSE AND HOLD HARMLESS OBLIGATIONS FOR PERSONAL INJURY OR DEATH OR PROPERTY DAMAGE UNDER THIS AGREEMENT SHALL APPLY REGARDLESS OF WHETHER THE INDEMNIFIED PARTY WAS CONCURRENTLY NEGLIGENT (WHETHER ACTIVELY OR PASSIVELY), IT BEING AGREED BY THE PARTIES THAT IN THIS EVENT, THE PARTIES' RESPECTIVE LIABILITY OR RESPONSIBILITY FOR SUCH DAMAGES, LOSSES, COSTS AND EXPENSES UNDER THIS PARAGRAPH 10 SHALL BE DETERMINED IN ACCORDANCE WITH PRINCIPLES OF COMPARATIVE NEGLIGENCE.
- 10.5.3 Louisiana Oilfield Anti-Indemnity Act Willbros and Cheniere agree that the Louisiana Oilfield Anti-Indemnity Act, LA. REV. STAT. § 9:2780, ET. SEQ., is inapplicable to this Agreement and the performance of the Work. Application of these code sections to this Agreement would be contrary to the intent of the Parties, and each Party hereby irrevocably waives any contention that these code sections are applicable to this Agreement or the Work. In addition, it is the intent of the Parties in the event that the aforementioned act were to apply that each Party shall provide insurance to cover the losses contemplated by such code sections and assumed by each such Party under the indemnification provisions of this Agreement, and Willbros agrees that the payments made to Willbros hereunder compensate Willbros for the cost of premiums for the insurance provided by it under this Agreement. The Parties agree that each Party's agreement to support their indemnification obligations by insurance shall in no respect impair their indemnification obligations.
- 10.5.4 Conflict with Applicable Law: In the event that any indemnity provisions in this Agreement are contrary to the law governing this Agreement, then the indemnity

obligations applicable hereunder shall be applied to the maximum extent allowed by Applicable Law.

11. INSURANCE

- 11.1 **Willbros' Insurance**: All insurance obtained pursuant to this Agreement shall: (1) be issued by insurers with an "A-X" or better A.M. Best Co. rating in the current Property-Casualty Edition and authorized to do business in the state in which the Project is located, and (2) be in all other respects acceptable to Cheniere. Willbros shall carry and maintain or cause to be carried and maintained in force at all times during the term of the Agreement the following insurance:

11.1.1 **Workers' Compensation/Employers' Liability**

Workers' compensation with appropriate longshoremen's or harbor workers' endorsement (if applicable) covering all Willbros Personnel in accordance with the statutory requirements of the state of hire or country in which the Work is to be performed, and if the Work includes the use of vessels, appropriate maritime extensions. Employers' liability insurance with the limit of One Million United States Dollars (U.S. \$1,000,000) per accident or illness.

11.1.2 **Commercial General Liability**

Commercial general liability insurance with contractual liability, products and completed operations, and broad form property damage coverage included, which shall provide for a combined single limit of One Million United States Dollars (U.S. \$1,000,000) for personal injury, death or property damage resulting from each occurrence and covering all of Willbros' Work under the Agreement; provided, however, this coverage requirement may be satisfied by Willbros through any combination of primary and excess liability insurance.

11.1.3 **Automobile Liability**

Automobile liability insurance covering owned, non-owned and hired motor vehicles, with combined single limits of at least One Million United States Dollars (U.S. \$1,000,000) for personal injury, death, or property damage resulting from each occurrence.

11.1.4 **Aircraft Liability Insurance**

Aircraft liability insurance, to the extent applicable, covering owned, non-owned and hired aircraft with a combined single limit of Five Million United States Dollars (U.S. \$5,000,000) for bodily injury, death and property damage resulting from each occurrence.

11.1.5 Transportation Insurance

“All Risk” Insurance covering the full replacement cost of all supplies, equipment and materials to be incorporated into the Work while in the course of transit, including the land portion of any ocean or air shipments, and until arrival at the final local Work Sites. Such transit insurance shall include coverage against the perils of war, strikes, riots and civil commotion and shall insure all general average and salvage charges for which named insureds are responsible. Such insurance shall have a deductible of Fifty Thousand United States Dollars (U.S. \$50,000) per loss.

11.1.6 Builder’s Risk Insurance

Completed value form builder’s risk property insurance (subject to a deductible per loss not to exceed \$50,000) upon the entire Work for one hundred percent (100%) of the full replacement cost value thereof (100% includes additional costs of engineering services in the event of a loss). This policy shall include the interests of Cheniere Group and Willbros Group in the Work as named insureds, as their interests may appear, shall name Cheniere as the loss payee, and shall be on an “All Risk” basis for physical loss or damage including fire, flood, earthquake, subsidence, hail, theft, vandalism and malicious mischief and shall include coverage for portions of the Work while it is stored off the Work Site or is in transit (except as otherwise covered by Paragraph 11.1.5). This policy shall provide, by endorsement or otherwise, that Willbros shall be solely responsible for the payment of all premiums under the policy, and that the Cheniere Group shall have no obligation for the payment thereof, notwithstanding that the Cheniere Group are named insureds under the policy. Willbros shall be responsible for any loss within the deductible of the policy for the liabilities assumed by Willbros hereunder.

11.1.7 Errors and Omissions Insurance

Errors and Omissions Professional Liability Insurance (“E&O Insurance”) having minimum limits of Five Million United States Dollars (U.S.\$5,000,000) per claim and in the aggregate, with a deductible not in excess of Two Hundred Fifty Thousand United States Dollars (U.S.\$250,000) per claim and in the aggregate, on a claims made basis. E&O Insurance shall cover liability arising out of or based upon any negligent design, engineering or other professional services performed by Willbros or any of its Subcontractors which is required as or associated with any part of the Work. The E&O Insurance shall have a retroactive date prior to the performance of any Work to be provided under this Agreement, shall have a policy period or renewal period extending through the termination or expiration of this Agreement and for two (2) years thereafter, and shall state that in the event of cancellation or non-renewal, the discovery period for insurance claims (tail coverage) shall be at least thirty-six (36) months.

11.1.8 Excess Liability Insurance

Umbrella or excess liability insurance, written on a “following form” basis and providing coverage in excess of the coverages required to be provided by Willbros for employer’s liability insurance, commercial general liability insurance and automobile liability insurance, with limits of Twenty-Five Million United States Dollars (U.S.\$25,000,000) combined single limit each claim and in the aggregate.

- 11.2 Notice: Willbros shall have the insurance carriers furnish to Cheniere, upon the Effective Date and annually thereafter, insurance certificates specifying the types and amounts of coverage in effect and the expiration dates of each policy, and a statement that no insurance will be canceled or materially changed without thirty (30) days prior written notice to Cheniere.
- 11.3 Waiver of Subrogation: All policies of insurance required to be provided by Willbros under this Agreement shall include clauses providing that each underwriter shall waive its rights of recovery, under subrogation or otherwise, against the Cheniere Group for the liabilities assumed by Willbros hereunder. Insurance policies pursuant to Paragraphs 11.1.2, 11.1.3, 11.1.4, 11.1.5, 11.1.6 and 11.1.8 shall designate Cheniere as additional insured for the liabilities assumed by Willbros hereunder, and that the policies provided by Willbros shall be primary and noncontributing to any insurance carried by Cheniere with regard to the liabilities assumed by Willbros hereunder. The policies referred to in Paragraphs 11.1.2 and 11.1.3 shall contain a cross-liability clause in respect of third party claims so that Cheniere and Willbros are regarded as third parties as to each other.
- 11.4 Obligations Not Relieved: Except as otherwise provided in this Agreement to the contrary, the occurrence of any of the following shall in no way relieve Willbros from any of its obligations under this Agreement: (i) failure by Willbros to secure or maintain the insurance coverage required hereunder; (ii) failure by Willbros to comply fully with any

- of the insurance provisions of this Agreement; (iii) failure by Willbros to secure such endorsements on the policies as may be necessary to carry out the terms and provisions of this Agreement; (iv) the insolvency, bankruptcy or failure of any insurance company providing insurance to Willbros; (v) failure of any insurance company to pay any claim accruing under its policy; or (vi) losses by Willbros or any of its Subcontractors or Vendors not covered by insurance policies.
- 11.5 Subcontractors' and Vendors' Insurance: If Willbros subcontracts any part of the Work, Willbros shall obtain or require its Subcontractors and Vendors to maintain, the same insurance coverage and amounts that Willbros is required to maintain pursuant to this Paragraph 11, as applicable and appropriate to the Work of such Subcontractor or Vendor.
- 11.6 Parent Guarantee: Willbros will guarantee the full and faithful performance of all obligations of Willbros under this Agreement by providing Cheniere with a parent guarantee in the form attached as Attachment I.
- 11.7 Performance and Payment Bonds: Prior to commencement of the construction component of the Work and in any event no later than thirty (30) days prior to Cheniere's payment to Willbros of the down payment for such Work in accordance with Paragraph 1.4.1(i) of Attachment I to the Letter Agreement, Willbros shall cause the construction Subcontractor to provide to Cheniere and maintain performance and payment bonds in the form of Attachment II and in an amount equal to the amount of the cost of construction, as indicated in the Schedule of Values. Such bonds shall be provided by a surety licensed to transact business in the State of Louisiana, U.S. Department of Treasury listed and otherwise approved by Cheniere, which approval shall not be unreasonably withheld. Each bond shall also attach the respective dual obligee riders set forth in Attachment II, naming Cheniere as a dual obligee under each bond. The premium of such bonds shall be reimbursed to Willbros by Cheniere and shall be included in the Guaranteed Maximum Price.
- 11.8 Limitation of Liability. Notwithstanding any other provision of this Agreement, under no circumstance shall the liability of Willbros to Cheniere in connection with the Work exceed in the cumulative aggregate fifteen percent (15%) of the cost of construction, as indicated in the Schedule of Values and as may be adjusted by Change Order, provided that, notwithstanding the foregoing, the limitation of liability set forth in this Paragraph 11.8 shall not (i) apply in the event of Willbros' willful misconduct (including the willful refusal to perform the Work, willful delay in performing the Work or abandonment of the Work) or gross negligence; (ii) apply to Willbros' indemnification obligations under this Agreement; or (iii) include the payment of proceeds under any insurance policy required to be provided by Willbros under Paragraph 11.1, Cheniere or any Subcontractor or Vendor. In no event shall the limitation of liability set forth in this Paragraph 11.8 be in any way deemed to limit Willbros' obligation to perform all Work required to achieve Mechanical Completion, Start-up and Project Completion. The costs incurred by Willbros in performing the Work (including Corrective Work and other Warranty

obligations but excluding the payment of Liquidated Damages) shall not be counted against the aggregate limitation of liability set forth in this Paragraph 11.8.

12. WARRANTY

12.1 **General:** Any Work, or component thereof, that is not in conformity with any warranties set forth in this Paragraph 12 and elsewhere in this Agreement (collectively, the "Warranty" or "Warranties") is defective ("Defective") and contains a defect ("Defect"). Willbros hereby warrants that the Work and each component thereof shall be:

12.1.1 new, complete, fit for the purposes specified in this Agreement and of suitable grade for the intended function and use;

12.1.2 in accordance with all of the requirements of this Agreement, including in accordance with good engineering and construction practices, Applicable Law and Applicable Codes and Standards;

12.1.3 free from encumbrances to title, as set forth in greater detail in Paragraph 10.2; and

12.1.4 free from defects in design, material and workmanship and otherwise conform to the standards and requirements contained in the Specifications and elsewhere in this Agreement.

Willbros and its Subcontractors and Vendors shall exercise that high degree of skill and judgment normally exercised by firms performing services of a similar nature.

12.2 **Correction of Work:**

12.2.1 **Prior to Start-up:** Willbros' obligations to correct Work prior to Start-up are set forth in Paragraph 7.4.

12.2.2 **After Start-up:** If within twelve (12) months after Start-up (the "Defect Correction Period") any Work is found to be Defective, Willbros shall, at its sole cost and expense, immediately and on an expedited basis correct such Defective Work and any other portions of the Project damaged or affected by such Defective Work, whether by repair, replacement or otherwise ("Corrective Work") and shall be liable for and pay to Cheniere any and all costs, losses, damages and expenses incurred by Cheniere arising out of or relating to such Defective Work. Cheniere shall provide Willbros with access to the Project sufficient to perform its Corrective Work, so long as such access does not unreasonably interfere with operation of the Project and subject to any reasonable security or safety requirements of Cheniere. In the event Willbros utilizes spare parts owned by Cheniere in the course of performing the Corrective Work, Willbros shall supply Cheniere free of charge with new spare parts equivalent in quality and quantity to

all such spare parts used by Willbros as soon as possible following the utilization of such spare parts.

- 12.2.3 Cheniere's Right to Correct or Complete Defective Work: If Willbros fails to commence the Corrective Work within a reasonable period of time not to exceed forty-eight (48) hours, or does not complete such Corrective Work on an expedited basis, then Cheniere, by written notice to Willbros, may (without prejudice to any other remedies that it may have under this Agreement) correct such Defective Work, and Willbros shall be liable to Cheniere for all costs, losses, damages and expenses incurred by Cheniere in connection with correcting such Defective Work and arising out of or relating to such Defective Work and shall pay Cheniere (directly, or by offset, at Cheniere's sole discretion) an amount equal to such costs, losses, damages and expenses; provided, however, if such Defective Work presents an imminent threat to the safety or health of any person and Cheniere knows of such Defective Work, Cheniere may (without prejudice to any other remedies that it has under this Agreement) correct such Defective Work without giving prior written notice to Willbros, and, in that event, Willbros shall be liable to Cheniere for all reasonable costs, losses, damages and expenses incurred by Cheniere in connection with correcting such Defective Work and arising out of or relating to such Defective Work and shall pay Cheniere (directly or by offset, at Cheniere's sole discretion) an amount equal to such costs, losses, damages and expenses.
- 12.2.4 Extended Defect Correction Period for Corrective Work: With respect to any Corrective Work performed, the Defect Correction Period for such Corrective Work shall be extended for an additional twelve (12) months from the date of the completion of such Corrective Work; provided, however, in no event shall the Defect Correction Period for such Corrective Work be less than the original Defect Correction Period. In no event shall the Defect Correction Period plus any extended Defect Correction Period exceed a total period of twenty-four (24) months.
- 12.2.5 Standards for Corrective Work: All Corrective Work shall be performed subject to the same terms and conditions under this Agreement as the original Work is required to be performed.
- 12.2.6 No Limitation: Nothing contained in this Paragraph 12.2 shall be construed to establish a period of limitation with respect to other obligations which Willbros might have under the Agreement. Establishment of the Defect Correction Period relates only to the specific obligation of Willbros to perform Corrective Work, and has no relationship to the time within which the obligation to comply with this Agreement may be sought to be enforced, nor to the time within which proceedings may be commenced to establish Willbros' liability with respect to Willbros' obligations other than specifically to perform Corrective Work. In addition, all representations, Warranties and obligations to perform Corrective

Work set forth in this Agreement, including those in this Paragraph 12, shall be in addition to and shall in no way limit Willbros' obligation to perform all Work necessary to achieve Project Completion.

12.2.7 Vendor Correction of Work Warranties for Materials or Equipment: Notwithstanding anything to the contrary in this Agreement, with respect to any materials or equipment procured by Willbros from a Vendor, Willbros' liability during the Defect Correction Period for such materials and equipment shall be limited to "passing through" to Cheniere the benefits of any correction of Work warranty received from the applicable Vendor, which correction of Work obligation shall be deemed to run to the benefit of Cheniere. Willbros shall use its best efforts to obtain a correction of Work warranty identical to Willbros' correction of Work obligations set forth in Paragraph 12.2.2, but in no event shall such correction of Work obligations be less than industry standard and otherwise reasonable to protect Cheniere from Defective Work. Willbros shall use its best efforts to cause such Vendors to perform their obligations under such warranties, and shall cooperate with Cheniere's efforts to enforce such warranties with any such Vendors. Willbros shall assign in full, and without cost to Cheniere, all such warranties from such Vendors. In the event of a Dispute during the Defect Correction Period as to whether Defective Work relates to a Defect in workmanship (and, therefore, is covered by Paragraph 12.2.2) or a Defect in material or equipment provided by a Vendor (and, therefore, is covered by this Paragraph 12.2.7), anything in this Paragraph notwithstanding, Willbros shall, at Cheniere's direction and subject to the dispute resolution procedure set forth in Article 14, perform Corrective Work during the Defect Correction Period unless Willbros successfully causes such Vendor to perform its correction of Work obligations in accordance with the terms of the applicable purchase order.

12.3 Assignment and Enforcement of Subcontractor Warranties: Willbros shall, without additional cost to Cheniere, obtain Warranties from Subcontractors that meet or exceed the requirements of this Agreement; provided, however, Willbros shall not in any way be relieved of its responsibilities and liability to Cheniere under this Agreement, regardless of whether such Subcontractor Warranties meet the requirements of this Agreement, as Willbros shall be fully responsible and liable to Cheniere for its Warranty and corrective Work obligations and liability under this Agreement for all Work. All such Warranties shall be deemed to run to the benefit of Cheniere and Willbros. Such Warranties, with duly executed instruments assigning the Warranties to Cheniere, shall be delivered to Cheniere upon Start-up. All Warranties provided by any Subcontractor shall be in such form as to permit direct enforcement by Willbros or Cheniere against any Subcontractor whose Warranty is called for, and Willbros agrees that: (i) Willbros' Warranty, as provided under this Paragraph 12 shall apply to all Work regardless of the provisions of any Subcontractor Warranty, and such Subcontractor Warranties shall be in addition to, and not a limitation of, such Willbros Warranty; (ii) Willbros is jointly and severally liable with such Subcontractor with respect to such Subcontractor Warranty; and (iii)

service of notice on Willbros that there has been a breach of a Subcontractor Warranty shall be sufficient to invoke the terms of the instrument.

- 12.4 **Survival of Warranties:** All representations and Warranties set forth in this Agreement, including those in this Paragraph 12, shall survive Project Completion or the earlier termination of this Agreement.

13. TITLE TO THE WORK AND TO WORK PRODUCT.
CONFIDENTIAL INFORMATION

- 13.1 **Title:** The title to all or any portion of the Work (other than Work Product) shall pass to Cheniere upon the earlier of (a) payment by Cheniere therefore, or (b) incorporation of such Work into the Work Site. Notwithstanding the foregoing, title to all materials furnished by Cheniere, irrespective of the location thereof, as between Cheniere and Willbros or any Subcontractor or Vendor, shall be in Cheniere. Transfer of title to Work shall be irrespective of the passage of risk of loss pursuant to Paragraph 13.2 and shall be without prejudice to Cheniere's right to reject Defective Work or any other right in this Agreement.
- 13.2 **Risk of Loss:** Notwithstanding passage of title pursuant to Paragraph 13.1, Willbros shall bear the risk of loss and damage to Work until the earlier of Start-up or termination of this Agreement; provided that Cheniere shall at all times bear the risk of physical loss and damage if and to the extent arising from (i) war (whether declared or undeclared), civil war, act of terrorism, sabotage, blockade, insurrection; or (ii) ionizing radiation, or contamination by radioactivity from nuclear fuel, or from any nuclear waste from the combustion of nuclear fuel properties of any explosive nuclear assembly or nuclear component thereof. In the event that any physical loss or damage to the Work arises from one or more of the events set forth in the preceding sentence, and Cheniere elects to rebuild such physical loss or damage, Willbros shall be entitled to a Change Order to the extent such event adversely affects (i) Willbros' costs of performance of the Work; (ii) Willbros' ability to perform the Work in accordance with the Work Plan or (iii) Willbros' ability to perform any material obligation under this Agreement; provided that Willbros complies with the requirements set forth in Paragraphs 9.5 and 14.1.
- 13.3 **Ownership of Work Product:** Subject to Paragraph 13.4, all materials which Willbros or any Subcontractor or Vendor is required to furnish, prepare or develop in the performance and completion of Work hereunder (whether delivered to Cheniere or not), including reports, plans, Drawings and Specifications, calculations, maps, sketches, notes, data and samples (collectively, "Work Product"), shall be "works for hire," and all rights, title and interests to the Work Product, including any and all copyrights in the Work Product, shall be the sole and exclusive property of Cheniere without limitation (except Willbros may retain a copy thereof in accordance with this Agreement), subject only to Willbros' right to use the same to perform the Work. Such Work Product (including all copies thereof) shall, together with any materials furnished by Cheniere hereunder, be delivered to Cheniere upon request and in any event upon completion or termination of this

Agreement. All such Work Product shall be considered to be Cheniere's Confidential Information and is subject to the confidentiality obligations in Paragraph 13.6. If for any reason any part of or all of the Work Product is not considered work for hire for Cheniere or if ownership of all right, title and interest in the Work Product shall not otherwise vest in Cheniere, then Willbros agrees that such ownership and copyrights in the Work Product, whether or not such Work Product is fully or partially complete, shall be automatically assigned from Willbros to Cheniere, without further consideration, and Cheniere shall thereafter own all right, title and interest in the Work Product, including all copyright interests.

- 13.4 Willbros Intellectual Property: As between Cheniere and Willbros, Willbros shall retain ownership of any intellectual property rights owned by Willbros or developed by Willbros outside this Agreement and prior to the Effective Date ("Willbros' Intellectual Property"). To the extent any Willbros' Intellectual Property is incorporated, in whole or in part, into the Work Product, Willbros shall provide prior written notice thereof to Cheniere. Cheniere shall be entitled to use Willbros' Intellectual Property and Willbros hereby grants Cheniere an irrevocable and royalty-free license to use and modify Willbros' Intellectual Property for the sole purposes of: (i) operating and maintaining the Project; (ii) assisting in the performance of the Work; or (iii) repairing, replacing, expanding, completing or modifying any portion of the Work or the Project. Cheniere shall be entitled to assign its rights in such license, provided that such assignee shall only use such license for the purposes specified in (i) through (iii) above.
- 13.5 Cheniere's Use of the Work Product and Willbros' Intellectual Property for Other Projects In addition to the license granted in Paragraph 13.4, Cheniere shall be entitled to use the Work Product and Willbros hereby grants solely to Cheniere an irrevocable and royalty-free license, non-transferable and non-assignable (except as set forth below) to use Willbros' Intellectual Property embedded in the Work Product, in each case solely for the purpose of developing other projects owned in whole or part by Cheniere, including the Corpus Christi and Creole Trail projects, provided that (i) Cheniere shall first remove all references to Willbros and the Project from the Work Product and Willbros' Intellectual Property embedded in the Work Product, (ii) the use of any of Willbros' Intellectual Property on such other projects shall be limited to such Willbros' Intellectual Property which is embedded in the Work Product; and (iii) Cheniere shall not assign (except to an affiliated company of Cheniere) such Work Product or license without Willbros' consent, which consent shall not be unreasonably withheld or delayed. CHENIERE SHALL DEFEND, INDEMNIFY AND HOLD WILLBROS HARMLESS FROM AND AGAINST ALL DAMAGES, LOSSES, COSTS AND EXPENSES (INCLUDING ALL REASONABLE ATTORNEYS' FEES AND LITIGATION OR ARBITRATION EXPENSES) INCURRED BY WILLBROS AND CAUSED BY USE OF THE WORK PRODUCT OR WILLBROS' INTELLECTUAL PROPERTY IN CONNECTION WITH PROJECTS OTHER THAN THE PROJECT WHICH IS THE SUBJECT OF THIS AGREEMENT.

- 13.6 Willbros' Confidentiality Obligations: Willbros hereby covenants and warrants that Willbros and its employees and agents shall not (without in each instance obtaining Cheniere's prior written consent) disclose, make commercial or other use of, or give or sell to any person or entity any of the following information: (i) any Work Product other than to Subcontractors or Vendors as necessary to perform the Work or (ii) any other information relating to the business, products, services, research or development, clients or customers of Cheniere or any member of the Cheniere Group, or relating to similar information of a third party who has entrusted such information to Cheniere or any member of the Cheniere Group (hereinafter individually or collectively, "Cheniere's Confidential Information"). Prior to disclosing any information in (i) of this Paragraph 13.6 to any Subcontractor or Vendor as necessary to perform the Work, Willbros shall bind such Subcontractor or Vendor to the confidentiality obligations contained in this Paragraph 13.6 and to the term in Paragraph 13.11. Nothing in this Paragraph 13.6 or this Agreement shall in any way prohibit Willbros or any of its Subcontractors or Vendors from making commercial or other use of, selling, or disclosing any of their respective Willbros' Intellectual Property.
- 13.7 Cheniere's Confidentiality Obligations: Cheniere hereby covenants and warrants that Cheniere and its employees and agents shall not (without in each instance obtaining Willbros' prior written consent) disclose, make commercial or other use of, or give or sell to any person or entity any pricing methodologies or pricing information (other than the Guaranteed Maximum Price or actual expenditures made by Willbros under this Agreement) relating to the Work, which is conspicuously marked and identified in writing as confidential by Willbros (hereinafter individually or collectively, "Willbros' Confidential Information"). The Parties agree that Cheniere may disclose Willbros' Confidential Information to any member of the Cheniere Group, underwriters, a bona fide prospective purchaser of all or a portion of Cheniere's or any member of the Cheniere Group's assets or ownership interests, a bona fide prospective assignee of all or a portion of Cheniere's interest in this Agreement, lender and its representatives, rating agencies or any other party in relation to project financing for the Project, provided that Cheniere binds such persons or entity to the confidentiality obligations contained in this Paragraph 13.7 and to the term in Paragraph 13.11.
- 13.8 Definitions: The term "Confidential Information" shall mean one or both of Willbros' Confidential Information and Cheniere's Confidential Information, as the context requires. The Party having the confidentiality obligations with respect to such Confidential Information shall be referred to as the "Receiving Party," and the Party to whom such confidentiality obligations are owed shall be referred to as the "Disclosing Party."
- 13.9 Exceptions: Notwithstanding Paragraphs 13.6 and 13.7, Confidential Information shall not include: (i) information which at the time of disclosure or acquisition is in the public domain, or which after disclosure or acquisition becomes part of the public domain without violation of this Paragraph 13; (ii) information which at the time of disclosure or acquisition was already in the possession of the Receiving Party or its employees or

agents and was not previously acquired from the Disclosing Party or any of its employees or agents directly or indirectly; (iii) information which the Receiving Party can show was acquired by such entity after the time of disclosure or acquisition hereunder from a third party without any confidentiality commitment, if, to the best of Receiving Party's or its employees' or agent's knowledge, such third party did not acquire it, directly or indirectly, from the Disclosing Party or any of its employees or agents; (iv) information independently developed by the Receiving Party without benefit of the Confidential Information, but specifically excluding the Work Product; and (v) information which is required by Applicable Law or other agencies in connection with the Project, to be disclosed; provided, however, that prior to such disclosure, the Receiving Party gives reasonable notice to the Disclosing Party of the information required to be disclosed so that the Disclosing Party may attempt to seek an appropriate protective order or other remedy.

- 13.10 Equitable Relief. The Parties acknowledge that in the event of a breach of any of the terms contained in this Paragraph 13, the Disclosing Party would suffer irreparable harm for which remedies at law, including damages, would be inadequate, and that the Disclosing Party shall be entitled to seek equitable relief therefor by injunction, in addition to any and all rights and remedies available to it at law and in equity, without the requirement of posting a bond.
- 13.11 Term. The confidentiality obligations of this Paragraph 13 shall survive the expiration or termination of this Agreement for a period of five (5) years following the expiration or earlier termination of this Agreement.
- 13.12 Disclosure and Filings. Willbros acknowledges that Cheniere may be required from time to time to make filings in compliance with Applicable Law, including filing a copy of this Agreement with the U.S. Securities and Exchange Commission.

14. DISPUTE RESOLUTION

- 14.1 Time Requirements for Claims: Should Willbros desire to seek an adjustment to the Guaranteed Maximum Price, the Project Schedule or any other modification to any other obligation of Willbros under this Agreement for any circumstance that Willbros has reason to believe may give rise to a right to request the issuance of a Change Order, Willbros shall, with respect to each such circumstance:
- 14.1.1 notify Cheniere in writing within fourteen (14) days of the date that Willbros knew or reasonably should have known of the first occurrence or beginning of such circumstance. In such notice, Willbros shall state in detail all known and presumed facts upon which its claim is based, including the character, duration and extent of such circumstance, the date Willbros first knew of such circumstance, any activities impacted by such circumstance, the cost and time consequences of such circumstance (including showing the impact of such circumstance, if any, on the critical path of the Work Plan) and any other details

or information that are expressly required under this Agreement. Willbros shall only be required to comply with the notice requirements of this Paragraph 14.1 once for continuing circumstances, provided the notice expressly states that the circumstance is continuing and includes Willbros' best estimate of the time and cost consequences of such circumstance; and

14.1.2 submit to Cheniere a request for a proposed Change Order as soon as reasonably practicable after giving Cheniere written notice but in no event later than fourteen (14) days after the completion of each such circumstance, together with a written statement (i) detailing why Willbros believes that a Change Order should be issued, plus all documentation reasonably requested by or necessary for Cheniere to determine the factors necessitating the possibility of a Change Order and all other information and details expressly required under this Agreement; and (ii) setting forth the effect, if any, which such proposed Change Order would have for the Work on the Guaranteed Maximum Price and the Project Schedule.

The Parties acknowledge that Cheniere will be prejudiced if Willbros fails to provide the notice required under this Paragraph 14.1, and agree that such requirement is an express condition precedent necessary to any right for an adjustment in the Guaranteed Maximum Price, the Project Schedule, any Work or any other modification to any other obligation of Willbros under this Agreement. Oral notice, shortness of time, or Cheniere's actual knowledge of a particular circumstance shall not waive, satisfy, discharge or otherwise excuse Willbros' strict compliance with this Paragraph 14.1.

14.2 Negotiation: In the event that any claim, dispute or controversy arising out of or relating to this Agreement (including the breach, termination or invalidity thereof, and whether arising out of tort or contract) ("Dispute") cannot be resolved informally within thirty (30) days after the Dispute arises, either Party may give written notice of the Dispute ("Dispute Notice") to the other Party requesting that a representative of Cheniere's senior management and Willbros' senior management meet in an attempt to resolve the Dispute. Each such management representative shall have full authority to resolve the Dispute and shall meet at a mutually agreeable time and place within fourteen (14) days after receipt by the non-notifying Party of such Dispute Notice, and thereafter as often as they deem reasonably necessary to exchange relevant information and to attempt to resolve the Dispute. In no event shall this Paragraph 14.2 be construed to limit either Party's right to take any action under this Agreement, including Cheniere's termination rights. The Parties agree that if any Dispute is not resolved within thirty (30) days after receipt of the Dispute Notice given in this Paragraph 14.2, then either Party may by notice to the other Party refer the Dispute to be decided by final and binding arbitration in accordance with Paragraph 14.3.

14.3 Arbitration: Any arbitration held under this Agreement shall be held in Houston, Texas, unless otherwise agreed by the Parties, shall be administered by the Dallas, Texas office of the American Arbitration Association ("AAA") and shall, except as otherwise modified by this Paragraph 14.3, be governed by the AAA's Construction Industry

Arbitration Rules and Mediation Procedures (including Procedures for Large, Complex Construction Disputes) (the "AAA Rules"). The number of arbitrators required for the arbitration hearing shall be determined in accordance with the AAA Rules. The arbitrator(s) shall determine the rights and obligations of the Parties according to the substantive law of the state of Texas, excluding its conflict of law principles, as would a court for the state of Texas; *provided, however*, the law applicable to the validity of the arbitration clause, the conduct of the arbitration, including resort to a court for provisional remedies, the enforcement of any award and any other question of arbitration law or procedure shall be the Federal Arbitration Act, 9 U.S.C.A. § 2. Issues concerning the arbitrability of a matter in dispute shall be decided by a court with proper jurisdiction. The Parties shall be entitled to engage in reasonable discovery, including the right to production of relevant and material documents by the opposing Party and the right to take depositions reasonably limited in number, time and place, provided that in no event shall any Party be entitled to refuse to produce relevant and non-privileged documents or copies thereof requested by the other Party within the time limit set and to the extent required by order of the arbitrator(s). All disputes regarding discovery shall be promptly resolved by the arbitrator(s). This agreement to arbitrate is binding upon the Parties, Willbros' surety (if any) and the successors and permitted assigns of any of them. At Cheniere's sole option, any other person may be joined as an additional party to any arbitration conducted under this Paragraph 14.3, provided that the party to be joined is or may be liable to either Party in connection with all or any part of any Dispute between the Parties. The arbitration award shall be final and binding, in writing, signed by all arbitrators, and shall state the reasons upon which the award thereof is based. The Parties agree that judgment on the arbitration award may be entered by any court having jurisdiction thereof.

- 14.4 Continued Performance: Notwithstanding any Dispute, so long as Cheniere continues to pay Willbros undisputed amounts in accordance with this Agreement, it shall be the responsibility of Willbros to continue to prosecute all of the Work diligently and in a good and workmanlike manner in conformity with this Agreement. Except to the extent provided in Paragraph 18, Willbros shall have no right to cease performance hereunder or to permit the prosecution of the Work to be delayed. Cheniere shall, subject to its right to withhold or offset amounts pursuant to this Agreement, continue to pay Willbros undisputed amounts in accordance with this Agreement; provided, however, in no event shall the occurrence of any negotiation or arbitration prevent or restrict Cheniere from exercising its rights under this Agreement, at law or in equity, including Cheniere's right to terminate pursuant to Paragraphs 16 or 17.

15. SUSPENSION OF WORK

- 15.1 Suspension of Work: Cheniere may at any time, whether or not for cause, suspend performance of the Work, or any part thereof, by a Change Order specifying the Work to be suspended and the effective date of such suspension. Willbros shall cease performance of such suspended Work on the effective date of suspension, but shall continue to perform any unsuspended Work and shall take reasonable steps to minimize

any costs associated with such suspension. During any such suspension, Willbros shall take all reasonably necessary actions to maintain and safeguard the suspended Work in a manner as Cheniere may reasonably require. Except when such suspension ordered by Cheniere is the result of or due to the fault or negligence of Willbros or any Subcontractor or Vendor, Willbros shall be entitled to the reasonable costs (including actual, but not unabsorbed, overhead, contingency, risk and reasonable profit) of such suspension incurred during the suspension period, including demobilization and remobilization costs and costs incurred for Willbros Personnel and for Willbros Equipment, at the standby rates, if any, specified in the Letter Agreement, if necessary, along with appropriate supporting documentation to evidence such costs, and a time extension to the Preparation and Material Receipt Commencement Date, the Construction Commencement Date or the Scheduled Mechanical Completion Date if and to the extent permitted under Paragraph 20.2. In no event shall Willbros be entitled to any additional profits or damages due to such suspension.

- 15.2 Resumption of Work: Unless otherwise instructed by Cheniere, Willbros shall during any such suspension maintain its staff and labor on or near the Work Site and otherwise be ready to proceed expeditiously with the Work upon receipt of Cheniere's further instructions. Cheniere may, at any time, authorize resumption of all or any part of the suspended Work by giving notice to Willbros specifying the part of Work to be resumed and the effective date of such resumption. Suspended Work shall be promptly resumed by Willbros after receipt of such notice.

16. TERMINATION AT CHENIERE'S CONVENIENCE

- 16.1 Cheniere's Rights to Terminate for Convenience: Cheniere may, at any time and at its sole convenience, terminate the Agreement or any part of the Work by giving notice to Willbros specifying the Work to be terminated and the effective date of termination.
- 16.2 Obligations upon Termination for Convenience: Should Cheniere issue a termination notice in accordance with Paragraph 16.1, Willbros shall stop performance of the Work involved on the effective date of termination, unless Cheniere directs Willbros to complete portions of the Work in progress. Such termination shall be effective in the manner specified in the notice, and upon receipt of such notice, Willbros shall, unless the notice directs otherwise, comply with the obligations set forth in Paragraph 19. Upon such termination, it is agreed that the obligations of this Agreement shall continue as to Work already performed. It is further agreed in the event of such termination that the amounts due Willbros in full and complete settlement of this Agreement shall be the sum of the following:
- 16.2.1 The reasonable value of the Work satisfactorily performed prior to termination (the basis of payment being based on the terms of this Agreement, less previous payments, if any, paid to Willbros under this Agreement), plus

16.2.2 Reasonable direct close-out costs, but in no event shall Willbros be entitled to receive any amount for unabsorbed overhead, contingency or anticipatory profit. Willbros shall submit all reasonable direct close-out costs to Cheniere for verification and audit within sixty (60) days following the effective date of termination.

17. TERMINATION BY CHENIERE FOR CAUSE

- 17.1 **Default by Willbros:** Should Willbros at any time: (a) commit a material breach of the Agreement; (b) cause, by any action or omission, any material stoppage or delay of or interference with the work of Cheniere or its other consultants or contractors; (c) fail to comply with Applicable Law or Applicable Codes and Standards; or (d) become insolvent, have a receiver appointed, make a general assignment or filing for the benefit of its creditors or file for bankruptcy protection, in which such case of insolvency, receivership or assignment the cure provisions found below shall not apply; then, in any such event and without prejudice to any other rights available under this Agreement, Cheniere may provide written notice to Willbros specifying the general nature of the default and demanding cure thereof. If, within seven (7) days after receipt of such notice Willbros has failed to cure such default, or if the default cannot be cured with the exercise of reasonable diligence within such seven (7) days but Willbros fails to commence corrective action and cure such condition within an additional fourteen (14) days, Cheniere may, at its option: (i) take such steps as are necessary to overcome the default or deficiency stated in its notice, in which case Willbros shall be liable to Cheniere for all related costs in connection therewith (including all attorneys' fees, consultant fees and litigation or arbitration expenses) which may be offset by Cheniere at its option; or (ii) terminate for default Willbros' performance of all or part of the Work.
- 17.2 **Additional Rights of Cheniere upon Default Termination:** In the case of termination for default, Cheniere may, at its option, either itself or through others complete the Work by whatever method Cheniere may deem expedient, including taking possession, for the purposes of completing the Work, of all Willbros Equipment and materials and/or taking assignment of any or all of Willbros subcontracts or purchase orders for the Project. In the event of termination under this Paragraph 17, Willbros shall not be entitled to receive any further payment until the Work shall be fully completed and accepted by Cheniere, and Willbros shall be liable to Cheniere for all costs, damages, losses and expenses (including all attorneys' fees, consultant fees and litigation or arbitration expenses) incurred by Cheniere in completing the Work, either itself or through others, including all Liquidated Damages to the extent payable pursuant to Paragraph 21 of this Agreement.
- 17.3 **Conversion:** If any termination for default by Cheniere pursuant to Paragraph 17.1 is found to be not in accordance with the provisions of this Agreement or is otherwise deemed to be unenforceable, then such termination shall be deemed to be a termination for convenience as provided in Paragraph 16.

18. TERMINATION BY WILLBROS

Should Cheniere fail to pay Willbros undisputed invoiced amounts when due under this Agreement, Willbros may demand in writing that Cheniere comply with the payment terms of this Agreement. If, within forty-five (45) days after Cheniere's receipt of such a demand, Cheniere has not taken satisfactory steps to cure such failure, Willbros may, without prejudice to the exercise of any other rights or remedies which may be available to it, terminate this Agreement by giving Cheniere written notice to that effect. Such termination hereunder by Willbros shall be effective on the date specified in Willbros' termination notice. In the event of termination under this Paragraph 18, Willbros have the rights (and Cheniere shall make the payments) provided for in Paragraph 16 in the event of a Cheniere termination for convenience. The right of Willbros to terminate this Agreement for cause shall be without prejudice to, and not in lieu of, any other remedies available to Willbros under this Agreement.

19. WILLBROS' OBLIGATIONS UPON SUSPENSION OR TERMINATION

- 19.1 Willbros' Obligations: If the Agreement or any portion of the Work is suspended or terminated as provided in Paragraphs 15, 16, 17, or 18 and if Cheniere so requests, Willbros shall:
- 19.1.1 immediately discontinue Work on the date and to the extent specified in the notice;
 - 19.1.2 place no further orders for subcontracts, materials, equipment, or any other items or services except as may be necessary for completion of such portion of the Work as is not discontinued, thereafter execute only that portion of the Work not terminated (if any);
 - 19.1.3 inventory, maintain and turn over to Cheniere all Willbros Equipment or any other equipment or other items provided by Cheniere for performance of the terminated Work;
 - 19.1.4 promptly make every reasonable effort to procure cancellation upon the best terms as are reasonably obtainable under the circumstances and which are satisfactory to Cheniere of any or all subcontracts, purchase orders and rental agreements to the extent they relate to the performance of the Work that is discontinued unless Cheniere elects to take assignment of any such subcontracts, purchase orders and rental agreements pursuant to Paragraph 19.2;
 - 19.1.5 cooperate with Cheniere in the transfer of Work Product, including Drawings, licenses and any other items or information and disposition of Work in progress so as to mitigate damages;
 - 19.1.6 comply with other reasonable requests from Cheniere regarding the terminated Work;

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- 19.1.7 do whatever is necessary to preserve and protect Work in progress, to protect materials, equipment and supplies in transit or at the Work Site for the Project, to comply with any Applicable Law and any Applicable Codes and Standards, and to minimize all costs to Cheniere and Willbros resulting from such suspension or termination; and
- 19.1.8 perform all other obligations under Paragraph 17.2.
- 19.2 Assignment of Subcontracts and Other Agreements: If the Agreement or any portion of the Work is suspended or terminated as provided in Paragraphs 15, 16, 17, or 18, Cheniere may, at its sole option, take assignment of any or all subcontracts, purchase orders and rental agreements.

20. FORCE MAJEURE AND CHENIERE-CAUSED DELAY

20.1 Force Majeure:

20.1.1 Willbros Relief: If the commencement, prosecution or completion of any Work is delayed by Force Majeure, then Willbros shall be entitled to an extension to the Scheduled Mechanical Completion Date to the extent, if any, permitted under Paragraph 20.1.1.1 and an adjustment to the Guaranteed Maximum Price to the extent, if any, permitted under Paragraph 20.1.1.2, provided that Willbros complies with the notice and Change Order request requirements in Paragraph 14.1 and the mitigation requirements in Paragraph 20.4. All time extensions to the Project Schedule and adjustments to the Guaranteed Maximum Price for such delays shall be by Change Order implemented and documented as required under Paragraph 9.

20.1.1.1 Willbros shall be entitled to an extension to the Scheduled Mechanical Completion Date for delay that meets the requirements of Paragraph 20.1.1 if and to the extent such delay affects the performance of any Work that is on the critical path of the Work Plan and causes Willbros to achieve Mechanical Completion beyond the Scheduled Mechanical Completion Date, but only if Willbros is unable to proceed with other portions of the Work so as not to cause a delay in the Scheduled Mechanical Completion Date.

20.1.1.2 Willbros shall be entitled to an adjustment to the Guaranteed Maximum Price for any delay or prevention that meets the requirements of Paragraph 20.1.1, if such delay or prevention occurs for a continuous period of at least five (5) days in any thirty (30) day period. If Willbros is entitled to such adjustment to the Guaranteed Maximum Price, the adjustment to the Guaranteed Maximum Price shall only include reimbursement for the standby time for Willbros' employees and Willbros Equipment and other standby expenses which are incurred by Willbros after the expiration of such five (5) day period and which

are caused by such Force Majeure and the effects thereof. Willbros shall take all reasonable measures, pursuant to Paragraph 20.4, to mitigate the standby and other Force Majeure costs it incurs, and shall cooperate with Cheniere to help overcome such Force Majeure event. Reimbursement for such standby expenses and other Force Majeure costs shall be subject to an aggregate amount of One Million Five Hundred Thousand Dollars (U.S.\$ 1,500,000).

- 20.1.2 Cheniere Relief. Subject to Paragraph 20.1.3, Cheniere's obligations under this Agreement shall be suspended to the extent that performance of such obligations is delayed by Force Majeure, but only if Cheniere notifies Willbros of the existence of such event of Force Majeure within fourteen (14) days after its occurrence and complies with the mitigation requirements in Paragraph 20.4.
- 20.1.3 Payment Obligations: No obligation of a Party to pay moneys under or pursuant to this Agreement shall be excused by reason of Force Majeure.
- 20.2 Cheniere-Caused Delay: Should Cheniere or any person or entity acting on behalf of or under the control of Cheniere (including to any third party contractors working in connection with the Project) delay the commencement, prosecution or completion of the Work, and if such delay is not in any way attributable to Willbros or its Subcontractors or Vendors but is caused by (a) Cheniere's or such person or entity's active interference in the Work, (b) Cheniere's ordering a Change in the Work (provided that a Change Order has been issued in accordance with Paragraph 9), or (c) Cheniere's or such person or entity's failure to perform its material obligations pursuant to this Agreement, including the failure to provide access to the Work Site in accordance with Paragraph 5.2, then Willbros shall be entitled to an adjustment in the Guaranteed Maximum Price and an extension to the Scheduled Mechanical Completion Date if (i) such delay affects the performance of any Work that is on the critical path of the Work Plan, (ii) such delay causes Willbros to complete the Work beyond the Scheduled Mechanical Completion Date, (iii) Willbros is unable to proceed with other portions of the Work so as not to cause a delay in the Scheduled Mechanical Completion Date and (iv) Willbros complies with the notice and Change Order request requirements in Paragraph 14.1 and the mitigation requirements of Paragraph 20.4. Any adjustment to the Guaranteed Maximum Price shall be for reasonable, additional direct costs incurred by Willbros for such delay meeting the requirements of this Paragraph 20.2, and any adjustments to the Guaranteed Maximum Price or the Project Schedule shall be recorded in a Change Order.
- 20.3 Delay: For the purposes of Paragraph 20, the term "delay" shall include hindrances, disruptions or obstructions, or any other similar term in the industry and the resulting impact from such hindrances, disruptions or obstructions, including inefficiency, impact, or lost production.
- 20.4 Obligation to Mitigate Delay: At all times in the event of a delay, the Parties shall take reasonable actions to mitigate such delay.

21. LIQUIDATED DAMAGES

21.1 Liquidated Damages: If Mechanical Completion occurs after the Scheduled Mechanical Completion Date, Willbros shall pay Cheniere in amounts according to the following schedule for each day of delay until Mechanical Completion occurs (“Liquidated Damages”):

21.1.1 one (1) through thirty (30) days after the Scheduled Mechanical Completion Date: Zero U.S. Dollars (\$0) per day; and

21.1.2 thirty-one (31) days through sixty (60) days inclusive after the Scheduled Mechanical Completion Date at Five Thousand Dollars (\$5,000) per day;

21.1.3 sixty-one (61) days through ninety (90) days inclusive after the Scheduled Mechanical Completion Date at Seven Thousand Dollars (\$7,000) per day; and

21.1.4 ninety-one (91) days and thereafter until Mechanical Completion is achieved at Ten Thousand Dollars (\$10,000) per day.

Provided, however, in no event shall such Liquidated Damages exceed the total sum of Five Hundred Sixty Thousand Dollars (\$560,000), provided that such limitation of liability shall not be construed to limit Willbros’ other obligations or liabilities under this Agreement (including its obligations (i) to complete the Work for the compensation provided under this Agreement, (ii) to perform all Work required to achieve Start-up and Project Completion, and (iii) with respect to Warranties), nor shall such limitation of liability apply in the event of Willbros’ willful misconduct (including the willful refusal to perform the Work, willful delay in performing the Work or abandonment of the Work) or gross negligence.

21.2 Liquidated Damages Not a Penalty: It is expressly agreed that Liquidated Damages payable under this Agreement do not constitute a penalty and that the Parties, having negotiated in good faith for such specific Liquidated Damages and having agreed that the amount of such Liquidated Damages is reasonable in light of the anticipated harm caused by the breach related thereto and the difficulties of proof of loss and inconvenience or nonfeasibility of obtaining any adequate remedy, are estopped from contesting the validity or enforceability of such Liquidated Damages. In the event any Liquidated Damages are held to be unenforceable due to the urging by or on behalf of any member of the Willbros Group, Willbros specifically agrees to pay Cheniere all actual damages incurred by Cheniere in connection with such breach, including any and all consequential damages (such as loss of profits and revenues, business interruption, loss of opportunity and use) and all costs incurred by Cheniere in proving the same.

21.3 Payment of Liquidated Damages: With respect to any Liquidated Damages that accrue, Cheniere, at its sole discretion, may either (i) invoice Willbros for such owed Liquidated Damages, and within thirty (30) days of Willbros’ receipt of such invoice, Willbros shall

pay Cheniere Liquidated Damages, or (ii) withhold from Willbros amounts that are otherwise due and payable to Willbros in the amount of such Liquidated Damages. In addition, with respect to the achievement of Mechanical Completion, Willbros shall pay Cheniere all Liquidated Damages, if any, owed under this Agreement as a condition precedent to achieving such Mechanical Completion.

22. PUBLICITY RELEASES

Should Willbros or any of its Subcontractors or Vendors desire to publish or release any publicity or public relations materials of any kind relating to the Agreement specifically or the Project generally, Willbros shall first submit such material to Cheniere for review. Willbros shall not publish or release any such material without Cheniere's prior consent, such consent not to be unreasonably withheld.

23. GOVERNING LAW

It is understood that the Agreement is governed by the laws of the State of Texas except to the extent its conflict of law principles would refer to the law of another jurisdiction, the Parties acknowledge that the laws of Louisiana govern the rights and obligations of the Parties as to the validity and enforcement of mechanics' and materialmen's liens. Only to the extent that either Party may seek relief of the courts pursuant to this Agreement, Cheniere and Willbros each hereby submit to the exclusive jurisdiction of the federal and state courts located in Houston, Texas, and agree that service of process may be affected upon them by delivery to the addresses given in the Signature Document.

24. GENERAL PROVISIONS

- 24.1 **Assignment**: The Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties to the Agreement. The Agreement may neither be assigned nor transferred by either Party, either in whole or in part, without first obtaining the written consent of the other Party, and any attempt to make such an assignment shall be void; provided, however, that Willbros reserves the right to pledge or assign its rights to payment under this Agreement in accordance with its agreements with its lenders; provided further, however, that in no event shall a pledge or assignment of rights to payment by Willbros create or impose any additional obligation on Cheniere or otherwise void or preclude any rights or privileges of Cheniere or any member of the Cheniere Group under this Agreement. Notwithstanding the foregoing, Cheniere may freely assign this Agreement, in whole or in part, without Willbros' consent to any affiliate or successor of Cheniere or to any third party making a loan to Cheniere or purchasing the Project.
- 24.2 **Ownership and Transfer**: Cheniere represents that, once title is transferred as provided in this Agreement, it is the sole owner of the Project. Cheniere further agrees that any future transferee of any interest in the Project will be subject to the releases and limitations of liability set forth in the Agreement such that the total aggregate liability of Willbros to

Cheniere and such recipients shall not exceed, relative to any transferee, the limits of liability set forth in the Agreement.

- 24.3 **No Waiver:** No benefit or right accruing to either Party under the Agreement shall be waived unless the waiver is reduced to writing and signed by both Parties. The waiver, in one instance, of any act, condition or requirement stipulated in the Agreement shall not constitute a continuing waiver or a waiver of any act, condition or requirement or a waiver of the same act, condition or requirement in other instances, unless specifically so stated.
- 24.4 **Status of Willbros:** Willbros shall be and always remain an independent contractor with respect to the Work performed under the Agreement. Neither Willbros, its Subcontractors, its Vendors, nor the Willbros Personnel shall be deemed to be the servants, agents or employees of Cheniere. Willbros shall exercise control, management and direction over the details and means of performing the Work and shall be subject to the directions of Cheniere only with respect to the scope and general results required.
- 24.5 **Third Party Beneficiaries:** This Agreement shall not be deemed for the benefit of any third party nor shall it give any person not a Party to the Agreement any right to enforce its provisions.
- 24.6 **Survival:** The provisions of Paragraphs 9.6, 10, 11, 12, 13, 14, 16, 17, 18, 19, 20 and 23 shall survive the final settlement or termination of the Agreement, for whatever reason.
- 24.7 **Severability:** Any term or provision of the Agreement judicially determined to be invalid or unenforceable to any entity or circumstance shall be deemed, to such extent invalid or unenforceable, but the remainder of the Agreement shall remain unaffected and be enforceable according to its terms.
- 24.8 **Headings:** The headings hereof shall not be considered in interpreting the text of the Agreement and are inserted for convenience of reference only.
- 24.9 **Further Assurances:** Each Party shall perform the acts and execute and deliver the documents and give reasonable assurances necessary to give effect to the provisions of the Agreement; provided that Cheniere shall only be required to give any such assurances upon a material change in the creditworthiness of Cheniere or upon any other significant adverse change to Cheniere. Any assurances required under this Paragraph 24.9 shall not involve the assumption of obligations greater than those provided for in this Agreement.
- 24.10 **Entire Agreement:** This Agreement supersedes all previous quotations, proposals, letter agreements, contracts, agreements, understandings and correspondence between the Parties regarding the Work, and constitutes the entire agreement between the Parties concerning the Work. Notwithstanding the foregoing, the Parties acknowledge that the Letter Agreement shall be simultaneously executed with this Agreement. No promise, agreement, representation or modification to the Agreement shall be of any force or effect

between the Parties unless expressly set forth or provided for in the Agreement, a Change Order or an Amendment.

- 24.11 Interpretation: The word “include” or “including” shall mean including without limitation. The words “hereof”, “herein”, “hereunder” and “hereto” refer to the Agreement as a whole, including the Schedules, and not to any particular provision of the Agreement unless expressly indicated. Unless the context clearly requires otherwise, references to the plural include the singular and the singular the plural. References to “days” or a “day” shall mean a calendar day, unless otherwise stated. Where a Party’s approval or acceptance is required, such approval or acceptance shall not be unreasonably delayed.
- 24.12 Lender Requirements: In addition to other assurances provided in this Agreement, Willbros acknowledges that Cheniere has obtained or may obtain financing, which may be project financing, associated with the Work, and Willbros agrees to cooperate with Cheniere and Cheniere’s lenders in connection with such Project financing, including entering into direct agreements with such lenders, as reasonably required by such lenders, covering matters that are customary in project financings of this type such as lender assignment or security rights with respect to this Agreement, consent agreements, opinions of counsel, direct notices to lender and lender’s independent engineer, step-in/step-out rights, access by lender’s representative, including lender’s independent engineer, and other matters applicable to such Project financing. Willbros shall cooperate with any independent engineer retained by Cheniere’s lender(s) in the conduct of such independent engineers’ duties in relation to the Project, including the Work. No review, approval or disapproval by any independent engineer shall serve to reduce or limit the liability of Willbros to Cheniere under this Agreement.
- 24.13 Counterparts: This Agreement may be signed in any number of counterparts and each counterpart shall represent a fully executed original as if signed by each of the Parties. Facsimile signatures shall be deemed as effective as original signatures.
- 24.14 Priority. The documents that form this Agreement are listed below in order of priority, with the document having the highest priority listed first and the one with the lowest priority listed last. Subject to Paragraph 1.6 under the definition of Applicable Codes and Standards regarding conflicts or inconsistencies between any Applicable Codes and Standards, in the event of any conflict or inconsistency between a provision in one document and a provision in another document, the document with the higher priority shall control. In the event of a conflict or inconsistency between provisions contained within the same document, then the provision that requires the highest standard of performance on the part of Willbros shall control. This Agreement is composed of the following documents, which are listed in priority:
- 24.14.1 Change Orders or Amendments to this Agreement;
 - 24.14.2 The Signature Document;

24.14.3 This Schedule "A"; and

24.14.4 All other Schedules and Attachments to this Agreement.

END OF SCHEDULE "A"

ATTACHMENT I

WILLBROS' PARENT GUARANTEE

This GUARANTEE (this "*Guarantee*") effective February 01, 2006, is made by Willbros USA, Inc. organized under the laws of the State of Delaware ("*Guarantor*"), in favor of Cheniere Sabine Pass Pipeline Company, a company organized under the laws of the State of Delaware ("*Owner*," and, together with Guarantor, each a "*Party*" and, collectively, the "*Parties*"). Capitalized terms used, but not otherwise defined, herein shall have the respective meanings ascribed to such terms in the Agreement (as defined below).

RECITALS

WHEREAS, Owner has agreed to enter into the Agreement for the Engineering, Procurement and Construction of the 42-inch Sabine Pass Pipeline dated February 01, 2006, with Willbros Engineers, Inc. ("*Willbros*") for the engineering, procurement, construction, commissioning, start-up and testing of the 42-inch Sabine Pass Pipeline Project (the "*Project*") located in Cameron Parish, Louisiana and a letter agreement dated February 01, 2006, with Willbros (collectively, the "*Agreement*"), which are hereby incorporated by reference in this Guarantee and made a part hereof; and

WHEREAS, Willbros is a subsidiary of Guarantor; and

WHEREAS, it is a condition to Owner and Willbros' entering into the Agreement that Guarantor execute and deliver this Guarantee.

NOW THEREFORE, in consideration of the promises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Guarantee.

(a) On the terms and subject to the conditions contained herein, Guarantor hereby unconditionally and irrevocably guarantees, to and for the benefit of Owner, the full and punctual performance and payment, as and when each such payment or performance becomes due (whether at the stated due date, by acceleration or otherwise), by or on behalf of Willbros of any and all obligations or amounts owed by Willbros to Owner in connection with and to the extent provided for in the Agreement (the "*Guaranteed Obligations*"). The Guaranteed Obligations of Guarantor hereunder are direct and primary obligations.

(b) This Guarantee is an unconditional, present, and continuing guarantee of performance and payment, and not of collection, is in no way conditioned or contingent upon any attempt to collect from or enforce performance or payment by Willbros or upon any other event, contingency or circumstance whatsoever, and shall remain in full force and effect and be binding upon and against Guarantor and its successors and permitted assigns (and shall inure to the benefit of Owner and its successors, endorsees, transferees, and permitted assigns), without

regard to the validity or enforceability of the Agreement. If, for any reason, Willbros shall fail or be unable duly, punctually, and fully to perform or pay, as and when such performance or payment is due, any of the Guaranteed Obligations, Guarantor shall promptly perform or pay, or cause to be performed or paid, such Guaranteed Obligations.

(c) Guarantor agrees that any judgment from any litigation (or any award resulting from any arbitration, if Owner and Willbros should agree to arbitrate) between Willbros and Owner under the Agreement (whether in contested litigation or arbitration, by default or otherwise) shall be conclusive and binding on the Parties for the purposes of determining Guarantor's obligations under the Guarantee.

(d) Guarantor further agrees to pay to Owner any and all costs, expenses (including, without limitation, all reasonable fees and disbursements of counsel), and damages which may be paid or incurred by Owner in enforcing any rights with respect to this Guarantee, including, without limitation, collecting against Guarantor under this Guarantee.

2. Obligations Unconditional, Continuing; Etc.

Guarantor agrees that the obligations of Guarantor set forth in this Guarantee shall be direct obligations of Guarantor, and such obligations shall be irrevocable and unconditional, shall not be subject to any counterclaim, set-off, deduction, diminution, abatement, recoupment, suspension, deferment, reduction or defense (other than full and strict compliance with its obligations hereunder) based upon any claim Guarantor or any other person may have against Owner or any other person and shall remain in full force and effect without regard to and shall not be released, discharged or in any way affected or impaired by, any circumstance or condition whatsoever (other than full and strict compliance by Guarantor with its obligations hereunder) (whether or not Guarantor shall have any knowledge or notice thereof), including, without limitation: (i) any amendment or modification of or supplement to or other change in the Agreement or any other document, including, without limitation, any change order, renewal, extension, acceleration or other changes to payment terms thereunder; (ii) any failure, omission or delay on the part of Owner or any other person to confirm or comply with any term of the Agreement, (iii) any waiver, consent, extension, indulgence, compromise, release or other action or inaction under or in respect of the Agreement or any other document or any obligation or liability of Owner or any other person, or any exercise or non-exercise of any right, remedy, power, or privilege under or in respect of any such instrument or agreement or any such obligation or liability, other than as expressly set forth in writing executed by Owner and Guarantor; (iv) any bankruptcy, insolvency, reorganization, arrangement, readjustment, liquidation, or similar proceeding with respect to Owner, Willbros or any other person or any of their respective properties, or any action taken by any trustee or receiver or by any court in any such proceeding; (v) any discharge, termination, cancellation, invalidity or unenforceability, in whole or in part, of the Agreement or any other document or any term or provision thereof; (vi) any merger or consolidation of Guarantor or Willbros into or with any other person or any sale, lease, or transfer of all or any of the assets of Guarantor or Willbros; (vii) any change in the ownership of Guarantor or Willbros; (viii) any winding up or dissolution of Willbros; or (ix) to the extent permitted under Applicable Law, any other occurrence or circumstance whatsoever, whether similar or dissimilar to the foregoing, which might otherwise constitute a legal or

equitable defense or discharge of the liabilities of guarantor or surety or which might otherwise limit recourse against Guarantor. Guarantor reserves the right to (a) set-off against any payment that has become due and payable by the Owner to Willbros under the Agreement and (b) assert defenses which Willbros may have under or with respect to the Agreement to performance of any Guaranteed Obligations other than defenses arising from the bankruptcy or insolvency of Willbros or Willbros' failure to have the authority to (x) execute or deliver the Agreement or (y) perform its obligations under the Agreement. The Guaranteed Obligations constitute the full recourse obligations of Guarantor enforceable against it to the full extent of all its assets and properties. Without limiting the generality of the foregoing, Guarantor agrees that repeated and successive demands may be made and recoveries may be had hereunder as and when, from time to time, Willbros shall fail to perform obligations or pay amounts owed by Willbros under the Agreement and that notwithstanding the recovery hereunder for or in respect of any given failure to so comply by Willbros under the Agreement, this Guarantee shall remain in full force and effect and shall apply to each and every subsequent such failure.

3. Reinstatement. Guarantor agrees that this Guarantee shall be automatically reinstated with respect to any payment made by or on behalf of Willbros pursuant to the Agreement if and to the extent that such payment is rescinded or must be otherwise restored, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

4. Waiver of Demands, Notices; Etc. Guarantor hereby unconditionally waives, to the extent permitted by Applicable Law: (i) notice of any of the matters referred to in Paragraph 2 hereof; (ii) all notices which may be required by Applicable Law, or otherwise, now or hereafter in effect, to preserve any rights against Guarantor hereunder, including, without limitation, any demand, proof, or notice of non-payment or non-performance of any Guaranteed Obligation; (iii) any right to the enforcement, assertion, or exercise of any right, remedy, power, or privilege under or in respect of the Agreement; (iv) notice of acceptance of this Guarantee, demand, protest, presentment, notice of failure of performance or payment, and any requirement of diligence; (v) any requirement to exhaust any remedies or to mitigate any damages resulting from failure of performance or payment by Willbros under the Agreement or by any other person under the terms of the Agreement; and (vi) any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge, release, or defense of a guarantor or surety, or which might otherwise limit recourse against Guarantor.

5. No Subrogation. Notwithstanding any performance, payment or payments made by Guarantor hereunder (or any set-off or application of funds of Guarantor by Owner), Guarantor shall not be entitled to be subrogated to any of the rights of Willbros or of any rights of Owner hereunder, or any collateral, security, or guarantee or right of set-off held by Owner, for the performance or payment of the obligations guaranteed hereunder, nor shall Guarantor seek or be entitled to assert or enforce any right of contribution, reimbursement, indemnity or any other right to payment from Willbros as a result of Guarantor's performance of its obligations pursuant to this Guarantee until all Guaranteed Obligations are performed or paid in full. If any amount shall be paid to Guarantor on account of such subrogation, contribution, reimbursement or indemnity rights at any time when all of the Guaranteed Obligations and all amounts owing hereunder shall not have been performed and paid in full, such amount shall be held by Guarantor in trust for Owner, segregated from other funds of Guarantor, and shall, forthwith

upon receipt by Guarantor, be turned over to Owner in the exact form received by Guarantor (duly endorsed by Guarantor to Owner, if required), to be applied against the Guaranteed Obligations, whether or not matured, in such order as Owner may determine.

6. Representations and Warranties. Guarantor represents and warrants that:

(a) it is a corporation duly organized and validly existing under the laws of the State of Delaware and has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Guarantee;

(b) the execution, delivery and performance of this Guarantee will not conflict with, violate or breach the terms of any agreement of Guarantor;

(c) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guarantee; and

(d) this Guarantee, when executed and delivered, will constitute a valid and legally binding agreement of Guarantor, except as the enforceability of this Guarantee may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity as they apply to the Guarantor.

7. Miscellaneous.

(a) This Guarantee shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns. Guarantor may not assign or transfer this Guarantee or any rights or obligations hereunder without Owner's prior written consent. Owner may assign this Guarantee, in whole or part, to any of its affiliates or co-venturers or to any person jointly controlled by Owner and any co-venturers. Furthermore, Owner may assign, pledge and/or grant a security interest in this Guarantee to any lender without Guarantor's consent. Except as otherwise provided in this Paragraph 7, nothing herein, express or implied, is intended or shall be construed to confer upon or to give to any person other than the Parties hereto any rights, remedies, or other benefits.

(b) This Guarantee shall be governed by, and construed in accordance with, the laws of the state of Texas, without giving effect to the principles thereof relating to conflicts of law.

(c) The Parties agree that any claim, dispute, controversy, difference, disagreement, or grievance (of any and every kind or type, whether based on contract, tort, statute, regulation or otherwise) arising out of, connected with, or relating in any way to this Guarantee (including, without limitation, the construction, validity, interpretation, termination, enforceability or breach of this Guarantee, the relationship of the Parties established by this Guarantee, or any dispute over arbitrability or jurisdiction) ("**Dispute**") shall be decided by final and binding arbitration. Any arbitration held under this Guarantee shall be held in Houston, Texas, unless otherwise agreed by the Parties, shall be administered by the Dallas, Texas office of the American Arbitration Association ("**AAA**") and shall, except as otherwise modified by this Paragraph 7(c),

be governed by the AAA's Construction Industry Arbitration Rules and Mediation Procedures (including Procedures for Large, Complex Construction Disputes) (the "**AAA Rules**"). The number of arbitrators required for the arbitration hearing shall be determined in accordance with the AAA Rules. The arbitrator(s) shall determine the rights and obligations of the Parties according to the substantive law of the state of Texas, excluding its conflict of law principles, as would a court for the state of Texas; provided, however, the law applicable to the validity of the arbitration clause, the conduct of the arbitration, including resort to a court for provisional remedies, the enforcement of any award and any other question of arbitration law or procedure shall be the Federal Arbitration Act, 9 U.S.C.A. § 2. Issues concerning the arbitrability of a matter in dispute shall be decided by a court with proper jurisdiction. The Parties shall be entitled to engage in reasonable discovery, including the right to production of relevant and material documents by the opposing Party and the right to take depositions reasonably limited in number, time and place, provided that in no event shall any Party be entitled to refuse to produce relevant and non-privileged documents or copies thereof requested by the other Party within the time limit set and to the extent required by order of the arbitrator(s). All disputes regarding discovery shall be promptly resolved by the arbitrator(s). This agreement to arbitrate is binding upon the Parties and the successors and permitted assigns of any of them. At Owner's sole option, any other person may be joined as an additional party to any arbitration conducted under this Paragraph 7(c), provided that the party to be joined is or may be liable to either Party in connection with all or any part of any Dispute between the Parties. The arbitration award shall be final and binding, in writing, signed by all arbitrators, and shall state the reasons upon which the award thereof is based. The Parties agree that judgment on the arbitration award may be entered by any court having jurisdiction thereof.

(d) No modification or amendment of this Guarantee shall be of any force or effect unless made in writing, signed by the Parties hereto, and specifying with particularity the nature and extent of such modification or amendment. This Guarantee constitutes the entire and only understanding and agreement among the Parties hereto with respect to the subject matter hereof and cancels and supersedes any prior negotiations, proposals, representations, understandings, commitments, communications, or agreements, whether oral or written, with respect to the subject matter hereof.

(e) All notices, requests and communications to a Party hereunder shall be in writing (including telecopy and/or fax or similar writing) and shall be sent:

If to Owner:

Graham A. McArthur
Vice President and Treasurer
Cheniere Sabine Pass Pipeline
717 Texas Avenue, Suite 3100
Houston, Texas 77002
Telephone: (713) 659-1361
Fax: (713) 659-5459

If to Guarantor:

Gay S. Mayeux
Vice President and Assistant Treasurer
Willbros USA, Inc.
4400 Post Oak Parkway
Suite 1000
Houston, Texas 77027
Telephone: (713) 403-8147
Fax: (713) 403-8017

or to such other address or telecopy number and with such other copies, as such Party may hereafter reasonably specify by notice to the other Parties. Each such notice, request or communication shall be effective upon receipt, provided that if the day of receipt is not a business day then it shall be deemed to have been received on the next succeeding business day.

(f) The headings of the several provisions of this Guarantee are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Guarantee.

(g) No forbearance or delay by Owner in asserting rights against Willbros shall affect or impair in any way Guarantor's obligations hereunder or the rights of Owner hereunder.

(h) In addition to other assurances provided in this Guarantee, Guarantor acknowledges that Owner has obtained or may obtain project financing associated with the Project and Guarantor agrees to cooperate with Owner and its lenders in connection with such project financing, including, but not limited to, entering into direct agreements with lenders, as required by such lenders, covering matters that are customary in project financings of this type such as lender assignment or security rights with respect to this Guarantee, consent agreements, opinions of counsel, direct notices to lender and lender's independent engineer, step-in/step-out rights, access by lenders' representative, including lender's independent engineer, and other matters applicable to such project financing.

(i) This Guarantee may be executed in any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have duly executed this Guarantee as of the date first above written.

WILLBROS USA, INC.

By: _____
Name: _____
Title: _____

By: _____

Name: _____

Title: _____

ATTACHMENT II - 1

PAYMENT BOND

Bond No. _____

KNOW ALL MEN BY THESE PRESENTS, that _____ (hereinafter "Principal") and _____, incorporated in the state of _____ and duly authorized to do business in Louisiana, (hereinafter "Surety"), are held and firmly bound unto Cheniere Sabine Pass Pipeline Company (hereinafter "Obligee"), and its representatives, successors and assigns, in the sum of _____ Dollars (\$ _____) for the payment of which sum well and truly to be made the said Principal and Surety bind themselves, and their respective heirs, administrators, executors, successors and assigns jointly and severally, firmly by these presents.

WHEREAS, Principal has been awarded a contract with Obligee for the project known as the 42-inch Sabine Pass Pipeline Project in Cameron Parish, Louisiana (hereinafter called the "Contract") and which Contract is hereby referred to and incorporated by express reference as if fully set forth herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the Principal shall promptly make payment in full to all persons or entities supplying labor, material, services, utilities and equipment, or any other things in the prosecution of the work provided for in said Contract, and any and all modifications of said Contract that may hereafter be made, and shall indemnify and save harmless said Obligee of and from any and all loss, damage, and expense, including costs and attorneys' fees, which the said Obligee may sustain by reason of Principal's failure to do so, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

The Surety agrees that no change, extension of time, alteration, addition, omission, waiver, or other modification of the terms of either the Contract or in the work to be performed, or in the specifications, or in the plans, or in the contract documents, or any forbearance on the part of either the Obligee or Principal to the other, shall in any way affect its obligation on this Bond, and Surety does hereby waive notice of any such changes, extensions of time, alterations, additions, omissions, waivers, or other modifications.

The Principal and the Surety agree that this Bond shall inure to the benefit of all persons or entities as supplying labor, material, services, utilities and equipment, or any other things in the prosecution of the work provided for in said Contract, as well as to the Obligee, and that any of such persons or entities may maintain independent actions upon this Bond in the name of the person or entities bringing any such action.

The parties executing this Bond on behalf of Principal and Surety represent and warrant that they are duly authorized to bind the Principal and Surety respectively.

IN WITNESS WHEREOF, the above bounden parties have executed this instrument under their several seals this _____ day of _____, 200__ the name and corporate seal of each corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

PRINCIPAL:

By: _____

Title: _____

(Principal's Address)

Witness

Or Secretary's Attest
[SEAL]

SURETY:

By: _____

Title: _____

(Surety's Address)

Witness.

Or Secretary's Attest
[SEAL]

[Attach Power of Attorney executed by attorney-in-fact on behalf of Surety]

ATTACHMENT II - 2

DUAL OBLIGEE RIDER FOR PAYMENT BOND

This Rider is to be attached to and forms a part of Payment Bond No. _____ issued by _____ (hereinafter referred to as "Surety"), as Surety, on the _____ day of _____, 20__ ("Payment Bond").

WHEREAS, on or about the _____ day of _____, 200_, _____ (hereinafter called the "Principal"), entered into a written agreement with _____ (hereinafter called the "Primary Obligee") for the construction of _____ (hereinafter called the "Contract"); and

WHEREAS, the Principal and the Surety executed and delivered to said Primary Obligee the Performance Bond No. _____ ("Performance Bond") in connection with the Contract; and

WHEREAS, the Primary Obligee has requested the Principal and the Surety to execute and deliver this Dual Obligee Rider for Payment Bond and the Principal and the Surety have agreed to do so.

NOW, THEREFORE, the undersigned hereby agree and stipulate that Cheniere Sabine Pass Pipeline Company shall be a named obligee (hereinafter referred to as "Additional Obligee") to the Payment Bond, subject to the conditions set forth below:

1. In the event of a material default in payment by the Primary Obligee to the Principal under the terms of the Contract, the right of the Additional Obligee to recover hereunder shall be subject to the condition that the Additional Obligee remedies said material payment default and thereafter continues to make payment to the Principal as required under the terms of the Contract.

2. The aggregate liability of the Surety under the Payment Bond, to any or all of the obligees (Primary and Additional Obligees), as their interests may appear, is limited to the total penal sum of the Payment Bond.

Signed, sealed and dated this _____ day of _____, 20__.

PRINCIPAL:

By: _____
Title: _____

(Principal's Address)

Witness

Or Secretary's Attest
[SEAL]

SURETY:

By: _____

Title: _____

(Surety's Address)

Witness.

Or Secretary's Attest
[SEAL]

[Attach Power of Attorney executed by attorney-in-fact on behalf of
Surety]

ATTACHMENT II - 3

PERFORMANCE BOND

Bond No. _____

KNOW ALL MEN BY THESE PRESENTS, that _____ (hereinafter "Principal") and _____, incorporated in the state of and duly authorized to do business in Louisiana (hereinafter "Surety"), are held and firmly bound unto Cheniere Sabine Pass Pipeline Company (hereinafter "Obligee"), and its representatives, successors and assigns, in the sum of _____ Dollars (\$ _____) for the payment of which sum well and truly to be made the said Principal and Surety bind themselves, and their respective heirs, administrators, executors, successors and assigns jointly and severally, firmly by these presents.

WHEREAS, Principal has been awarded a contract with Obligee for the project known as the 42-inch Sabine Pass Pipeline Project in Cameron Parish, Louisiana (hereinafter called the "Contract") and which Contract is hereby referred to and incorporated by express reference as if fully set forth herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the above bounden Principal shall well and truly perform all the work, undertakings, covenants, terms, conditions, and agreements of said Contract within the time provided therein and any extensions thereof that may be granted by Obligee, and during the life of any obligation, guaranty or warranty required under said Contract, and shall also well and truly perform all the undertakings, covenants, terms, conditions, and agreements of any and all modifications of said Contract that may hereafter be made, and shall indemnify and save harmless said Obligee of and from any and all loss, damage, and expense, including costs and attorneys' fees, which the Obligee may sustain by reason of Principal's failure to do so, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

The Surety agrees that no change, extension of time, alteration, addition, omission, waiver, or other modification of the terms of either the Contract or in the work to be performed, or in the specifications, or in the plans, or in the contract documents, or any forbearance on the part of either the Obligee or Surety to the other, shall in any way affect said Surety's obligation on this Bond, and said Surety does hereby waive notice of any such changes, extensions of time, alterations, additions, omissions, waivers, or other modifications. The parties executing this Bond on behalf of Principal and Surety represent and warrant that they are duly authorized to bind the Principal and Surety respectively.

IN WITNESS WHEREOF, the above bounden parties have executed this instrument under their several seals this _____ day of _____, 200_, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

PRINCIPAL:

By: _____

Title: _____

_____ (Principal's Address)

Witness

Or Secretary's Attest
[SEAL]

SURETY:

By: _____

Title: _____

_____ (Surety's Address)

Witness.

Or Secretary's Attest
[SEAL]

[Attach Power of Attorney executed by attorney-in-fact on behalf of
Surety]

ATTACHMENT II - 4

DUAL OBLIGEE RIDER FOR PERFORMANCE BOND

This Rider is to be attached to and forms a part of Performance Bond No. _____ issued by _____ (hereinafter referred to as "Surety"), as Surety, on the _____ day of _____, 20__ ("Performance Bond").

WHEREAS, on or about the _____ day of _____, 200_, _____ (hereinafter called the "Principal"), entered into a written agreement with _____ (hereinafter called the "Primary Oblige") for the construction of _____ (hereinafter called the "Contract"); and

WHEREAS, the Principal and the Surety executed and delivered to said Primary Oblige the Payment Bond No. _____ ("Payment Bond") in connection with the Contract; and

WHEREAS, the Primary Oblige has requested the Principal and the Surety to execute and deliver this Dual Oblige Rider for Performance Bond and the Principal and the Surety have agreed to do so.

NOW, THEREFORE, the undersigned hereby agree and stipulate that Cheniere Sabine Pass Pipeline Company shall be a named obligee (hereinafter referred to as "Additional Oblige") to the Performance Bond, subject to the conditions set forth below:

1. In the event of a material default in performance by the Primary Oblige to the Principal under the terms of the Contract, the right of the Additional Oblige to recover hereunder shall be subject to the condition that the Additional Oblige remedies said material performance default and thereafter continues to perform as required under the terms of the Contract.

2. The aggregate liability of the Surety under the Performance Bond, to any or all of the obligees (Primary and Additional Obligees), as their interests may appear, is limited to the total penal sum of the Performance Bond.

Signed, sealed and dated this _____ day of _____, 20__.

PRINCIPAL:

By: _____
Title: _____

(Principal's Address)

Witness

Or Secretary's Attest
[SEAL]

SURETY:

By: _____

Title: _____

(Surety's Address)

Witness.

Or Secretary's Attest
[SEAL]

[Attach Power of Attorney executed by attorney-in-fact on behalf of
Surety]

ATTACHMENT III

MECHANICAL COMPLETION CERTIFICATE

Date: _____

Cheniere Sabine Pass Pipeline Company
717 Texas Avenue, Suite 3100
Houston, Texas 77002
Attention: Richard E. Keyser

Re: Mechanical Completion Certificate – Sabine Pass Pipeline Project Contract, dated as of February 01, 2006 (the "*Agreement*"), by and between Cheniere Sabine Pass Pipeline Company ("*Cheniere*") and Willbros Engineers, Inc. ("*Willbros*")

Pursuant to Paragraph 8.1 of the Agreement, Willbros hereby certifies that it has completed all requirements under the Agreement for Mechanical Completion with respect to the Sabine Pass Pipeline Project ("*Project*"), including: (a) the Work is approved by Cheniere as being ready for pre-commissioning and/or commissioning; (b) Willbros has delivered to Cheniere a set of original test and inspection certificates, including hydrostatic test reports, materials documentation, MAOP establish records, and internal geometry pig results; (c) Willbros has completed all construction, procurement, fabrication, assembly, erection, installation and testing, including final pipeline hydrostatic tests for the pipeline and all appropriate appurtenances to ensure that such systems were correctly constructed, procured, fabricated, assembled, erected, installed and tested and are capable of being operated safely and reliably within the requirements contained in this Agreement; (d) Willbros hereby delivers this Mechanical Completion Certificate as required under Paragraph 8.1 of the Agreement; (e) Willbros has dewatered and dried the pipeline to a dewpoint of negative forty degrees Fahrenheit (-40°F); (f) Willbros has completed all Exception Items in accordance with Paragraph 8.1 of the Agreement; and (g) Willbros has performed all other obligations required under the Agreement for Mechanical Completion.

Willbroscertifies that it achieved all requirements under the Agreement for Mechanical Completion on _____, 200__.

Attached is all documentation required to be provided by Willbros under the Agreement to establish that Willbros has achieved all requirements under the Agreement for Mechanical Completion, including the required final pipeline hydrostatic test reports, materials documentation, MAOP establish records, and internal geometry pig results.

IN WITNESS WHEREOF, Willbros has caused this Mechanical Completion Certificate to be duly executed by its authorized representative and delivered as of the date first written above.

WILLBROS ENGINEERS, INC.

By: _____
Name: _____
Title: Willbros' Authorized Representative
Date: _____

cc: Cheniere Sabine Pass Pipeline Company
717 Texas Avenue, Suite 3100
Houston, Texas 77002
Attention: Allan Bartz

ATTACHMENT IV

PROJECT COMPLETION CERTIFICATE

Date: _____

Cheniere Sabine Pass Pipeline Company
717 Texas Avenue, Suite 3100
Houston, Texas 77002
Attention: Richard E. Keyser

Re: Project Completion Certificate – Sabine Pass Pipeline Project Contract, dated as of February 01, 2006 (the “*Agreement*”), by and between Cheniere Sabine Pass Pipeline Company (“*Cheniere*”) and Willbros Engineers, Inc. (“*Willbros*”)

Pursuant to Paragraph 8.3 of the Agreement, Willbros hereby certifies that it has completed all requirements under the Agreement for Project Completion with respect to the Sabine Pass Pipeline Project (“*Project*”), including: (a) the successful achievement of Mechanical Completion of all systems for the Project; (b) the successful achievement of Start-up of all systems for the Project; (c) delivery by Willbros of all documentation required to be delivered under this Agreement, including any Work Product, Cheniere’s Confidential Information and other documentation; (d) delivery by Willbros to Cheniere of fully executed Final Lien and Claim Waivers in the form of Schedule “A”, Attachment X – Part 2 of the Agreement; (e) removal from the Work Site all of Willbros Personnel, supplies, waste, materials, rubbish and temporary facilities and restoration of the Work Site to its natural conditions in accordance with this Agreement, Applicable Law and Applicable Codes and Standards or any other requirements of any Governing Authority; (f) Willbros hereby delivers this Project Completion Certificate as required under Paragraph 8.3 of the Agreement; (g) delivery by Willbros to Cheniere of evidence acceptable to Cheniere that all Subcontractors and Vendors have been fully and finally paid, including fully executed Final Lien and Claim Waivers from all Subcontractors and Major Vendors in the form of Schedule “A”, Attachment X – Part 4 of the Agreement; (h) Willbros has completed all Exception Items in accordance with Paragraph 8.3 of the Agreement; and (i) performance of all other obligations required by the Agreement for Project Completion.

Willbros certifies that it achieved all requirements under the Agreement for Project Completion on _____, 200__.

Attached is all documentation required to be provided by Willbros under the Agreement to establish that Willbros has achieved all requirements under the Agreement for Project Completion, including the required Willbros, Subcontractor, and Major Vendor Lien and Claim Waivers.

IN WITNESS WHEREOF, Willbros has caused this Project Completion Certificate to be duly executed by its authorized representative and delivered as of the date first written above.

WILLBROS ENGINEERS, INC.

By: _____
Name: _____
Title: Willbros’ Authorized Representative
Date: _____

cc: Cheniere Sabine Pass Pipeline Company
717 Texas Avenue, Suite 3100
Houston, Texas 77002
Attention: Allan Bartz

ATTACHMENT V
START-UP CERTIFICATE

Cheniere Sabine Pass Pipeline Company
717 Texas Avenue, Suite 3100
Houston, Texas 77002
Attention: Richard E. Keyser

Re: Start-up Certificate – Sabine Pass Pipeline Project Contract, dated as of February 01, 2006 (the “**Agreement**”), by and between Cheniere Sabine Pass Pipeline Company (“**Cheniere**”) and Willbros Engineers, Inc. (“**Willbros**”)

Pursuant to Paragraph 8.2 of the Agreement, Willbros hereby certifies that it has completed all requirements under the Agreement for Start-up with respect to the Sabine Pass Pipeline Project (“**Project**”), including: (a) the successful achievement of Mechanical Completion of all systems for the Project; (b) Cheniere has purged the Project with either natural gas or nitrogen with assistance and support from Willbros as requested; (c) Willbros has completed all Exception Items in accordance with Paragraph 8.2 of the Agreement; and (d) performance of all other obligations required by the Agreement for Start-up.

Willbros certifies that it achieved all requirements under the Agreement for Start-up on _____, 200__.

Attached is all documentation required to be provided by Willbros under the Agreement to establish that Willbros has achieved all requirements under the Agreement for Start-up, including documentation evidencing the completion of all Exception Items required under Paragraph 8.2.

IN WITNESS WHEREOF, Willbros has caused this Start-up Certificate to be duly executed by its authorized representative and delivered as of the date first written above.

WILLBROS ENGINEERS, INC.

By: _____
Name: _____
Title: Willbros’ Authorized Representative
Date: _____

cc: Cheniere Sabine Pass Pipeline Company
717 Texas Avenue, Suite 3100
Houston, Texas 77002
Attention: Allan Bartz

ATTACHMENT VI
CHANGE ORDER FORM

PROJECT NAME: 42-inch Sabine Pass Pipeline Project

COMPANY: Cheniere Sabine Pass Pipeline Company

CONTRACTOR: Willbros Engineers, Inc.

DATE OF AGREEMENT: February 01, 2006

CHANGE ORDER NUMBER: _____

DATE OF CHANGE ORDER: _____

The Agreement between the Parties listed above is changed as follows:*(attach additional documentation if necessary)*

Adjustment to price under the Agreement:

The original Guaranteed Maximum Price was	\$ 67,670,200
Net change by previously authorized Change Orders (# _____)	\$ _____
The Guaranteed Maximum Price prior to this Change Order was	\$ _____
The Guaranteed Maximum Price will be (increased) (decreased) (unchanged) by this Change Order in the amount of	\$ _____
The new Guaranteed Maximum Price including this Change Order will be	\$ _____

Adjustment to dates:

The Preparation and Material Receipt Commencement Date will be (increased)(decreased)(unchanged) by _____ () calendar days and as a result of this Change Order is now: _____, 20__.

The Construction Commencement Date will be (increased)(decreased)(unchanged) by _____ () calendar days and as a result of this Change Order is now: _____, 20__.

The Scheduled Mechanical Completion Date will be (increased)(decreased)(unchanged) by _____ () calendar days and as a result of this Change Order is now: _____, 20__.

Other impacts to liability or obligation of Willbros or Cheniere under the Agreement:

Upon execution of this Change Order by Cheniere and Willbros, the above-referenced change shall become a valid and binding part of the original Agreement without exception or qualification, unless noted in this Change Order. Except as modified by this and any previously issued Change Orders, all other terms and conditions of the Agreement shall remain in full force and effect. This Change Order is executed by each of the Cheniere's Authorized Representative and Willbros' Authorized Representative.

CHENIERE SABINE PASS PIPELINE COMPANY

WILLBROS ENGINEERS, INC.

Name

Cheniere's Authorized Representative
Title

Date of Signing

Name

Willbros' Authorized Representative
Title

Date of Signing

ATTACHMENT VII

APPROVED SUBCONTRACTORS AND VENDORS LIST

The following Subcontractors and Vendors each having subcontracts or purchase orders of any tier are approved Subcontractors and Vendors for the following portions of the Work:

I. Subcontractors

Construction Subcontractors:

- Willbros RPI, Inc.
- Sunland Construction, Inc.
- Associated Pipe Line Contractors, Inc.
- Gregory & Cook Construction, Inc.
- U.S. Pipeline, Inc.

Geotechnical Investigation:

- Louis J. Capozzoli & Associates, Inc.
- Professional Service Industries, Inc. (PSI)
- Terracon Consultants, Inc.
- Tulongay-Wong Engineers, Inc.

Cathodic Protection System Design:

- Corpro Co., Inc.
- Mears/CPG, LLC
- MESA Products, Inc.

Pipeline Civil Surveying:

- Charley Foster & Associates
- Lonnie Harper & Associates

II. Vendors

Pipe Mills, DSAW:

- Oregon Steel-Spiral Weld
- Oregon Steel/Campipe-DSAW Long Seam
- Europipe/Berg

-
- ILVA (Toronto, Italy)
 - IPSCO, Inc.
 - Corinth Pipe Works S.A. (CPW)

Pipe Mills, ERW:

- American Steel Pipe
- Stupp/Manesmann
- LaBarge
- IPSCO, Inc.
- Lone Star

Valves, Ball Mainline:

- Cooper-Cameron/Grove/Modern Supply
- Delta Valve (Valvitralia Group-Italy)
- SISCO Specialty Products, Inc.
- Power Valve International

Valves, Control:

- Fisher
- Masoneilan

General Pipe, Valves and Fittings:

- McJunkin
- Wilson Supply
- Redman Supply

Bolts, Stud and Gaskets:

- McJunkin
- Wilson Supply
- Redman Supply

Fittings and Flanges (Hy Yield):

- SISCO
- LaBarge
- Wilson Supply

Bends, Induction:

- Bend Tec

-
- Shaw
 - International Piping Systems
 - American Pipe Bending

Pig Signal:

- TD Williams

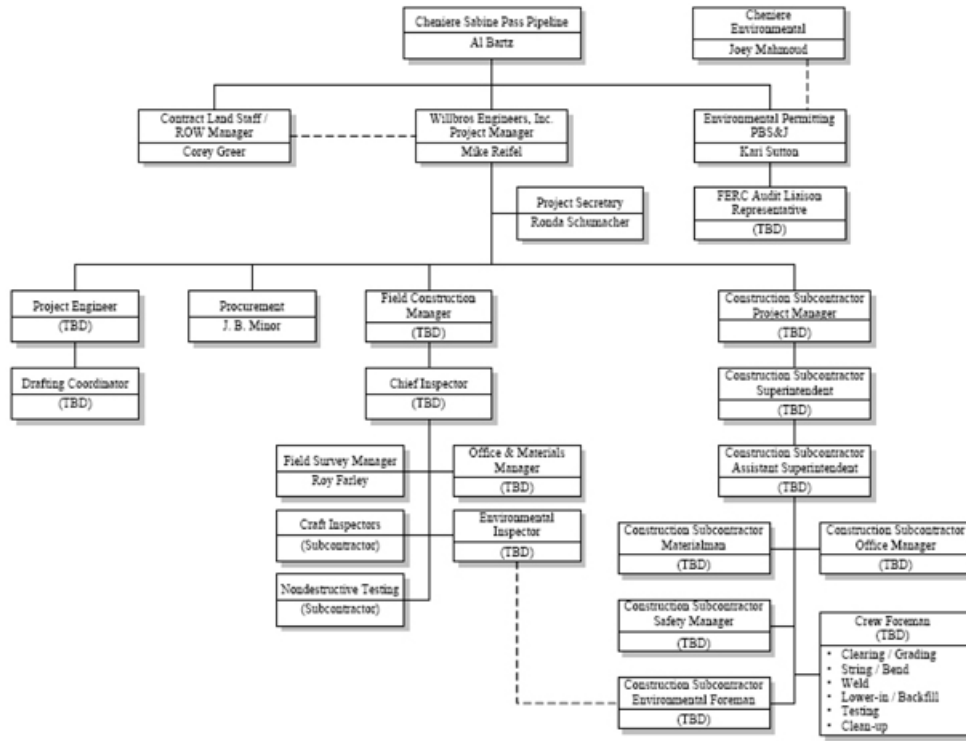
Launch/Receiver Package:

- Sagebrush
- Pickett
- Big Inch

Regulator Package:

- Sagebrush
- Pickett
- Big Inch

**ATTACHMENT VIII
ORGANIZATIONAL CHART**



ATTACHMENT IX

CHENIERE'S HEALTH, SAFETY AND ENVIRONMENTAL POLICIES

1. General Guidelines

Health, safety and safeguarding of the environment are within Cheniere's core values. Willbros shall take into consideration health, safety and the environment ("HSE") throughout execution of the Work.

The minimum approach to the management of HSE issues is generally described in this Attachment IX, and Willbros shall comply with such minimum requirements and, to the extent possible, maintain the highest level of HSE stewardship for Work of this nature during the execution of the Work. At a minimum, the Work and Willbros' HSE activities and plans shall comply with: (i) all Applicable Codes and Standards; (ii) all Applicable Laws, including 29 C.F.R. Part 1910, CERCLA, SARA, and all other applicable environmental laws, regulations and requirements; (iii) the FERC Certificate, and (iv) the most current FERC-authorized Wetland and Waterbody Construction and Mitigation Procedures and the Upland Erosion Control, Re-vegetation, and Maintenance Plan.

2. Safety Management

Cheniere's general HSE policies shall apply to Willbros and its Subcontractors and Vendors performing Work at the Work Site, and shall apply to the fullest extent practical at all other sites where Work is being performed for Cheniere or where Cheniere personnel are involved.

Willbros shall pay the highest regard to safety and shall conform to all safety-related requirements set forth in the Agreement, including this Attachment IX and Schedule "D".

Willbros shall be responsible for the safe performance of the Work under the Agreement, including: (i) the safety of all of the employees, agents, representatives and invitees of Willbros and its Subcontractors and Vendors engaged in the performance of the Work; (ii) ensuring that all Willbros Personnel are familiar with and will apply all applicable HSE rules and regulations; (iii) providing safety incident reports to Cheniere in accordance with the Agreement; (iv) providing a safe working environment at the Work Site; (v) the safe performance of the Work by all Willbros Personnel; and (vi) ensuring that awareness of the importance of safety is actively promoted at the Work Site.

3. Environmental Management

Willbros shall pay the highest regard to protection of the environment and shall carry out environmental management to ensure that the Work is performed in an environmentally sound manner and in compliance with all provisions of the Agreement, including this Attachment IX, regarding the environment and Applicable Law.

Willbros' objective shall be to ensure, through the proper application of its environmental protection procedures, that the Work is: (i) managed, planned and engineered to minimize any impact upon the environment; (ii) performed and completed without incidents detrimental to the environment; and (iii) performed in full compliance with the environmental policy objectives.

4. Willbros HSE Plan

Willbros shall incorporate all health, safety and environmental requirements of the Agreement, including this Attachment IX, into Willbros' HSE plan which it shall implement and adhere to during the performance of the Work.

Willbros HSE plan shall contain a full description of the safety and environmental rules, procedures, guidelines, and Work instructions applicable at the Work Site, which Willbros shall use to ensure the safe and environmentally friendly management of the Work. The HSE plan shall cover all phases of the Work and all activities through Final Acceptance and shall specifically describe safety and environmental management at the Work Site.

The HSE plan shall address all safety and environmental matters relevant to the Work, including the following: (i) safety meetings and safety events; (ii) safety inspections; (iii) training schedule; (iv) safety reviews at the Work Site; (v) construction safety reviews; (vi) all reasonable emergency response plans, medical emergency plans; (vii) plans to control the possession and use of firearms, alcohol and controlled substances; and (viii) a Spill Prevent, Control and Countermeasure (SPCC) plan.

Cheniere, at its sole discretion, may audit Willbros' performance of the Work to ensure that the Agreement requirements for safety and the environment are being satisfied in all respects. Any audits performed shall be based upon Willbros' safety and environmental manual(s), procedures, and plans. Willbros, at its sole cost, shall immediately correct any nonconformance identified by Cheniere or its auditors.

ATTACHMENT X – PART 1

WILLBROS' INTERIM LIEN AND CLAIM WAIVER
(To be executed by Willbros with each invoice other than the final invoice)

STATE OF LOUISIANA
PARISH OF _____

The undersigned, Willbros Engineers, Inc. ("Willbros"), has been engaged under a Pipeline Construction Contract with Cheniere Sabine Pass Pipeline Company ("Cheniere"), to furnish certain materials, equipment, services, and/or labor for the project known as 42-inch Sabine Pass Pipeline Project (the "Project"), which is located in Cameron Parish, State of Louisiana described in more detail as follows:

_____ (the "Property").

Upon receipt of the sum of U.S.\$ _____ (amount in invoice submitted with this Interim Lien and Claim Waiver), Willbros waives and releases any and all liens or claims of liens against the Project and the Property and all claims, demands, actions, causes of actions or other rights at law, in contract, tort, equity or otherwise that Willbros has or may have against Cheniere through the date of _____, 20__ (date of the invoice submitted with this Interim Lien and Claim Waiver). Exceptions as follows:

(if no exception entry or "none" is entered above, Willbros shall be deemed not to have reserved any claim.)

Willbros represents that all Subcontractors, Vendors, sub-subcontractors and employees of Willbros have been paid for all work, materials, equipment, services, labor and any other items performed or provided through _____, 20__ (date of last prior invoice) for the Project. Exceptions as follows:

(if no exception entry or "none" is entered above, all such payments have been made)

This Interim Lien and Claim Waiver is freely and voluntarily given and Willbros acknowledges and represents that it has fully reviewed the terms and conditions of this Interim Lien and Claim Waiver, that it is fully informed with respect to the legal effect of this Interim Lien and Claim Waiver, that it has voluntarily chosen to accept the terms and conditions of this Interim Lien and Claim Waiver in return for the payment recited above.

FOR WILLBROS:

Applicable to Invoice(s) No. ____

Signed: _____ (SEAL)
By: _____
Title: _____
Date: _____

AFFIDAVIT

On this ____ day of _____, 20__, before me appeared the above-signed, known or identified to me personally, who, being first duly sworn, did say that s/he is the authorized representative of Willbros and that this document was signed under oath personally and on behalf of Willbros.

Notary Public
My term expires (date): _____

ATTACHMENT X – PART 2

WILLBROS' FINAL LIEN AND CLAIM WAIVER
(To be executed by Willbros with the invoice for final payment)

STATE OF LOUISIANA
PARISH OF _____

The undersigned, Willbros Engineers, Inc. ("Willbros"), has been engaged under an agreement with Cheniere Sabine Pass Pipeline Company ("Cheniere"), to furnish certain materials, equipment, services, and/or labor for the project known as the 42-inch Sabine Pass Pipeline Project ("Project"), which is located in Cameron Parish, State of Louisiana and more particularly described as follows:

_____ (the "Property").

Upon receipt of the sum of U.S.\$ _____ (amount in invoice for final payment submitted with Willbros' Final Lien and Claim Waiver), Willbros waives and releases all liens or claims of liens against the Project and the Property and all claims, demands, actions, causes of actions or other rights at law, in contract, tort, equity or otherwise that Willbros has, may have had or may have in the future against Cheniere arising out of the agreement or the Project, whether or not known to Willbros at the time of the execution of this Final Lien and Claim Waiver.

Willbros represents that all of its obligations, legal, equitable, or otherwise, relating to or arising out of its work on the agreement, Project or subcontracts have been fully satisfied (except for that work and obligations that survive the termination or expiration of the agreement, including warranties and correction of defective services), including, but not limited to payment to Subcontractors, Vendors and employees and payment of taxes.

This Final Lien and Claim Waiver is freely and voluntarily given, and Willbros acknowledges and represents that it has fully reviewed the terms and conditions of this Final Lien and Claim Waiver, that it is fully informed with respect to the legal effect of this Final Lien and Claim Waiver, and that it has voluntarily chosen to accept the terms and conditions of this Final Lien and Claim Waiver in return for the payment recited above. Willbros understands, agrees and acknowledges that, upon payment, this document waives rights unconditionally and is fully enforceable to extinguish all claims of Willbros as of the date of execution of this document by Willbros.

FOR WILLBROS:

Applicable to Invoice No(s): ALL (If all, print "all")

Signed: _____ (SEAL)

By: _____

Title: _____

Date: _____

AFFIDAVIT

On this ____ day of _____, 20__, before me appeared the above-signed, known or identified to me personally, who, being first duly sworn, did say that s/he is the authorized representative of Willbros and that this document was signed under oath personally and on behalf of Willbros.

Notary Public
My term expires (date): _____

ATTACHMENT X – PART 3

SUBCONTRACTORS' INTERIM LIEN AND CLAIM WAIVER

(To be executed by Subcontractor or Major Vendor [as applicable] with each invoice other than the final invoice)

STATE OF LOUISIANA
PARISH OF _____

The undersigned, _____ ("Subcontractor") who has, under an agreement with Willbros Engineers, Inc. ("Willbros"), furnished certain materials, equipment, services, and/or labor for the project known as the 42-inch Sabine Pass Pipeline Project (the "Project"), which is located in Cameron Parish, State of Louisiana described in more detail as follows:

_____ (the "Property").

Upon receipt of the sum of U.S.\$ _____ ("Current Payment"), Subcontractor waives and releases any and all liens or claims of liens against the Project and the Property and all claims, demands, actions, causes of action or other rights at law, in contract, tort, equity or otherwise that Subcontractor has or may have against Cheniere Sabine Pass Pipeline Company ("Cheniere") and Willbros through the date of _____, 20__ ("Current Date"). Exceptions as follows:

_____.
(if no exception entry or "none" is entered above, Subcontractor shall be deemed not to have reserved any claim.)

Subcontractor further represents that all employees, laborers, materialmen, sub-subcontractors and subconsultants employed by Subcontractor in connection with the Project have been paid for all work, materials, equipment, services, labor and any other items performed or provided through _____, 20__ (date of last prior Invoice). Exceptions as follows:

_____.
(if no exception entry or "none" is entered above, all such payments have been made)

This Subcontractor's Interim Lien and Claim Waiver is freely and voluntarily given and Subcontractor acknowledges and represents that it has fully reviewed the terms and conditions of this Subcontractor's Interim Lien and Claim Waiver, that it is fully informed with respect to the legal effect of this Subcontractor's Interim Lien and Claim Waiver, that it has voluntarily chosen to accept the terms and conditions of this Subcontractor's Interim Lien and Claim Waiver in return for the payment recited above.

FOR SUBCONTRACTOR :

Applicable to Invoice(s) No. ____

Signed: _____ (SEAL)
By: _____
Title: _____
Date: _____

AFFIDAVIT

On this ____ day of _____, 20__, before me appeared the above-signed, known or identified to me personally, who, being first duly sworn, did say that s/he is the authorized representative of Subcontractor and that this document was signed under oath personally and on behalf of Subcontractor.

_____.
Notary Public
My term expires (date): _____

ATTACHMENT X – PART 4

SUBCONTRACTORS' FINAL LIEN AND CLAIM WAIVER

(To be executed by Subcontractor or Major Vendor [as applicable] with the invoice for final payment)

STATE OF LOUISIANA
PARISH OF _____

The undersigned, ("Subcontractor"), has, under an agreement with Willbros Engineers, Inc. ("Willbros"), furnished certain materials, equipment, services, and/or labor for the Project known as the 42-inch Sabine Pass Pipeline Project ("Project"), which is located in Cameron Parish, State of Louisiana and more particularly described as follows:

(the "Property").

Upon receipt of the sum of U.S.\$_____, Subcontractor waives and releases any and all liens or claims of liens against the Project and the Property, all claims, demands, actions, causes of action or other rights at law, in contract, tort, equity or otherwise against Cheniere Sabine Pass Pipeline Company ("Cheniere") or Willbros, and any and all claims or rights against any labor and/or material bond, which Subcontractor has, may have had or may have in the future arising out of the agreement between Subcontractor and Willbros, the Project or the Property, whether or not known to Subcontractor at the time of the execution of this Subcontractor's Final Lien and Claim Waiver.

Subcontractor represents that all of its obligations, legal, equitable, or otherwise, relating to or arising out of the agreement between Willbros and Subcontractor, the Project, the Property or sub-subcontracts have been fully satisfied (except for that work and obligations that survive the termination or expiration of the agreement between Subcontractor and Willbros, including warranties and correction of defective services), including, but not limited to payment to sub-subcontractors and employees of Subcontractor and payment of taxes.

This Subcontractor's Final Lien and Claim Waiver is freely and voluntarily given and Subcontractor acknowledges and represents that it has fully reviewed the terms and conditions of this Subcontractor's Final Lien and Claim Waiver, that it is fully informed with respect to the legal effect of this Subcontractor's Final Lien and Claim Waiver, and that it has voluntarily chosen to accept the terms and conditions of this Subcontractor's Final Lien and Claim Waiver in return for the payment recited above. Subcontractor understands, agrees and acknowledges that, upon payment, this document waives rights unconditionally and is fully enforceable to extinguish all claims of Subcontractor as of the date of execution of this document by Subcontractor.

FOR SUBCONTRACTOR:

Applicable to Invoice No(s). ALL (If all, print "all")

Signed: _____ (SEAL)
By: _____
Title: _____
Date: _____

AFFIDAVIT

On this ____ day of _____, 20__, before me appeared the above-signed, known or identified to me personally, who, being first duly sworn, did say that s/he is the authorized representative of Subcontractor and that this document was signed under oath personally and on behalf of Subcontractor.

Notary Public
My term expires (date): _____

SCHEDULE "B"

SCOPE OF WORK FOR THE PROJECT

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1. PROJECT MANAGEMENT AND ENGINEERING	B-2
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SCHEDULE "B"

SCOPE OF WORK FOR THE PROJECT

Willbros shall perform the Project management, engineering, material procurement, construction management and construction for the Project as described in the Agreement and herein, including providing all deliverables described below.

1. PROJECT MANAGEMENT AND ENGINEERING

A Willbros project manager shall provide management and direction for the Project. Project controls shall maintain a detailed Work Plan with activities planned for the Work as set forth in Paragraph 6 of Schedule "A". Following construction, Willbros will assemble completion report data, hydrostatic test records, non-destructive testing records, internal geometry pig results, Vendor data and material certifications, MAOP establishment records, and other inspection certificates.

Without limiting the generality of the foregoing, the Project management and engineering portion of the Work to be performed by Willbros shall include:

1.1 Perform Project management, controls and reporting;

1.2 Prepare design basis document using the following design parameters:

Class Locations (to be field verified)

Class 1

MP 0 to MP 11

Class 3

MP 11 to MP 16

Design Pressure, psig

1440

Operating Temperature, °F

20 - 100

Corrosion Allowance, inches

nil

Pipe Diameter, inches

42

Pipe W.T. and Grade

F = 0.72

0.600" API 5L - X70

F = 0.60

0.700" API 5L - X70

F = 0.50

0.864" API 5L - X70

External Coatings

FBE

14 - 16 mils

Ruff Coat or equal

(for concrete coated pipe)

3 - 5 mils (in addition to FBE)

Abrasion Resistant Coating (for road bores)

32 mils

Internal Liquid Epoxy Coating

1.5 mils

Minimum Bend Radius for Pigging

5 pipe diameters

Concrete Weight Coating

6" thick, 190 pcf (0.600" W.T. pipe)

5" thick, 190 pcf (0.864" W.T. pipe)

1.3 Perform population density analysis to finalize class locations;

-
- 1.4 Perform field reconnaissance and gather site specific data at appurtenance locations and crossings, including foreign pipeline crossings;
 - 1.5 Provide engineering input for permit applications, in accordance with Paragraph 2.3 of Schedule "A";
 - 1.6 Perform detailed design of the pipeline and all ancillary facilities of the Project, with reference to the flow schematic located in Attachment II;
 - 1.7 Prepare Drawings and Specifications with bills-of-materials and construction typicals, in accordance with the Agreement, including Schedule "D", and Paragraphs 2.7 and 2.8 of Schedule "A";
 - 1.8 Modify, as required and in accordance with this Agreement, the Cheniere-provided drawings listed in Paragraph 5.3 of Schedule "A".
 - 1.9 Perform geotechnical investigations at monitor-regulator and scraper launcher site;
 - 1.10 Perform cathodic protection system design;
 - 1.11 Prepare construction Specifications with hydrostatic test plan, in accordance with Schedule "D";
 - 1.12 Prepare job data books which will include hydrostatic test records, welding records, as-built Drawings, certified Vendor Drawings, material certifications, operating and maintenance instructions for purchased equipment, spare parts lists, Warranties, as-built survey data and results of the internal geometry pig results in an electronic format compatible with the GIS of Cheniere's choice;
 - 1.13 Provide engineering support during construction, commissioning and Start-up of the Project; and
 - 1.14 Prepare construction bid solicitation packages, solicit bids, analyze bids and award construction Work to a bidder, in accordance with Paragraphs 3.3, 3.4, and 3.5 of Schedule "A".

2. MATERIAL PROCUREMENT

The procurement portion of the Work to be performed by Willbros shall include:

- 2.1 Develop major material Specifications, in accordance with Schedule "D", and solicit and evaluate bids for such materials;
- 2.2 Issue purchase orders for all permanent materials and provide shipping instructions to Vendors;
- 2.3 Expedite and coordinate material shipments;
- 2.4 Review and approve Vendor Drawings and data submittals;
- 2.5 Obtain material certification records;
- 2.6 Process material receiving reports and Vendor invoices;

-
- 2.7 Make timely and appropriate payments to Vendors;
 - 2.8 Perform the following inspections at the Vendor's plant before material shipment:
 - 2.8.1 Pipe mill (review manufacturing procedures, attend pre-production meeting, and perform inspections during pipe manufacturing);
 - 2.8.2 Fusion-bonded epoxy coating;
 - 2.8.3 Concrete coating;
 - 2.8.4 Launcher skid; and
 - 2.8.5 Monitor regulator skid;
 - 2.9 Receive, inspect and inventory materials at the Work Site; and
 - 2.10 Provide recommended spare parts list for commissioning, operations and maintenance (spare parts may, at Cheniere's sole discretion, be purchased by Cheniere); the cost of such spare parts is not included within the Guaranteed Maximum Price.

3. CONSTRUCTION MANAGEMENT

A field office staffed with Willbros Personnel including a field project manager, an office manager/assistant will be established at the Work Site in the Johnson's Bayou area, in accordance with Paragraph 4.2 of Schedule "A". Inspection services will be subcontracted to a qualified firm or self-performed by Willbros in accordance with Paragraph 7 of Schedule "A". The construction survey will include a 5-man crew for construction staking and a 2-man and 3-man crew for as-built surveys. These crews will be supervised by Willbros' chief supervisor.

Without limiting the generality of the foregoing, the construction management portion of the Work to be performed by Willbros shall include:

- 3.1 Prepare digital alignment maps, showing the pipeline centerline, property ownership and land base information;
- 3.2 Prepare road crossing permit Drawings;
- 3.3 Perform pre-construction staking for the pipeline, including sites for scraper launcher, monitor regulator station, side valves, mainline valves and other pipeline appurtenances;
- 3.4 Perform pre- and post-construction topographic civil surveys of the wetlands crossed within the pipeline right-of-way between stations 62+35 and 480+34 to confirm ground contour restoration at the conclusion of construction is in accordance with the FERC certificate. The surveys will be conducted at the time of restoration and used to ensure compliance prior to demobilization of the construction Subcontractor. Drawing exhibits with the location of the surveys and cross-sections of the pre- and post-construction transects will be prepared. The pre- and post-construction ground elevation tolerance shall be minus zero (0), plus six (6) inches;

-
- 3.5 Perform as-built surveys and prepare as-built Drawings following construction in accordance with Schedule "D" and Paragraphs 2.7 and 2.8 of Schedule "A". All survey information shall be geo-referenced. Survey data processing will be performed so that all data collected is delivered in an electronic format compatible with the GIS of Cheniere's choice;
 - 3.6 Perform construction inspection through a qualified independent third party to ensure that construction meets the requirements of the Specifications, Drawings, easements, Applicable Law, Applicable Codes and Standards, permit provisions and all other requirements of construction included in the Agreement; and
 - 3.7 Provide commissioning and Start-up support, as required by Cheniere, excluding gas handling services.

4. CONSTRUCTION

The construction portion of the Work to be performed by Willbros or its Subcontractors shall include:

- 4.1 Perform pipeline construction, including clearing, grading, stringing, bending, ditching, laying, welding, coating, tie-ins, lowering-in, backfilling, testing and cleanup;
- 4.2 Install pipeline monitor regulator station, pig launcher, side valves, mainline valves, and pipeline appurtenances (CP test stations and line markers). The outlet end of the pipeline will have a weld cap with 2-inch coupling, nipple, plug valve and plug;
- 4.3 Perform internal geometry pig survey on the completed pipeline construction prior to the introduction of natural gas or nitrogen to verify that there are no dents with dimensions greater than what 49 C.F.R. Part 192 or ASME B31.8 codes allow;
- 4.4 Install pre-fabricated assemblies, including:
 - 4.4.1 Monitor-regulator station (skid-mounted) on pile-supported platform;
 - 4.4.2 Pig launcher (skid-mounted) on pile-supported platform; and
 - 4.4.3 30-inch NGPL side tap;
 - 4.4.4 42-inch mainline valve assembly; and
 - 4.4.5 42-inch mainline valve and 42-inch side valve;
- 4.5 De-water, clean and dry the interior of the pipeline using a series of displacement and cleaning pigs propelled by dry air to achieve a dew point of negative forty degrees Fahrenheit (-40°F) or less. After drying, the pipeline will be shut-in and pressurized to five (5) psig with dry air.
- 4.6 Tie-in pipeline to liquefied natural gas terminal at launcher site; tie-in at Johnson's Bayou will be by others;
- 4.7 Perform site Work at the Work Site, including installation of chain link fence with drive-through and walk gates, grading and installation of rock;

-
- 4.8 Perform Non-destructive testing (NDT) through a qualified third party inspector; radiography inspection shall be performed on 100-percent of girth welds, and a NDT auditor shall be required; and
 - 4.9 Cheniere shall provide Willbros access to and use of Cheniere's dock at the liquefied natural gas terminal for offloading pipe and major equipment skids from barges. Cheniere shall also provide access to and use of a yard at the liquefied natural gas terminal for staging and pipe storage. Willbros may, with Cheniere's prior written approval, use an alternate docking facility and/or yard in the Work Site.

5. DELIVERABLES

The following deliverables are considered part of the Work and shall be provided by Willbros during the development and execution of the Project:

- 5.1 Drawings (refer to Attachment I of Schedule "D")
- 5.2 Specifications (refer to Attachment II of Schedule "D")
- 5.3 Job Data Book
 - 5.3.1 Hydrostatic tests
 - 5.3.2 Material purchase orders
 - 5.3.3 Material certifications
 - 5.3.4 Certified Vendor Drawings
 - 5.3.5 Operating and maintenance instructions for purchased equipment
 - 5.3.6 Spare parts lists
 - 5.3.7 Warranties
 - 5.3.8 As-built Drawings (with GIS compatible data)
 - 5.3.9 Welder qualifications
 - 5.3.10 Welding procedure(s)
 - 5.3.11 Weld records summary
 - 5.3.12 Internal geometry pig results (with GIS compatible data)
- 5.4 Administrative
 - 5.4.1 Monthly progress and cost status reports
 - 5.4.2 Monthly Project Schedule updates
 - 5.4.3 Monthly procurement status reports
 - 5.4.4 Meeting notes

ATTACHMENT I

WORK SITE



Proposed 42" Natural Gas Pipeline Project

ATTACHMENT II
FLOW SCHEMATIC

B-8

SCHEDULE "C"

INTENTIONALLY OMITTED

C-1

SCHEDULE "D"

APPLICABLE CODES AND STANDARDS, DRAWINGS AND SPECIFICATIONS

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SCHEDULE "D"

APPLICABLE CODES AND STANDARDS, DRAWINGS AND SPECIFICATIONS

1. APPLICABLE CODES AND STANDARDS

During the execution of the Work, Willbros shall comply with the latest edition of the following Applicable Codes and Standards, irrespective of the specification of any earlier date or edition. In the event of a conflict between the Applicable Codes and Standards and the Specifications, Willbros shall promptly notify Cheniere of the conflict. The specific Applicable Codes and Standards listed in this Schedule with respect to each organization (e.g., API) are not meant to be an exclusive list of such Applicable Codes and Standards that must be adhered to with respect to each such organization as they are applicable to the Work.

The Project and all related facilities will be designed in accordance with Part 192, Title 49 of the Code of Federal Regulations "Transportation of Natural and Other Gas By Pipeline: Minimum Federal Safety Standards" (latest edition).

AASHTO	American Association of State Highway and Transportation Officials
AISC	American Institute of Steel Construction
ANSI	American National Standards Institute
API	American Petroleum Institute
ASCE	American Society of Civil Engineers
ASME	American Society of Mechanical Engineers
ASTM	American Society of Testing and Materials
AWS	American Welding Society
EPA	Environmental Protection Agency
FM	Factory Mutual
IEEE	Institute of Electrical and Electronics Engineers
IES	Illuminated Engineering Society
ISA	Instrument Society of America
MSS	Manufacturers Standardization Society of the Valve and Fitting Industry
NACE	National Association of Corrosion Engineers
NEMA	National Electrical Manufacturers Association
NFPA	National Fire Protection Association
OSHA	Occupational Safety and Health Act
UBC	Uniform Building Code
UL	Underwriters Laboratories
NEC	National Electrical Code (NFPA 70)

2. DRAWINGS

Willbros shall provide the Drawings listed in Attachment I of this Schedule "D" in accordance with this Agreement.

3. SPECIFICATIONS

The Specifications include the material/equipment specifications, design specifications, construction specifications, and inspection specifications included in Attachment II of this Schedule "D".

END OF SCHEDULE "D"

ATTACHMENT I

DRAWINGS

1. FERC Alignment Sheets
2. Construction Alignment Drawings
3. As-Built Alignment Drawings
4. Highway Crossing Plan/Profile
5. Typical Parish Road Crossing
6. Site Specific Wetland Construction Plan
7. Hydrostatic Test Profile
8. Foreign Pipeline Crossings
9. Construction Typicals
10. Notes and Legend Sheet
11. Scraper Launcher and Inlet Pressure Regulator Plot Plan
12. Side Valve Plan and Elevation
13. Mainline Valve Plan and Elevation
14. Scraper Launcher and Monitor Regulator Platforms
15. Pile and Pile Cap Details and Plot Plans
16. Fence Standard
17. Monitor Regulator Skid Layout
18. Scraper Launcher Skid Layout
19. Scraper Launcher Piping Hookup Details
20. Monitor Regulator Piping Hookup Details
21. Pipeline System P&ID
22. Valve Operator Details

ATTACHMENT II
SPECIFICATIONS

1. Submerged Arc Welded Line Pipe Longitudinal Seam
2. Submerged Arc Welded Line Pipe Helical Seam
3. Stock Pipe Seamless, SAW and ERW
4. Handling, Storage and Shipment of Line Pipe
5. Yard Applied Pipe Coating
6. Yard Application of Concrete Coating to Pipe
7. Internal Coating of Line Pipe
8. Induction Bending of Line Pipe
9. High Strength Wrought Welding Fittings
10. Application of Protective Coating Systems
11. Valve Procurement (API 6D, 12-inch and larger)
12. Pneumatic Quarter Turn Valve Operators
13. Pressure Regulation Valves
14. Line Pipe Inspection
15. Geotechnical Investigation
16. Construction of Pipeline and Related Facilities
17. Hydrostatic Test Plan
18. Welding Procedures
19. As-Built Survey Procedure

SCHEDULE "E"

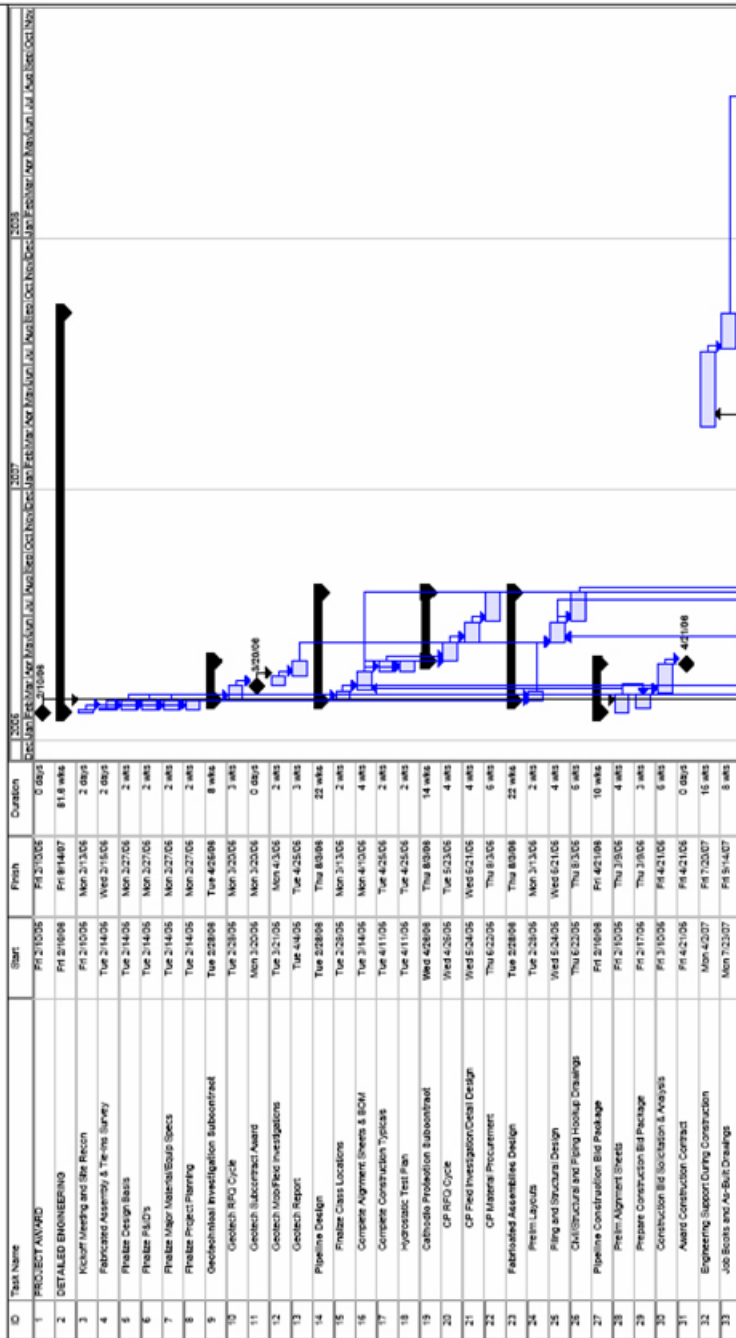
INTENTIONALLY OMITTED

SCHEDULE "F"

PROJECT SCHEDULE

F-1

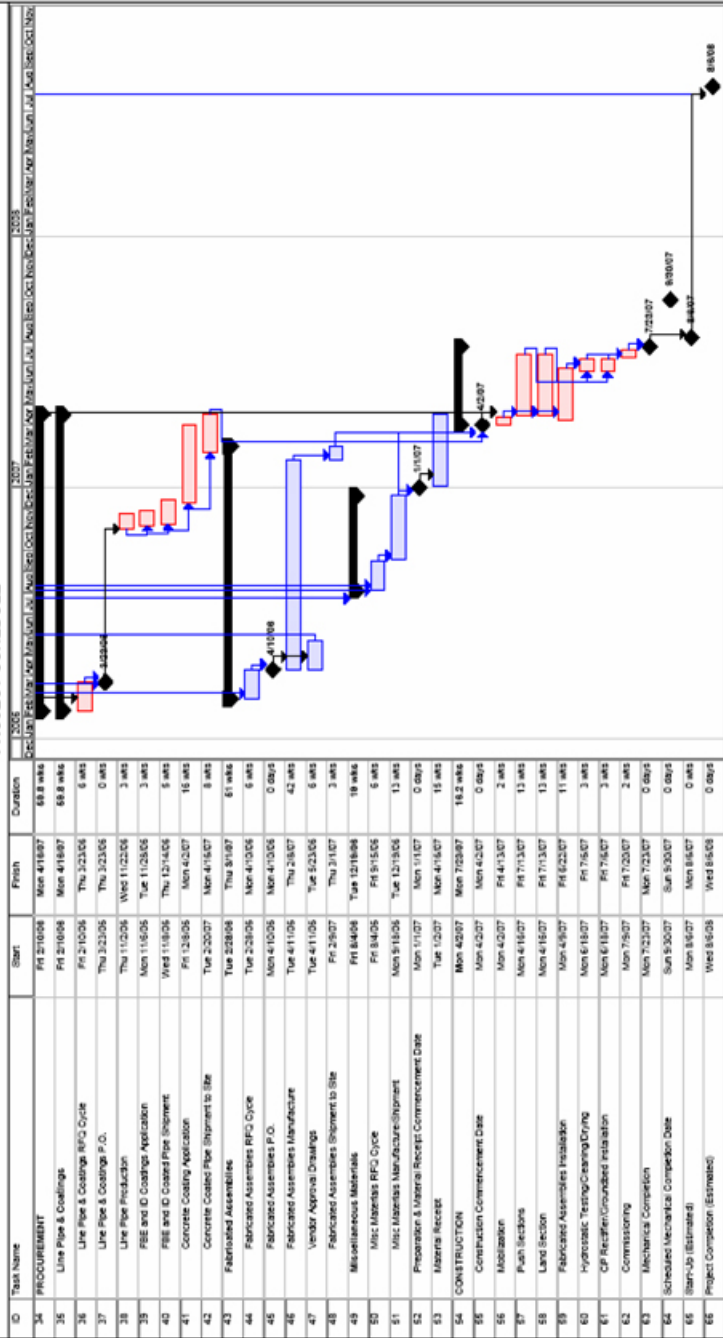
**SCHEDULE F
PROJECT SCHEDULE**



Wilson Engineers, Inc.
Date: January 23, 2006

Task
Start
Project Guide: Critical

**SCHEDULE F
PROJECT SCHEDULE**



By: Wilbros Engineers, Inc.
Date: January 23, 2005

Task
Split
Project Code: Critical

Progress
Milestone
Summary

Project Summary
External Tasks
External Milestone

Decide

GAS PURCHASE AND SALE AGREEMENT

between

Cheniere LNG Marketing, Inc.,

as Seller,

and

PPM Energy, Inc.,

as Buyer

Dated April 4, 2006

Execution Version

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Gas Purchase and Sale Agreement

This Gas Purchase and Sale Agreement (“Agreement”), dated as of this 4th day of April, 2006 (“Effective Date”) is made by and between PPM Energy, Inc., a company incorporated under the laws of the state of Oregon (“Buyer”) and Cheniere LNG Marketing, Inc., a company incorporated under the laws of the state of Delaware (“Seller”). Buyer or Seller may be referred to herein as “Party” and collectively Buyer and Seller may be referred to as “Parties.”

RECITALS

WHEREAS, as one facet of its Gas marketing portfolio, Seller intends to purchase LNG for import into the United States, regasify such LNG into Gas and sell such Gas in the North American market;

WHEREAS, affiliates of Seller are developing LNG regasification terminals, including the Sabine Pass LNG Terminal, and are developing Gas pipelines, including the Cheniere Sabine Pass Pipeline and the Cheniere Creole Trail Pipeline;

WHEREAS, Seller has or intends to acquire contractual rights to certain LNG terminalling services (including the regasification of LNG) at the Sabine Pass LNG Terminal;

WHEREAS, Seller has or intends to acquire transportation rights on the Cheniere Sabine Pass Pipeline and the Cheniere Creole Trail Pipeline, on the understanding that deliveries of Gas from the Cheniere Sabine Pass Pipeline will be able to be made to the Cheniere Creole Trail Pipeline at or upstream of the Delivery Point(s), thereby allowing regasified LNG from the Sabine Pass LNG Terminal to be delivered at the Delivery Point(s); and

WHEREAS, subject to the fulfillment of certain conditions (including the acquisition by Seller of sufficient LNG supply not dedicated to the supply of Seller’s other customers), Seller desires to sell Gas to Buyer at the Delivery Point(s) beginning at a minimum quantity of 20,000 MMBtu per day, and potentially increasing up to a maximum of 600,000 MMBtu per day, and Buyer desires to purchase such Gas from Seller;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties hereto and for the mutual covenants contained herein, Buyer and Seller hereby agree as follows:

**ARTICLE I
DEFINITIONS AND INTERPRETATION**

A. Capitalized terms defined in this Article I shall have the meanings set forth below.

“AAA” has the meaning ascribed to the term in Section XIII.A.

“Adjusted Daily Contract Quantity” or “ADCQ” has the meaning ascribed to the term in Section III.C.1.

“Affiliate” means a Person (other than a Party) that directly or indirectly controls, is controlled by, or is under common control with a Party to this Agreement, and for such purposes the terms “control”, “controlled by” and other derivatives shall mean the direct or indirect ownership of more than fifty percent (50%) of the voting rights in a Person.

“Aggregate Exposure” means, as of the relevant date of determination, the sum of (a) the aggregate amount of the Daily Exposure in respect of each day on which Gas has been delivered to and received by Buyer in accordance with this Agreement, to the extent that Buyer has not yet been invoiced in accordance with Article IX in respect of such Gas, and (b) the aggregate amount owing by Buyer to Seller in respect of Gas delivered to and received by Buyer in accordance with this Agreement for which Buyer has been invoiced as of such date in accordance with Article IX.

“Aggregate Exposure Notice” means the notice from Seller to Buyer as required by Section III.C.1.d. that the Aggregate Exposure exceeds the Guarantee Limitation Amount, which written notice must be provided to Buyer at least five (5) Business Days prior to Bid Week for the delivery month.

“Agreement” has the meaning ascribed to the term in the preamble to this Agreement and includes all Exhibits attached hereto and made a part hereof.

“Bid Week” means the week during which the New York Mercantile Exchange’s Henry Hub natural gas futures contract for the immediately following month terminates.

“British thermal unit” or “Btu” means the International BTU, which is also called the Btu (IT).

“Business Day” means any day except Saturday, Sunday or days that New York Mercantile Exchange, Inc., schedules as holidays.

“Buyer” has the meaning ascribed to the term in the preamble to this Agreement.

“Buyer Guarantee” means the guarantee dated as of the date hereof given by Buyer Guarantor to Seller guaranteeing the obligations of Buyer under this Agreement, a true and correct copy of which is attached as Exhibit C.

“Buyer Guarantor” means Scottish Power Finance (US) Inc., Delaware corporation.

“Buyer’s Cumulative Interruption Account” means the cumulative amount of the positive difference between the Seller’s Non-Performance Payment and the amount of Seller’s payments to Buyer pursuant to Section III.D.2. over a period of twenty-four (24) months, the first such period to begin with the Commercial Start Date; provided, however, that if the Buyer’s Cumulative Interruption Account balance is reduced pursuant to Section III.B.3.e., Section III.D.2.b. or Section VIII.B.3., the date of the reduction constitutes the beginning of a new twenty-four (24) month period.

“Cheniere Creole Trail Pipeline” means that pipeline, a preliminary map of which is attached as Exhibit A, commencing at or near the future site of the Creole Trail LNG Terminal and terminating at an interconnection with Columbia Gulf Transmission Company pipeline.

“Cheniere Sabine Pass Pipeline” means that pipeline, a preliminary map of which is attached as Exhibit A, commencing at the tailgate of the Sabine Pass LNG Terminal and terminating approximately sixteen (16) miles east at Johnson Bayou.

“Claims” has the meaning ascribed to it in Section X.C.

“Commercial Start Date” means the first day of the second calendar month following the later of the date of the commencement of: (a) commercial operation of the Sabine Pass LNG Terminal; (b) commercial operation of the Cheniere Creole Trail Pipeline with firm service to the delivery points at the Principal Pipelines; and (c) the commercial delivery of Gas from the Sabine Pass LNG Terminal to the Cheniere Creole Trail Pipeline.

“Contract Price” has the meaning ascribed to the term in Section IV.A.1.

“Cover Standard” means that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Agreement, then the performing Party shall use commercially reasonable efforts to (i) if Buyer is the performing Party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing Party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming Party; the quantities involved; and the anticipated length of failure by the nonperforming Party.

“Creole Trail LNG Terminal” means the LNG terminal facility in Cameron Parish, Louisiana capable of performing certain LNG terminalling services, including: the berthing of LNG vessels; the unloading, receiving and storing of LNG; the regasification of LNG; and delivery of natural gas to the point of interconnect between the tailgate of such LNG terminal facility and the Cheniere Creole Trail Pipeline.

“Daily Contract Quantity” or “DCQ” has the meaning ascribed to the term in Section III.B.1.

“Daily Exposure” means, as of the relevant date of determination, an amount equal to the product obtained by multiplying (a) the DCQ in respect of such date, by (b) the relevant price as determined in accordance with Article IV.

“Defaulting Party” has the meaning ascribed to the term in Section XII.A.

“Delivery Point(s)” has the meaning ascribed to the term in Section V.A.

“Dispute” means any dispute, controversy or claim (of any and every kind or type, whether based on contract, tort, statute, regulation, or otherwise) arising out of, relating to, or connected with this Agreement, including any dispute as to the construction, validity, interpretation, termination, enforceability or breach of this Agreement.

“Early Termination Date” has the meaning ascribed to the term in Section XII.C.

“Effective Date” has the meaning ascribed to the term in the preamble to this Agreement.

“Event of Default” has the meaning ascribed to the term in Section XII.A.

“Excused Party” has the meaning ascribed to the term in Section XI.A.

“Extension Term” has the meaning ascribed to the term in Section II.C.

“FERC” means the Federal Energy Regulatory Commission, or any successor federal regulatory agency.

“FERC Gas Tariff” means the rate schedules, terms and conditions of service and other components comprising a natural gas company’s tariff as required to be on file with FERC and in effect, as it may be modified from time to time.

“Force Majeure” has the meaning ascribed to the term in Section XI.B.

“Gas” means any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.

“Gas Day” means a period beginning at 09:00 Central Clock Time and ending at 09:00 Central Clock Time on the following day.

“Gas Quality Standard” has the meaning ascribed to the term in Section VII.A.

“Government Approvals” means all consents, authorizations, licenses, waivers, permits, approvals and other similar documents from or by any federal, regional, state, or local government, any subdivision, agency, commission or authority thereof (including maritime authorities, port authority or any quasi-governmental agency) having jurisdiction over a Party, the Sabine Pass LNG Terminal, the Creole Trail LNG Terminal, the Cheniere Sabine Pass Pipeline, the Cheniere Creole Trail Pipeline, as the case may be, and acting within its legal authority.

“Guarantee Limitation Amount” has the meaning ascribed to such term in the Buyer Guarantee.

“Gulf of Mexico” means that body of water located at the southeastern corner of North America, that is approximately 579,000 square miles, measuring approximately 995 miles from east to west, 560 miles from north to south and that is bordered by the United States to the north, Mexico to the west, and the island of Cuba to the southeast.

“Imbalance Charges” mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter’s balance and/or nomination requirements.

“Increase Notice” has the meaning ascribed to the term in Section III.B.3.

“Initial Term” has the meaning ascribed to the term in Section II.B.

“Interconnect Pipeline” has the meaning ascribed to the term in Section V.A.

“Interruption of LNG Supply” means any act, event or circumstance, not reasonably within the control of Seller, the effects of which could not be avoided or remedied by the commercially reasonable efforts of Seller, and which would not otherwise qualify as Force Majeure hereunder,

that prevents or delays LNG from being delivered to the Sabine Pass LNG Terminal, including, for greater certainty: (i) breakdown or loss of an LNG Tanker or its cargo, (ii) interruption of LNG supply from the country from which Seller sources LNG, including breakdown or loss of any LNG liquefaction facilities in such country; and (iii) the loss or failure of Seller's LNG supply or depletion of reserves of gas used to produce LNG.

"LNG" means Gas in a liquid state at or below its boiling point at a pressure of approximately one (1) atmosphere.

"LNG Tanker" means an ocean-going vessel suitable for transporting LNG.

"LNG Terminals" means the Creole Trail LNG Terminal or the Sabine Pass LNG Terminal.

"Long-Term LNG Supply Agreement" means an LNG supply agreement entered into by Seller or its Affiliates for the supply of LNG that meets the following criteria:

- i. the initial term of such agreement is two (2) years or greater;
- ii. the volume equates to a delivery rate for regasified LNG equal to or greater than one hundred thousand (100,000) MMBtu per Gas Day for the entire initial term of such agreement;
- iii. the contract price for the purchase of LNG, as converted into a price per MMBtu is equivalent to not more than ninety-four percent (94%) of the final NYMEX settlement price per MMBtu for a delivery month, less \$0.32 per MMBtu, over the remaining Term or the initial term of the LNG supply agreement, whichever is shorter;
- iv. the primary destination of the LNG is the Sabine Pass LNG Terminal;
- v. such LNG supply agreement is not a Paired Contract; and
- vi. at the time of execution the DCQ is less than the Maximum DCQ.

"Maximum DCQ" means six hundred thousand (600,000) MMBtu per Gas Day, unless otherwise modified pursuant to Section III.B.4.

"MMBtu" means one million (1,000,000) British thermal units.

"Net Settlement Amount" has the meaning ascribed to the term in Section XII.C.

"Non-Defaulting Party" has the meaning ascribed to the term in Section XII.A.

"Paired Contract" means an LNG supply agreement to the extent that LNG supplied under such agreement supports Seller's or its Affiliate's obligations under one or more particular regasified LNG sales agreements, each executed by Seller or its Affiliate prior to the Effective Date, or if not executed prior to the Effective Date, each executed by Seller or its Affiliate within six (6) months of the other.

“Party” and “Parties” have the meanings ascribed to the terms in the preamble to this Agreement.

“Payment Date” means the later of (a) the 25th day of the month following the month of delivery of Gas; provided Buyer has received the invoice for such month from Seller, and (b) the 10th day following Buyer’s receipt of an invoice from Seller.

“Person” means any individual, company, firm, partnership, association or body corporate.

“Principal Pipelines” means the following pipelines that interconnect with the Cheniere Creole Trail Pipeline:

- i. Transcontinental Gas Pipe Line Corporation (Zone 3);
- ii. Tennessee Gas Pipe Line Company;
- iii. Florida Gas Transmission Company (Zone 2);
- iv. Columbia Gulf Transmission Company; and
- v. ANR Pipeline Company,

each as described in the Cheniere Creole Trail Pipeline application for certificate of authority filed at FERC, and as shown on Exhibit A, subject to any modifications that may be required or approved by FERC.

“Sabine Pass LNG Terminal” means the LNG terminal facility in Cameron Parish, Louisiana capable of performing certain LNG terminalling services, including: the berthing of LNG vessels; the unloading, receiving and storing of LNG; the regasification of LNG; and the delivery of natural gas to the point of interconnect between the tailgate of such LNG terminal facility and the Cheniere Sabine Pass Pipeline.

“Scheduled Maintenance” has the meaning ascribed to the term in Section III.C.3.

“Seller” has the meaning ascribed to the term in the preamble to this Agreement.

“Seller Guarantee” means the guarantee dated as of the date hereof given by Seller Guarantor to Buyer guaranteeing the obligations of Seller under this Agreement, a true and correct copy of which is attached as Exhibit D.

“Seller Guarantor” means Cheniere Energy, Inc., a Delaware corporation.

“Seller’s Cumulative Interruption Account” means the cumulative amount of damages paid by Seller to Buyer pursuant to Section III.D.2. over a period of twenty-four (24) months, the first such period to begin on the Commercial Start Date; provided, however, that if the Seller’s Cumulative Interruption Account balance is reduced pursuant to Section VIII.A.4., the date of the reduction constitutes the beginning of a new twenty-four (24) month period.

“Seller’s Non-Performance Payment” has the meaning ascribed to the term in Section III.D.1.

“Spot Price” means the midpoint price listed in the publication “Platt’s Gas Daily” (or, if no longer published, any successor publication or equivalent publication as may be mutually agreed to by the Parties), under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Gas Day; provided, if there is no single price published for such location for such Gas Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low prices. If no price or range of prices is published for such Gas Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Gas Day for which a price or range of prices is published that next precedes the relevant Gas Day; and (ii) the price (determined as stated above) for the first Gas Day for which a price or range of prices is published that next follows the relevant Gas Day.

“Taxes” has the meaning ascribed to the term in Section IV.B.2.

“Term” has the meaning ascribed to the term in Section II.A.

“Transporter” means all Gas pipeline companies acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point.

“Tribunal” has the meaning ascribed to the term in Section XIII.B.

B. Interpretation

1. Headings. The topical headings used in this Agreement are for convenience only and shall not be construed as having any substantive significance or as indicating that all of the provisions of this Agreement relating to any topic are to be found in any particular Article or that an Article relates only to the topical heading.
2. Singular and Plural. Reference to the singular includes a reference to the plural and vice versa.
3. Gender. Reference to any gender includes a reference to all other genders.
4. Article. Unless otherwise provided, reference to any Article, Section or Exhibit means an Article, Section or Exhibit of this Agreement.
5. Include. The words “include” and “including” shall mean include or including without limiting the generality of the description preceding such term and are used in an illustrative sense and not a limiting sense.
6. Time Periods. References to “day,” “month,” “quarter” and “year” shall, unless otherwise stated or defined, mean a day, month, quarter and year of the Gregorian calendar, respectively. For the avoidance of doubt, a “day” shall commence at 24:00 midnight.
7. Currency. References to United States dollars shall be a reference to the lawful currency from time to time of the United States of America.

8. Facilities. References to either the Sabine Pass LNG Terminal, the Creole Trail LNG Terminal, the Cheniere Sabine Pass Pipeline or the Cheniere Creole Trail Pipeline shall be a reference to such facilities as modified from time to time.

ARTICLE II TERM

- A. General. Subject to the terms and conditions of this Agreement, the term of this Agreement (“Term”) shall consist of the Initial Term and, if applicable, any Extension Term.
- B. Initial Term. The initial term of this Agreement (“Initial Term”) shall commence on the Effective Date and shall continue in full force and effect until the expiration of ten (10) years from the Commercial Start Date, unless terminated earlier in accordance with this Agreement. Seller shall give notice to Buyer of the Commercial Start Date no later than five (5) days following the later of the date of commencement of: (a) commercial operations of the Sabine Pass LNG Terminal, (b) commercial operations of the Cheniere Creole Trail Pipeline, or (c) the commercial delivery of Gas from the Sabine Pass LNG Terminal to the Cheniere Creole Trail Pipeline.
- C. Extension Terms. This Agreement shall extend for a five (5) year period (“Extension Term”) immediately following the expiration of the Initial Term and for a second five (5) year Extension Term immediately following the expiration of the first Extension Term, provided that either Buyer or Seller may terminate this Agreement effective at the expiration of the then-current Term by providing written notice to the other Party at least one-hundred twenty (120) days prior to the expiration of the then-current Term.

ARTICLE III QUANTITY

- A. Sale and Purchase Obligations Generally.
1. Seller’s Obligation. Subject to the terms and conditions of this Agreement, Seller shall make available to Buyer, for purchase at the Delivery Point(s) on each Gas Day beginning with the Commercial Start Date, an aggregate volume of Gas equal to the Adjusted Daily Contract Quantity.
 2. Buyer’s Obligation. Subject to the terms and conditions of this Agreement, Buyer shall purchase from Seller at the Delivery Point(s) on each Gas Day beginning with the Commercial Start Date an aggregate volume of Gas equal to the Adjusted Daily Contract Quantity. In this regard, Buyer covenants that it is purchasing Gas principally for resale to its customers and not for consumption as an end-user.
- B. Determination of Daily Contract Quantity.
1. Commencing on the Commercial Start Date, the daily contracted quantity to be purchased and sold hereunder (the “Daily Contract Quantity” or “DCQ”) shall be zero (0) MMBtu per Gas Day.

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2. If Seller enters into one or more Long-Term LNG Supply Agreements before or during the Term, the Parties acknowledge that the DCQ shall from time to time be increased in accordance with Section III.B.3.
 - a. If Seller enters into a Long-Term LNG Supply Agreement and at the time of execution of such agreement the DCQ is less than the Maximum DCQ, Seller shall allocate, by issuing to Buyer an Increase Notice, to Seller's Gas supply obligations under this Agreement not less than forty percent (40%) of the LNG supply to which Seller is entitled under such Long-Term LNG Supply Agreement until the DCQ equals one hundred thousand (100,000) MMBtu per Gas Day, and thereafter not less than twenty percent (20%) of the LNG supply to which Seller is entitled under such Long-Term LNG Supply Agreement, up to the Maximum DCQ.
 - b. On or before March 1 of each calendar year, Seller shall provide to Buyer a certificate, executed by an officer of Seller, stating that Seller has reviewed its and its Affiliates' LNG supply agreements and that Seller has allocated to Seller's Gas supply obligations under this Agreement the proper percentage of supply of all Long-Term LNG Supply Agreements.
 - c. Seller shall provide written notice to Buyer within five (5) days of the Effective Date of all Paired Contracts then executed. After the Effective Date and during any time that the DCQ is less than the Maximum DCQ, Seller shall provide written notice to Buyer no later than thirty (30) days after Seller's execution of any LNG supply agreement that constitutes, or will constitute, a Paired Contract, with such written notice (subject to any confidentiality limitations) identifying the volume of such LNG supply agreement.
 3. Seller shall increase the DCQ by providing to Buyer a written notice of such increase in the DCQ (the "Increase Notice"), as follows:
 - a. An Increase Notice shall be in substantially the same form as set forth in Exhibit B attached hereto and shall indicate the increased DCQ, the calendar month during which the increased DCQ shall first be effective, and the duration of such increase in the DCQ;
 - b. Seller shall provide the Increase Notice to Buyer at least ninety (90) days in advance of the calendar month during which the increased DCQ shall first be effective, such effective date to be the first day of such calendar month;
 - c. The duration of the increase in DCQ pursuant to an Increase Notice shall not exceed the remaining Term. At least one hundred eighty (180) days prior to the end of the Term, Buyer may request that Seller provide a reconciliation of which Increase Notices would remain in effect if the then-current Term were extended pursuant to Section II.C;

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- d. The first Increase Notice shall be for at least twenty thousand (20,000) MMBtu per Gas Day; and
 - e. At the time Seller issues an Increase Notice, if Buyer's Cumulative Interruption Account is greater than \$1.0 million, Buyer's Cumulative Interruption Account shall revert to zero unless Buyer provides written notice to Seller within thirty (30) days of the date of such Increase Notice that Buyer does not accept such Increase Notice. In the event Buyer does not accept such Increase Notice, the Buyer's Cumulative Interruption Account shall remain unaffected and Seller shall have no obligation to deliver to Buyer Gas pursuant to such Increase Notice.
4. If, as of October 31, 2010, the DCQ determined pursuant to all Increase Notices is less than the Maximum DCQ, then either Buyer or Seller may elect to reduce the Maximum DCQ for the remaining Term to the DCQ in effect as of October 31, 2010, as follows. Either Party may elect to reduce the Maximum DCQ by providing written notice to the other Party between October 31, 2010 and December 31, 2010; provided that if, prior to Buyer notifying Seller of any such reduction, Seller delivers one or more Increase Notices increasing the DCQ to the Maximum DCQ, then Buyer may not subsequently reduce the Maximum DCQ.
 5. During any period in which the DCQ is less than the Maximum DCQ, Seller shall provide Buyer once each quarter with Seller's non-binding estimation of the likelihood that one or more additional Increase Notices will be provided hereunder during the next quarter.
- C. Determination of Adjusted Daily Contract Quantity.
1. For each delivery month, the "Adjusted Daily Contract Quantity" or "ADCQ" shall be calculated by subtracting from the DCQ for each Gas Day:
 - a. the quantity of Gas which Buyer is unable to receive because of an event of Force Majeure affecting either Seller or Buyer;
 - b. the quantity of Gas which Seller is unable to deliver due to an Interruption of LNG Supply notified pursuant to Section III.C.2;
 - c. the quantity of Gas which Seller is unable to deliver due to Scheduled Maintenance notified pursuant to Section III.C.3; and
 - d. the quantity of Gas approximately equal in value, based on the closing price per MMBtu of Gas on the NYMEX Henry Hub natural gas futures contract for the delivery month on the date of Seller's Aggregate Exposure Notice, to the amount by which the anticipated exposure as of the Payment Date in the succeeding delivery month exceeds the Guarantee Limitation Amount, provided that the DCQ shall not be adjusted downward if Buyer reduces the Aggregate Exposure below the Guarantee Limitation Amount at least two (2) Business Days prior to Bid Week for the delivery month.

2. If Seller anticipates that Seller will be unable to deliver Gas to Buyer on any Gas Day for the following month due to an Interruption of LNG Supply, Seller shall notify Buyer at least two (2) Business Days prior to the Bid Week for the delivery month of the estimated amount of the Interruption of LNG Supply. On the basis of such estimated amount, Seller shall set forth in such notice the ADCQ for each Gas Day for the following month.
3. Seller shall provide written notice to Buyer on the Commercial Start Date and no later than sixty (60) days before January 1 of each calendar year thereafter an estimate of the dates scheduled for maintenance at the Sabine Pass LNG Terminal and the Cheniere Creole Trail Pipeline for the forthcoming calendar year ("Scheduled Maintenance"). Seller shall provide written notice no later than ten (10) days prior to the first day of each calendar quarter (January 1, April 1, July 1 and October 1) of the updated schedule for Scheduled Maintenance for the remainder of such calendar year. If such estimated dates for Scheduled Maintenance change, Seller shall notify Buyer within five (5) days of such changed dates. No later than two (2) Business Days prior to Bid Week for each delivery month, Seller shall notify Buyer of any volume of Gas that Seller will not be able to deliver to Buyer for such delivery month due to Scheduled Maintenance.

D. Damages for Failure to Deliver or Receive Gas

1. In the event that Seller fails to deliver the ADCQ to Buyer on one or more Gas Days during a delivery month, Buyer shall calculate for each day of such delivery month (i) the difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the ADCQ and the quantity actually delivered by Seller during such Gas Day; or (ii) in the event that Buyer has used commercially reasonable efforts to replace the Gas, and no such replacement is available, any difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the difference between the ADCQ and the quantity actually delivered by Seller and received by Buyer during such Gas Day. In such calculation, Buyer shall net out the losses and gains from such purchases of cover Gas. At the end of such delivery month, Buyer shall provide Seller with the results of such calculation. This amount, if positive, shall be the "Seller's Non-Performance Payment", which (except as provided in Section III.D.2.) Seller shall pay to Buyer.
2. Without prejudice and subject to Article XI, if Seller is unable to deliver the ADCQ to Buyer on any Gas Day due to an Interruption of LNG Supply of which Seller has not notified Buyer pursuant to Section III.C.2 and such inability lasts for a period of less than seventy-two (72) consecutive hours, Seller shall pay Seller's Non-Performance Payment to Buyer. If Seller is unable to deliver the ADCQ to Buyer on any Gas Day due to such an Interruption of LNG Supply for a period lasting seventy-two (72) consecutive hours or longer, then:
 - a. Seller shall notify Buyer of such inability as soon as possible;

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- b. Seller shall pay to Buyer an amount equal to the lesser of (i) the Seller's Non-Performance Payment and (ii) \$0.50 per MMBtu multiplied by the deficiency quantity. The "deficiency quantity" is the difference between the total volume of Gas that would have been delivered during the month at the ADCQ and the quantity actually delivered by Seller. The Seller's Cumulative Interruption Account shall be increased by the amount of such payment. Buyer may at any time elect to reduce the Seller's Cumulative Interruption Account balance to zero by paying to Seller the balance of the Seller's Cumulative Interruption Account pursuant to Article IX.; provided that Buyer's Cumulative Interruption Account shall not be increased by any amounts paid by Buyer pursuant to this sentence; and
 - c. Buyer's Cumulative Interruption Account shall be increased by the difference, if any, between Seller's Non-Performance Payment and the amount actually paid by Seller pursuant to Section III.D.2.b. Seller may at any time elect to reduce the Buyer's Cumulative Interruption Account balance to zero by paying to Buyer the balance of the Buyer's Cumulative Interruption Account pursuant to Article IX; provided that Seller's Cumulative Interruption Account shall not be increased by any amounts paid by Seller pursuant to this sentence.
 3. In the event that Buyer fails to receive the ADCQ from Seller on any one or more Gas Days during a delivery month, then Seller shall calculate for each day of such delivery month (i) the difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the ADCQ and the quantity actually taken by Buyer during such Gas Day; or (ii) in the event that Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such sale is available, any difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the difference between the ADCQ and the quantity actually delivered by Seller and received by Buyer during such Gas Day. In such calculation, Seller shall net out the losses and gains from such resale of Gas. At the end of such delivery month, Seller shall provide Buyer with the results of such calculation. This amount, if positive, shall be added to Buyer's monthly invoice and paid to Seller pursuant to Article IX.
 4. For avoidance of doubt, neither Party shall have liability to the other for failure to deliver or receive Gas due to an event of Force Majeure. Seller shall have no liability to Buyer for failure to deliver Gas:
 - a. due to an Interruption of LNG Supply provided that Seller notifies Buyer of an Interruption of LNG Supply in accordance with Section III.C.2; or

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- b. due to Scheduled Maintenance provided that Seller notifies Buyer of Scheduled Maintenance in accordance with Section III.C.3.
 - 5. Imbalance Charges shall not be recovered under this Section III.D, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section VI.D.
 - E. Any amount payable by a Party pursuant to Section III.D shall be treated as actual, direct damages and shall not be treated as consequential damages or as loss of income or profits under Section XII.H.
 - F. Any amount payable pursuant to Section III.D shall be credited as an offset, in the case of amounts payable by Seller, or itemized on an invoice separately, in the case of amounts payable by Buyer, pursuant to the provisions of Article IX.

**ARTICLE IV
PRICE**

A. Price of Gas.

- 1. The price of Gas sold and purchased with respect to any month (the "Contract Price") shall be ninety-six percent (96%) of the price in dollars per MMBtu for the NYMEX Henry Hub Natural Gas futures contract for Gas to be delivered during such month, such price to be based upon the final settlement price on the last trading day for the futures contracts for such month, plus ten cents (\$0.10) per MMBtu.
- 2. If the NYMEX Henry Hub Natural Gas futures contract settlement prices cease to be published for any reason, or the data is so changed in the basis of calculation or quantity or type of commodity included therein or otherwise as to affect materially the validity of the index over time, the Parties shall select a comparable index to be used in its place that maintains the intent and economic effect of the original index.

B. Taxes.

- 1. The prices established pursuant to this Article IV are inclusive of all Taxes levied on Seller or for which Seller is responsible.
- 2. Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any governmental authority ("Taxes") on Seller on or with respect to the Gas prior to the Delivery Point. Buyer shall pay or cause to be paid all Taxes imposed by any governmental authority on Buyer on or with respect to the Gas at and after the Delivery Point. If a Party is required to collect, remit or pay Taxes that are the other Party's responsibility hereunder, the Party responsible for such Taxes shall promptly reimburse the other Party for such Taxes. Any Party entitled to an exemption from any such Taxes or charges shall furnish the

other Party any necessary documentation thereof on or before the date of delivery of the Gas.

3. Buyer shall provide Seller with information as may be required to allow Seller to properly file all required federal, state, and local tax reports and other regulatory filings.

**ARTICLE V
DELIVERY POINT**

- A. The delivery point(s) shall be the interconnects between the Cheniere Creole Trail Pipeline and any Principal Pipeline or other pipeline interconnecting with the Cheniere Creole Trail Pipeline (each, an "Interconnect Pipeline") as nominated by Buyer (the "Delivery Point(s)")
- B. Seller shall have the right at the time that Buyer makes its nomination for the upcoming Gas Day pursuant to Section VI.B. to move any Delivery Point from the physical interconnection between the Interconnect Pipeline and the Cheniere Creole Trail Pipeline to the Interconnect Pipeline's local pooling point, if applicable; provided, however, if such pooling point(s) are allocated or curtailed by an Interconnect Pipeline, Seller shall use commercially reasonable efforts to revert to the Delivery Point(s) nominated by Buyer.

**ARTICLE VI
TRANSPORTATION**

- A. Seller shall have sole responsibility for transporting the Gas to the Delivery Point(s), subject to the following requirements:
 1. The arithmetic sum of the delivery quantity nominated for each Delivery Point on any Gas Day shall not exceed the ADCQ; and
 2. Buyer's nomination to Seller for delivery at any Interconnect Pipeline shall not exceed Buyer's pro-rata portion of Seller's delivery capacity to such pipeline. "Buyer's pro-rata portion" means the proportion that the ADCQ on any particular Gas Day bears to Seller's firm capacity on the Cheniere Creole Trail Pipeline. "Seller's delivery capacity to such pipeline" means the product of: (i) Seller's share (as a proportion) of firm capacity rights on the Cheniere Creole Trail Pipeline; and (ii) the firm delivery capacity of the Cheniere Creole Trail Pipeline to the Interconnect Pipeline. Seller shall provide Buyer with written notice of "Buyer's pro-rata portion" and "Seller's delivery capacity to such pipeline" before the nomination cycle for the Gas Day beginning on the Commercial Start Date. To the extent "Buyer's pro-rata portion" or "Seller's delivery capacity to such pipeline" changes, Seller shall provide Buyer with written notice of such change in advance of the first nomination cycle during which such change may effect Buyer's access to Delivery Point(s). If Buyer's requested delivery quantity for any Delivery Point exceeds Buyer's pro-rata portion of Seller's delivery capacity at such pipeline as provided in Seller's notices to Buyer, Seller shall have no

obligation to deliver the excess quantity and Buyer shall be deemed to have failed to receive such excess quantity.

- B. Buyer shall have sole responsibility for transporting the Gas from and after the Delivery Point(s). Buyer shall orally communicate to Seller's pipeline scheduling representative (i) the requested Delivery Point(s) and (ii) the requested delivery quantity for the Gas Day at each Delivery Point no later than 8:30 AM on the day prior to the Gas Day for deliver of such Gas and Buyer shall confirm such nomination request in writing no later than forty-five (45) minutes later. Seller shall use commercially reasonable efforts to accommodate Buyer's intraday changes to such nominations.
- C. In addition to meeting the obligations set forth in Section VI.A.2, the Parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter. Should either Party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the nominated delivery quantity, such Party shall promptly notify the other Party. The Parties expressly agree that any allocation, reduction, or curtailment of capacity at a Delivery Point shall constitute an event of Force Majeure. Seller shall use commercially reasonable efforts to increase, by the amount of the allocation, reduction, or curtailment, the delivery quantities at other Delivery Point(s).
- D. The Parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the Parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Adjusted Daily Contract Quantity, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Adjusted Daily Contract Quantity, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

**ARTICLE VII
QUALITY AND MEASUREMENT**

- A. Quality. Deliveries of Gas by Seller to Buyer at the Delivery Point(s) pursuant to this Agreement shall meet the pressure, quality and heat content requirements of the Principal Pipelines as established by the FERC Gas Tariffs for such pipelines, as may be in effect from time to time ("Gas Quality Standard").
 - 1. It is the obligation of Seller to notify Buyer if Gas to be delivered by Seller to Buyer will not meet the Gas Quality Standard or if Seller has reason to believe that the Gas will not meet the Gas Quality Standard.
 - 2. Buyer shall have no obligation to accept, purchase and pay for Gas that does not meet the Gas Quality Standard. If Buyer knowingly accepts Gas that Seller notifies Buyer in writing fails to meet the Gas Quality Standard, Buyer shall be obligated to pay for such Gas, Seller shall have no liability for Claims arising

from such Gas and as to such Gas, Buyer hereby waives all rights under the New York Uniform Commercial Code for acceptance of non-conforming goods.

- B. Measurement. All measurements of Gas delivered and sold hereunder shall be in accordance with the established procedures, as they may be in effect from time to time, of the receiving pipeline at the Delivery Point(s).

**ARTICLE VIII
TERMINATION**

- A. Seller may terminate this Agreement upon thirty (30) days written notice to Buyer in the event of any of the following:
1. Seller has not received and accepted, in its reasonable discretion, all Government Approvals necessary to perform its obligations under this Agreement by June 30, 2008; provided, however, that Seller shall have exercised reasonable efforts to obtain all such Government Approvals;
 2. the Commercial Start Date has not occurred by June 30, 2010; or
 3. Seller has not issued the first Increase Notice by October 31, 2010; or
 4. Seller's Cumulative Interruption Account exceeds fifteen million dollars (\$15,000,000). If Seller elects not to terminate this Agreement within the notice period of this Section VIII.A., such right shall expire, and the amount of Seller's Cumulative Interruption Account shall be set to zero (\$0.00).
- B. Buyer may terminate this Agreement upon thirty (30) days written notice to Seller in the event of either of the following:
1. the Commercial Start Date has not occurred by June 30, 2010; or
 2. Seller has not issued the first Increase Notice by October 31, 2010; or
 3. Buyer's Cumulative Interruption Account exceeds fifteen million dollars (\$15,000,000). If Buyer elects not to terminate this Agreement within the notice period of this Section VIII.B., such right shall expire, and the amount of Buyer's Cumulative Interruption Account shall be set to zero (\$0.00).

**ARTICLE IX
BILLING, PAYMENT AND AUDIT**

- A. Seller shall invoice Buyer for Gas delivered and received in the preceding month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. Seller shall calculate the invoice amount for Gas delivered based on a Gas price rounded to the fourth decimal place. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the estimated Adjusted Daily Contract Quantity for such month. The invoiced quantity will then be

adjusted to the actual quantity on the following month's billing or as soon thereafter as actual delivery information is available.

- B. Buyer shall remit the amount due under Section IX.A., in immediately available funds, on or before the Payment Date; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section IX.B.
- C. The invoiced Party shall pay the full amount of any disputed invoice without any deduction or set-off (except as to any deduction or set-off otherwise allowed under this Agreement), provided that in the case of an obvious error in computation, the invoiced Party shall pay the correct amount disregarding such error. If the invoiced Party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed. The Parties will endeavor to resolve any Dispute of an invoice within thirty (30) days after notice of the disputed invoice is given. If it is ultimately determined that all or a portion of the disputed amount was incorrectly invoiced and paid by Buyer to Seller, Seller shall pay Buyer that amount within two Business Days of such determination, along with interest (as determined in Section IX.D). from and including the original payment date to but excluding the date payment is made. In the event the Parties are unable to resolve such Dispute within such period, either Party may refer the Dispute to arbitration under Article XIII.
- D. If the invoiced Party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest per annum published under "Money Rates" by The Wall Street Journal, plus two percentage points; or (ii) the maximum applicable lawful interest rate.
- E. A Party shall have the right, at its own expense, upon reasonable notice and at reasonable times, to examine, audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other Party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under this Agreement. This right to examine, audit, and to obtain copies and recordings shall not be available with respect to proprietary information not directly relevant to this Agreement. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the month of Gas delivery. All retroactive adjustments under Article IX shall be paid in full by the Party owing payment within thirty days after receipt of notice and substantiation of such inaccuracy.
- F. The Parties shall net all amounts due and owing (including amounts owed from Seller to Buyer pursuant to Section III.D), and/or past due, arising under the Agreement such that the Party owing the greater amount shall make a single payment of the net amount to the other Party in accordance with Article IX. If the Parties have executed a separate netting

agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

**ARTICLE X
TITLE, WARRANTY AND INDEMNITY**

- A. Title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the Delivery Point(s). Buyer shall have responsibility for and shall assume any liability with respect to said Gas at and after its delivery to Buyer at the Delivery Point(s).
- B. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION X.B ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.
- C. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all Persons, arising from or out of claims of title, personal injury or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all Persons, arising from or out of claims regarding payment, personal injury or property damage from said Gas or other charges thereon which attach after title passes to Buyer.
- D. Notwithstanding the other provisions of this Article X and except in the case where Buyer knowingly accepts Gas that does not meet the Gas Quality Standard, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the Gas Quality Standard.

**ARTICLE XI
FORCE MAJEURE**

- A. Excuse Due to Force Majeure. Neither Seller nor Buyer shall be liable for any delay or failure in performance hereunder if and to the extent (i) such delay or failure in performance (except for the performance of any payment obligation) is a result of Force Majeure, and (ii) the Excused Party satisfies its obligations under this Article XI. The Party so excused shall be called the "Excused Party."
- B. Events of Force Majeure. "Force Majeure" shall mean any act, event or circumstance, whether of the kind described herein or otherwise, that is not reasonably within the control of, does not result from the fault or negligence of, and would not have been avoided or overcome by the exercise of reasonable diligence by, the Party claiming Force Majeure, such Party having observed a standard of conduct that is consistent with a reasonable and prudent operator, and that prevents or delays in whole or in part such Party's performance of any one or more of its obligations under this Agreement. It may

include circumstances of the following kind, provided that such circumstances satisfy the definition of Force Majeure set forth above:

1. physical events such as acts of God, landslides, lightning, atmospheric disturbance, earthquakes, fires, storms or storm warnings, such as hurricanes, tornados, floods, washouts, explosions, and weather related events, including events that impede the unloading of LNG or impede the delivery of regasified LNG to the Delivery Point(s) or the receipt and transportation of Gas away from the Delivery Point(s);
2. storms, storm warnings, hurricanes, or other weather related events that delay or impede the entry of an LNG Tanker into the Gulf of Mexico, or the transit of an LNG Tanker within the Gulf of Mexico to an LNG Terminal;
3. acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections, wars, invasions, embargos, terrorism or threat thereof, blockade, acts of public enemies or civil disturbances;
4. acts of governmental authorities having jurisdiction, including the issuance or promulgation of any court order, law, statute, ordinance, regulation, or policy having the effect of law, the effect of which would prevent, delay or make unlawful a Party's performance hereunder, or would require such Party to take measures which are unreasonable in the circumstances;
5. breakdown, accident to, or destruction of facilities or equipment or lines of pipe (including the LNG Terminals), except when such breakdown or destruction is due to normal wear and tear, failure to properly maintain such facilities or equipment or to adequately stock spare repair parts;
6. inability to obtain, or suspension, termination, adverse modification, interruption, or inability to renew, any servitude, right of way, easement, permit, license, consent, authorization, or approval of any governmental authority;
7. events affecting the ability of the LNG Terminals to offload, store, and regasify LNG, including unplanned curtailments and unplanned maintenance and governmental actions such as are necessary for compliance with any court order, law, status, ordinance, regulation or policy having the effect of law promulgated by a governmental authority having jurisdiction; and
8. any other event of Force Majeure that excuses the performance of the Person providing LNG terminalling services to Seller at the LNG Terminals, if and to the extent that it is of a kind or character that, if it had happened to a Party, would have come within the definition of Force Majeure under this Article XI.
9. For greater certainty, an act, event or circumstance which primarily affects a third party (including an affiliate of a Party) which prevents, impedes or delays Seller's or Buyer's performance hereunder, shall constitute Force Majeure hereunder as to Seller or Buyer (as appropriate) if and to the extent that it is of a kind or character

that, if it had happened to a Party, would have come within the definition of Force Majeure under this Article XI.

C. Events Not Constituting Force Majeure Notwithstanding the other provisions of this Article XI, Force Majeure shall not include:

1. breakdown of an LNG Tanker (whether or not otherwise constituting a Force Majeure) prior to it reaching the pilot boarding station at the LNG Terminals;
2. storms, storm warnings, hurricanes, and other weather related events that delay or impede the transit of an LNG Tanker that is not excused pursuant to Section XI.B.2;
3. any event (whether or not otherwise constituting a Force Majeure) that affects the liquefaction facilities or country from which Seller sources LNG, including the loss of Seller's LNG supply or depletion of reserves of gas used to produce such LNG supply;
4. the non-availability or lack of funds or failure to pay money when due;
5. the withdrawal, denial or expiration of or failure to obtain any governmental approval of any national or local governmental authority, agency or entity acting for or on behalf thereof, caused by the affected Person's (i) actions, including a violation of or breach of the terms and conditions of any existing governmental approval or other requirement of law, or (ii) inactions, including the failure to apply for or follow the necessary procedures to obtain any governmental approval or request, acquire or take all necessary actions to obtain the renewal or reissuance of the same, in either event, only if the affected Person knew or should have known, after due inquiry and the exercise of endeavors expected by a reasonable and prudent operator, that such action or inaction, as the case may be, would have caused the withdrawal, denial or expiration of, non-renewal or non-issuance of any governmental approval; or
6. economic hardship, including Seller's ability to sell Gas at a higher or more advantageous price than the price for Gas sold under this Agreement, or Buyer's ability to purchase Gas at a lower or more advantageous price than the price for Gas purchased under this Agreement.

D. Notice: Resumption of Normal Performance.

1. Immediately upon the occurrence of an event of Force Majeure that may delay or has delayed or prevented, or may or will delay or prevent, the performance by the Excused Party of any of its obligations hereunder, the Excused Party shall give notice thereof (promptly confirmed in writing if originally given orally, but in no event later than three (3) Business Days after the occurrence of such event) to the other Party describing such event and stating each of such Party's obligations hereunder which such Party may, has been or will be delayed or prevented from performing, and (either in the original or in supplemental notices) stating: (i) its

good faith estimate of the likely duration of the Force Majeure event and of the period during which performance may be suspended or reduced, including to the extent known or ascertainable, the estimated extent of such reduction in performance; and (ii) the particulars of the program to be implemented and any corrective measures already undertaken to ensure full resumption of normal performance hereunder. The Excused Party shall provide, from time to time as warranted, updates to the notices provided in this Section XI.D.1.

2. In order to ensure resumption of normal performance of this Agreement within the shortest practicable time, the Excused Party shall take all measures to this end which are commercially reasonable in the circumstances, taking into account the consequences resulting from such event of Force Majeure. To the extent that the Excused Party fails to use commercially reasonable efforts to overcome or mitigate the effects of such events of Force Majeure, it shall not be excused for any delay or failure in performance that would have been avoided by using such commercially reasonable efforts. Prior to resumption of normal performance, the Parties shall continue to perform their obligations under this Agreement to the extent not excused or prevented by such event of Force Majeure.
 3. Upon request of the non-excused Party given no sooner than the second Business Day after the Excused Party's notice of Force Majeure, the Excused Party shall forthwith use all reasonable efforts to give or procure access for representatives of the non-excused Party to examine the scene of the event which gave rise to the claim of Force Majeure, and such access shall be at the expense of the non-excused Party.
- E. Seller's Rights Upon Buyer's Force Majeure. If Buyer has a claim of Force Majeure and is rendered wholly or partially unable to accept deliveries of Gas under this Agreement, Seller may enter into gas sales agreements with third persons for the quantity of Gas Buyer would have been obligated to take hereunder except for the relevant Force Majeure events, but for a term no longer than the expected duration of the Force Majeure as contained in the notice delivered to Seller. Upon resumption of Buyer's ability to perform under this Agreement, Seller shall continue to be excused for failure to deliver Gas to Buyer to the extent resulting from Seller's obligations under such third party agreements until such third party agreements are required to be terminated in accordance with the following: if the estimated duration of Force Majeure, as stated in the notice provided by Buyer pursuant to Section IX.D.1 is less than one hundred eighty (180) days, Seller shall use reasonable efforts, but shall not be required, to terminate such sales prior to the end of the period stated in the notice if the actual period of Force Majeure ends prior to such date. In the event that the estimated duration of Force Majeure, as stated in the notice provided by Buyer pursuant to Section IX.D.1 is greater than one hundred eighty (180) days, Seller shall terminate such sales on no less than ninety (90) days notice from Buyer of the end of the period of Force Majeure, and shall use reasonable efforts, but shall not be required, to terminate such sales on such lesser notice as Buyer may provide. The ninety (90) day notice may not be given by Buyer to Seller prior to ninety (90) days from the start of the Force Majeure event, unless agreed to by Seller.

- F. Settlement of Industrial Disturbances. Settlement of strikes, lockouts or other industrial disturbances shall be entirely within the discretion of the Party experiencing such situations and nothing herein shall require such Party to settle industrial disputes by yielding to demands made on it when it considers such action inadvisable.
- G. Extended Force Majeure. If a Force Majeure event affecting the total DCQ lasts for twenty-four (24) consecutive months and the Parties do not foresee that the Force Majeure situation will be resolved in the foreseeable future, either Party shall have the right to terminate this Agreement by notice to the other Party. If a Force Majeure event affecting a portion of the DCQ lasts for twenty-four (24) consecutive months and the Parties do not foresee that the Force Majeure situation will be resolved in the foreseeable future, either Party shall have the right to reduce the DCQ by a corresponding amount by notice to the other Party.

**ARTICLE XII
DEFAULTS AND REMEDIES**

- A. In the event (each an "Event of Default") either Party (the "Defaulting Party") shall:
1. fail to receive, in the case of Buyer, Gas in accordance with the terms of this Agreement on fifteen (15) days in a twelve-month period;
 2. breach a material representation or warranty if such breach is not remedied within five (5) Business Days after written notice of such breach is given to the Defaulting Party;
 3. fail to make when due any payment required under this Agreement if such failure is not remedied within five (5) Business Days after written notice of such failure is given to the Defaulting Party;
 4. make an assignment or any general arrangement for the benefit of creditors;
 5. file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors, or have such petition filed or proceeding commenced against it that is not dismissed within sixty (60) days;
 6. otherwise become bankrupt or insolvent (however evidenced);
 7. be unable to pay its debts as they fall due; or
 8. have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets that is not dismissed within sixty (60) days,
- then the other Party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon two (2) days notice, in addition to any and all other remedies available hereunder.

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- B. It shall also be an Event of Default, with Buyer being the Defaulting Party, if the Buyer Guarantor:
1. suspends payment of its debts or is unable to pay its or their debts;
 2. passes a resolution, commences proceedings or has proceedings commenced against it (which are not stayed within twenty-one (21) days of service thereof on the Buyer Guarantor) in the nature of bankruptcy or reorganization resulting from insolvency or for its liquidation or for the appointment of a receiver, trustee in bankruptcy or liquidator of its undertaking or assets; or
 3. enters into any composition or scheme or arrangement with its creditors,
- unless, within ten (10) Business Days of such Event of Default, a replacement Buyer Guarantee reasonably acceptable to Seller is executed and delivered to the Seller.
- C. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by written notice to the Defaulting Party, to designate a day, no earlier than the day such notice is given and no later than twenty (20) days after such notice is given, as an early termination date (the "Early Termination Date"), on which date, all of the rights and obligations of each Party pursuant to this Agreement shall terminate.
- D. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the Parties under this Agreement so that all such amounts are netted or aggregated to a single liquidated amount payable by one Party to the other (the "Net Settlement Amount").
- E. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section XII.D is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section XII.D shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.
- F. As soon as practicable after a liquidation, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount, provided that failure to give such notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount shall be paid by the close of business on the second Business Day following such notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest per annum published under "Money Rates" by The Wall Street Journal, plus two percentage points; or (ii) the maximum applicable lawful interest rate.

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- G. The expiry or termination of this Agreement shall not: (i) relieve either Party from any obligations to the other Party incurred or arising prior to the date of such expiry or termination; (ii) or extinguish any rights of either Party accrued in respect of periods prior to the expiry or termination of this Agreement or (iii) effect a Party's claim for damages against the other Party on account of the other Party's breach or default of this Agreement.
 - H. NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.
 - I. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. WHERE REMEDIES OR DAMAGES ARE SPECIFICALLY ESTABLISHED IN THIS AGREEMENT, SUCH REMEDIES OR DAMAGES SHALL CONSTITUTE THE SOLE AND EXCLUSIVE REMEDY FOR SUCH EVENT(S). TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

**ARTICLE XIII
DISPUTE RESOLUTION**

- A. Any Dispute shall be settled by arbitration administered by the American Arbitration Association ("AAA") under its Commercial Arbitration Rules (as then in effect), *provided, however*, that insofar as any of the provisions of this Article XIII are inconsistent with the Commercial Arbitration Rules, the provisions of this Article XIII shall prevail.
- B. The arbitral tribunal ("Tribunal") shall consist of three (3) arbitrators. Each Party shall appoint one (1) arbitrator within thirty (30) days of the filing of the arbitration, and the two arbitrators so appointed shall select the presiding arbitrator within thirty (30) days after the latter of the two arbitrators has been appointed by the Parties. If a Party fails to appoint its Party-appointed arbitrator or if the two Party-appointed arbitrators cannot reach an agreement on the presiding arbitrator within the applicable time period, then the AAA shall serve as the appointing authority, and shall appoint the remainder of the three arbitrators not yet appointed. All three arbitrators shall be impartial and independent.
- C. Unless otherwise expressly agreed in writing by all parties to the Dispute, the place of arbitration shall be Houston, Texas.

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- D. Unless otherwise expressly agreed in writing by all parties to the Dispute, the Tribunal shall strictly apply the law governing this Agreement. Where the measure, nature, scope or type of damages for a claim is expressly limited by the terms of this Agreement, the Tribunal shall have no discretion to award damages beyond those express limitations.
- E. The Tribunal shall conduct the arbitration as expeditiously as possible, and shall take all reasonable measures to render the award within six (6) months of the date that the presiding arbitrator is appointed. If the award is not rendered within this (6) six month period, the Tribunal will still have jurisdiction over the Dispute. The award shall (i) be rendered in writing, (ii) state the legal grounds and reasoning for its decision, and (iii) provide for a monetary award immediately payable in United States dollars.
- F. All notices required for any arbitration proceeding shall be deemed properly given if given in accordance with Section XV.F. The Parties further agree that service of process for any action to enforce an arbitral award may be accomplished according to the procedures of Section XV.F, as well as any other procedure authorized by law.
- G. The Tribunal is authorized to allocate the costs of the arbitration in its award, including: (a) the fees and expenses of the arbitrators; (b) the costs of assistance required by the Tribunal, including any experts; (c) the fees and expenses of the administrator; (d) the reasonable costs for legal representation of a successful Party, including expert fees; and (e) any such costs incurred in connection with an application for interim or emergency relief. The costs of the arbitration proceedings, including attorneys' fees, shall be borne in the manner determined by the Tribunal.
- H. The Tribunal shall have the discretion to award pre-award and post-award interest from the date of any default or other breach of this Agreement until the arbitral award is paid in full.
- I. The award shall, as between the Parties, be final and entitled to all of the protections and benefits of a final judgment, e.g., res judicata (claim preclusion) and collateral estoppel (issue preclusion), as to all claims, including compulsory counterclaims, that were or could have been presented to the arbitrators. The award shall not be reviewable by or appealable to any court; provided, however, that the award may be corrected or interpreted pursuant to the Commercial Arbitration Rules.
- J. Any arbitration pursuant to this Article XIII (including a settlement resulting from an arbitral award, documents exchanged or produced during an arbitration proceeding, and memorials, briefs or other documents prepared for the arbitration) shall be confidential and may not be disclosed by the Parties, their employees, officers, directors, counsel, consultants, and expert witnesses, except to the extent necessary to enforce this Article XIII or any arbitration award, to enforce other rights of a party to a dispute resolved pursuant to this Article XIII, or as required by law; provided, however, that breach of this confidentiality provision shall not void any settlement, or award.
- K. Each Party shall have the right to petition any court for the issuance of any restraining order, other equitable relief or interim measure (i) prior to the constitution of the Tribunal

(and thereafter as necessary to enforce the Tribunal's rulings); or (ii) in the absence of the jurisdiction of the Tribunal to rule on interim measures in a given jurisdiction. FOR PURPOSES OF THIS SECTION XIII K, EACH OF THE PARTIES IRREVOCABLY CONSENTS AND SUBMITS UNCONDITIONALLY TO THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF TEXAS, UNITED STATES OF AMERICA, AND IRREVOCABLY WAIVES ANY PRESENT OR FUTURE OBJECTION TO SUCH VENUE FOR SUCH PURPOSES.

- L. A Party's breach of this Agreement shall not affect this agreement to arbitrate. Moreover, the Parties' obligations under this arbitration provision are enforceable even after this Agreement has terminated. The invalidity or unenforceability of any provision of this agreement to arbitrate shall not affect the validity or enforceability of the Parties' obligation to submit their claims to binding arbitration or the other provisions of this agreement to arbitrate.

**ARTICLE XIV
CREDIT SUPPORT**

- A. Generally. Each Party shall deliver to the other Party credit support according to the terms of this Article XIV.
- B. Seller Credit Support. Seller shall provide on the date of this Agreement, and cause to be maintained until the delivery of the first invoice pursuant to Article IX of this Agreement, a Seller Guarantee in an amount equal to \$5,000,000. Buyer is relying on the legal, valid, binding and enforceable nature of the Seller Guarantee as an essential inducement and consideration for entering into this Agreement.
- C. Buyer Credit Support
1. Buyer shall provide on the date of this Agreement, and cause to be maintained throughout the Term, a Buyer Guarantee in an amount available to be drawn thereunder equal at any time and from time to time to the Guarantee Limitation Amount. Seller is relying on the legal, valid, binding and enforceable nature of the Buyer Guarantee as an essential inducement and consideration for entering into this Agreement.
 2. At any time, Buyer may elect to reduce the amount of the Aggregate Exposure by making payment to Seller of all or part of amounts invoiced prior to the Payment Date hereunder. Buyer shall notify Seller of its intention to make payments prior to the Payment Date at least two (2) Business Days prior to Bid Week for the delivery month.

**ARTICLE XV
MISCELLANEOUS**

- A. This Agreement shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective Parties hereto, and the covenants, conditions, rights and obligations of this Agreement shall run for the Term.
- B. Either Party may assign this Agreement to a third party, including Buyer to a creditworthy third party, in whole or in part, provided that such Party obtained the prior written consent of the non-assigning Party, which consent will not be unreasonably withheld or delayed; provided, either Party may (i) transfer, sell, pledge, encumber, or assign this Agreement or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other Party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.
- C. If any provision in this Agreement is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Agreement.
- D. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach.
- E. This Agreement sets forth all understandings between the Parties respecting the rights and obligations of the Parties pursuant to this Agreement, and any prior contracts, understandings and representations, whether oral or written, relating to the rights and obligations pursuant to this Agreement are merged into and superseded by this Agreement. This Agreement may be amended only by a writing executed by both Parties.
- F. Notices.
1. All notices and other communications to Buyer or Seller shall be in writing and shall be electronically communicated, hand delivered or sent by overnight courier to either Party hereto at the addresses as provided in this Section XV.F:
- All communications intended for Buyer shall be sent to:
- PPM Energy Inc.
20333 State Highway 249
Suite 310
Houston, Texas 77070
- For Exercising Provisions Under this Contract Agreement:
Attention: Todd A. Blackford

Fax Number: 281-379-7444
email: todd.blackford@ppmenergy.com

For Monthly and Daily Scheduling Under this Contract Agreement:

Attention: Zarin Imam or designee
Fax Number 281-379-7444
email: zarin.imam@ppmenergy.com

All communications intended for Seller shall be sent to:

Cheniere LNG Marketing, Inc.
717 Texas Avenue, Suite 3100
Houston, Texas 77002
Attention: Davis Thames
Fax Number: 713-659-5459
email: dthames@cheniere.com

or at any other address of which either of the foregoing shall have notified the other in any manner prescribed in this Section XV.

2. For all purposes of this Agreement, a notice or communication will be deemed effective:
 - a. if delivered by hand or sent by overnight courier, on the day it is delivered, or unless (i) that day is not a Business Day or (ii) if delivered after the close of business on Business Day, then on the next succeeding Business Day; and
 - b. if sent by facsimile transmission, on the date transmitted, provided that oral or written confirmation of receipt is obtained by the sender unless the date of transmission and confirmation is not a Business Day, in which case on the next succeeding Business Day.
- G. The interpretation and performance of this Agreement shall be governed by the laws of New York, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.
- H. The interpretation of this Agreement shall exclude any rights under legislative provisions conferring rights under a contract to Persons not a party to that contract. Nothing in this Agreement shall otherwise be construed to create any duty to, or standard of care with reference to, or any obligations or liability to, any Person other than a Party.
- I. Each Party to this Agreement represents and warrants that it has full and complete authority to enter into and perform this Agreement. Each Person who executes this

Agreement on behalf of either Party represents and warrants that such Person has full and complete authority to do so and that such Party will be bound thereby.

- J. The headings and subheadings contained in this Agreement are used solely for convenience and do not constitute a part of this Agreement between the Parties and shall not be used to construe or interpret the provisions of this Agreement.
- K. Neither Party shall disclose directly or indirectly without the prior written consent of the other Party the terms of this Agreement to a third party (other than the employees, lenders, counsel, accountants and other agents of the Party, or prospective purchasers of all or substantially all of a Party's assets or of any rights under this Agreement, provided such Persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Agreement, or (iii) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each Party shall notify the other Party of any proceeding of which it is aware which may result in disclosure of the terms of this Agreement (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Agreement is not subject to this confidentiality obligation. The terms of this Agreement shall be kept confidential by the Parties hereto for one (1) year from the expiration of the Term. Each Party acknowledges that the other may be required, from time to time, to make disclosures and press releases and applicable filings with the Securities and Exchange Commission in accordance with applicable securities laws that such Party believes in good faith are required by applicable law or the rules of any stock exchange. Each Party acknowledges that the other may be required from time to time to make filings in compliance with applicable securities laws, including a copy of this Agreement. Each Party agrees that such disclosures shall not be a breach of this Agreement.
- L. In the event that disclosure is required by a governmental body or applicable law, the Party subject to such requirement may disclose the material terms of this Agreement to the extent so required, but shall promptly notify the other Party, prior to disclosure, and shall cooperate (consistent with the disclosing Party's legal obligations) with the other Party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other Party.
- M. This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be duly executed and signed by its duly authorized officer as of the Effective Date.

Cheniere LNG Marketing, Inc., as Seller

By: /s/ H. Davis Thames

Name: H. Davis Thames

Title: Vice President

PPM Energy, Inc., as Buyer

By: /s/ Terry Hudgens

Name: Terry Hudgens

Title: President and CEO

Exhibit A

Map of Cheniere Creole Trail Pipeline and Cheniere Sabine Pass Pipeline



Exhibit B

Form of Increase Notice

INCREASE NOTICE

[Date]

PPM Energy, Inc.
20333 State Hwy 249
Suite 310
Houston, Texas 77070

Attn: _____

Sirs:

Pursuant to Section III.B.3 of that certain Gas Purchase Agreement dated as of [_____] by and between Cheniere LNG Marketing, Inc. ("Cheniere"), as Seller, and PPM Energy, Inc, as Buyer, (as amended, supplemented or otherwise modified from time to time, the "**Agreement**"), Cheniere hereby issues an Increase Notice under the Agreement, as follows:

- a. The incremental increase to the DCQ is: _____.
- b. Increase is effective 1st Day of: _____.
- c. Increase to be effective until final Day of: _____.

Pursuant to Section III.B.3.e of the Agreement, if Buyer elects to reject this Increase Notice, then Buyer must provide written notice to Cheniere within 30 days of the date of this Increase Notice.

Delivery of an executed counterpart of this Increase Notice by telecopier shall be effective as delivery of an original executed counterpart of this Increase Notice.

CHENIERE LNG MARKETING, INC.

By: _____
Name: _____
Title: _____

Exhibit C

BUYER GUARANTEE

Exhibit C

BUYER GUARANTEE

THIS GUARANTY, dated as of April 4, 2006, is issued by Scottish Power Finance (US), Inc., a Delaware corporation, ("**Guarantor**") in favor of Cheniere LNG Marketing, Inc., a Delaware corporation ("**Guaranteed Party**"). PPM Energy, Inc., an Oregon corporation, ("**Obligor**") is a wholly owned subsidiary of Guarantor.

RECITALS

- A. Obligor and Guaranteed Party have entered into that certain Gas Purchase and Sale Agreement, dated as of April 4, 2006 (the "Agreement").
- B. This Guaranty is delivered to Guaranteed Party by Guarantor pursuant to the Agreement.

AGREEMENT

1. Guaranty.

A. Guaranty of Obligations Under the Agreement. For value received, Guarantor hereby absolutely, unconditionally and irrevocably, subject to the express terms hereof, guarantees the payment when due of all payment obligations, whether now in existence or hereafter arising, by Obligor to Guaranteed Party pursuant to the Agreement (the "Obligations"). This Guaranty is one of performance and not of collection and shall apply regardless of whether recovery of all such Obligations may be or become discharged or uncollectible in any bankruptcy, insolvency or other similar proceeding, or otherwise unenforceable.

B. Maximum Guaranteed Amount. Notwithstanding anything to the contrary herein, Guarantor's aggregate obligation to Guaranteed Party hereunder in no event shall exceed the following amounts as designated (as applicable):

- (i) if the senior unsecured credit of Guarantor is rated "BBB+" or greater by S&P or "Baa1" or greater by Moody's, provided that if Guarantor's senior unsecured credit is rated by both S & P and Moody's, then the lower rating shall be applicable for purposes of this provision: One Hundred Million Dollars (U.S.\$100,000,000);
- (ii) if the senior unsecured credit of Guarantor is rated no lower than "BBB-" by S&P and "Baa3" by Moody's, provided that if Guarantor's senior unsecured credit is rated by both S & P and Moody's, then the lower rating shall be applicable for purposes of this provision: Fifty Million Dollars (U.S.\$50,000,000);
or

(iii) otherwise, zero (U.S. \$0.00),

(the applicable amount being the “Guarantee Limitation Amount”), including costs and expenses incurred by Guaranteed Party in enforcing this Guaranty, and shall not either individually or in the aggregate be greater or different in character or extent than the obligations of Obligor to Guaranteed Party under the terms of the Agreement. IN NO EVENT SHALL GUARANTOR BE SUBJECT TO ANY CONSEQUENTIAL, EXEMPLARY, EQUITABLE, LOSS OF PROFITS, PUNITIVE, TORT OR OTHER SIMILAR DAMAGES.

2. Payment; Currency. All sums payable by Guarantor hereunder shall be made in freely transferable and immediately available funds and shall be made in the currency in which the Obligations were due. If Obligor fails to pay any Obligation when due, the Guarantor will pay that Obligation directly to Guaranteed Party within five (5) days after written notice to Guarantor by Guaranteed Party. The written notice shall provide a reasonable description of the amount of the Obligation and explanation of why such amount is due.

3. Waiver of Defenses. Except as set forth above, Guarantor hereby waives notice of acceptance of this Guaranty and of the Obligations and any action taken with regard thereto, and waives presentment, demand for payment, protest, notice of dishonor or non-payment of the Obligations, suit, or the taking of and failing to take other action by Guaranteed Party against Obligor, Guarantor or others and waives any defense of a surety. Without limitation, Guaranteed Party may at any time and from time to time without notice to or consent of Guarantor and without impairing or releasing the obligations of Guarantor hereunder: (a) make any change to the terms of the Obligations; (b) take or fail to take any action of any kind in respect of any security for the Obligations; (c) exercise or refrain from exercising any rights against Obligor or others in respect of the Obligations or (d) compromise or subordinate the Obligations, including any security therefor. Notwithstanding the foregoing, Guarantor shall be entitled to assert rights, setoffs, counterclaims and other defenses which Obligor may have to performance of any of the Obligations, other than defenses based upon lack of authority of Obligor to enter into and/or perform its obligations under the Agreement or any insolvency, bankruptcy, reorganization, arrangement, composition, liquidation, dissolution or similar proceeding with respect to Obligor.

4. Term. This Guaranty shall continue in full force and effect until the end of the Term (as defined in the Agreement). Guarantor further agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored or returned due to bankruptcy or insolvency laws or otherwise. Guaranteed party shall return this original executed document to Guarantor within twenty (20) days of termination of this Guaranty.

5. Subrogation. Until all Obligations are indefeasibly performed in full, but subject to Section 6 hereof, Guarantor hereby waives all rights of subrogation, reimbursement, contribution and indemnity from Obligor with respect to this Guaranty

and any collateral held therefor, and Guarantor hereby subordinates all rights under any debts owing from Obligor to Guarantor, whether now existing or hereafter arising, to the prior payment of the Obligations.

6. Expenses. Whether or not legal action is instituted, Guarantor agrees to reimburse Guaranteed Party on written demand for all reasonable attorneys' fees and all other reasonable costs and expenses incurred by Guaranteed Party in enforcing its rights under this Guaranty. Notwithstanding the foregoing, the Guarantor shall have no obligation to pay any such costs or expenses if, in any action or proceeding brought by Guaranteed Party giving rise to a demand for payment of such costs or expenses, it is finally adjudicated that the Guarantor is not liable to make payment under Section 2.1 hereof.

7. Assignment. Guarantor may not assign its rights or delegate its obligations under this Guaranty in whole or part without written consent of Guaranteed Party (which consent shall not be unreasonably withheld, conditioned or delayed). Upon any such delegation and assumption of obligations, Guarantor shall be relieved of and fully discharged from all obligations hereunder, whether such obligations arose before or after such delegation and assumption.

8. Non-Waiver. The failure of Guaranteed Party to enforce any provisions of this Guaranty at any time or for any period of time shall not be construed to be a waiver of any such provision or the right thereafter to enforce same. All remedies of Guaranteed Party under this Guaranty shall be cumulative and shall be in addition to any other remedy now or hereafter existing at law or in equity. The terms and provisions hereof may not be waived, altered, modified or amended except in a writing executed by Guarantor and Guaranteed Party.

9. Entire Agreement. Guarantor covenants that it will take actions under the Guarantee and Support Agreement entered into between Guarantor and ScottishPower plc ("Parent"), dated as of December 12, 2005 (the "Support Agreement") to make demand on Parent pursuant to the terms of the Support Agreement and to provide Guaranteed Party with copies of notices which directly relate to the Guarantor received and made under the Support Agreement. Any payment obligation under this Guaranty is, if unpaid by Guarantor, an Obligation under the Support Agreement and Guaranteed Party would be an "Obligee" under the Support Agreement. Guaranteed Party is specifically relying on the Support Agreement and the foregoing representation in accepting this Guaranty and entering into transactions giving rise to the Obligations. Except as otherwise set forth in this Section 9, this Guaranty and the Agreement are the entire and only agreements between Guarantor and Guaranteed Party with respect to the guaranty of the Obligations of Obligor by Guarantor. All agreements or undertakings heretofore or contemporaneously made, which are not set forth herein, are superseded hereby.

10. Notice. Any demand for payment, notice, request, instruction, correspondence or other document to be given hereunder by Guarantor or by Guaranteed Party shall be in writing and shall be deemed received (a) if given personally, when received, (b) if mailed by certified mail (postage prepaid and return receipt requested),

five days after deposit in the U.S. mails, (c) if given by facsimile, when transmitted with confirmed transmission or (d) if given via overnight express courier service, when received or personally delivered, in each case with charges prepaid and addressed as follows (or such other address as either Guarantor or Guaranteed Party shall specify in a notice delivered to the other in accordance with this Section):

If to Guarantor:

Scottish Power Finance (US), Inc.
1125 NW Couch, Suite 700
Portland, Oregon 97209
Attn: Treasurer/Credit Manager

If to Guaranteed Party:

Cheniere LNG Marketing, Inc.
c/o Cheniere Energy, Inc.
717 Texas Ave., Suite 3100
Houston, Texas 77002
Attn: Treasurer

11. Counterparts. This Guaranty may be executed in counterparts, each of which when executed and delivered shall constitute one and the same instrument.

12. Governing Law; Jurisdiction. This Guaranty shall be governed by and construed in accordance with the laws of the state of New York without giving effect to principles of conflicts of law. Guarantor and Guaranteed Party agree to the exclusive jurisdiction of any federal district court located in Harris County, Texas over any disputes arising or relating to this Guaranty.

13. Further Assurances. Guarantor shall cause to be promptly and duly taken, executed and acknowledged and delivered, such further documents and instruments as Guaranteed Party may from time to time reasonably request in order to carry out the intent and purposes of this Guaranty.

14. Limitation on Liability. Except as specifically provided in this Guaranty, Guaranteed Party shall have no claim, remedy or right to proceed against any past, present or future stockholder, partner, member, director or officer thereof for the payment of any of the Obligations, as the case may be, or any claim arising out of any agreement, certificate, representation, covenant or warranty made by Obligor in the Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Guarantor has executed and delivered this Guaranty as of the date first set forth above.

Scottish Power Finance (US), Inc., a Delaware corporation

By: _____
Name: _____
Title: _____

Acknowledged and agreed:

Cheniere LNG Marketing, Inc.

By: _____
Name: _____
Title _____

Exhibit D

SELLER GUARANTEE

Exhibit D

SELLER GUARANTEE

THIS GUARANTY, dated as of April 4, 2006, is issued by Cheniere Energy, Inc., a Delaware corporation ("Guarantor") in favor of PPM Energy, Inc., an Oregon corporation ("Guaranteed Party"). Cheniere LNG Marketing, Inc., a Delaware corporation, ("Obligor") is a wholly owned subsidiary of Guarantor.

RECITALS

- A. Obligor and Guaranteed Party have entered into that certain Gas Purchase and Sale Agreement, dated as of April 4, 2006 (the "Agreement").
- B. This Guaranty is delivered to Guaranteed Party by Guarantor pursuant to the Agreement.

AGREEMENT

1. Guaranty.

A. Guaranty of Obligations Under the Agreement. For value received, Guarantor hereby absolutely, unconditionally and irrevocably, subject to the express terms hereof, guarantees the payment when due of all payment obligations, whether now in existence or hereafter arising, by Obligor to Guaranteed Party pursuant to the Agreement (the "Obligations"). This Guaranty is one of performance and not of collection and shall apply regardless of whether recovery of all such Obligations may be or become discharged or uncollectible in any bankruptcy, insolvency or other similar proceeding, or otherwise unenforceable.

B. Maximum Guaranteed Amount. Notwithstanding anything to the contrary herein, Guarantor's aggregate obligation to Guaranteed Party hereunder in no event shall exceed the following amounts as designated (as applicable):

- (i) prior to the delivery of the first invoice under Article IX of the Agreement, Five Million Dollars (U.S. \$5,000,000); or
- (ii) after delivery of the first invoice under Article IX of the Agreement, zero (U.S. \$0.00),

including costs and expenses incurred by Guaranteed Party in enforcing this Guaranty, and shall not either individually or in the aggregate be greater or different in character or extent than the obligations of Obligor to Guaranteed Party under the terms of the Agreement. IN NO EVENT SHALL GUARANTOR BE SUBJECT TO ANY CONSEQUENTIAL, EXEMPLARY, EQUITABLE, LOSS OF PROFITS, PUNITIVE, TORT OR OTHER SIMILAR DAMAGES.

2. Payment; Currency. All sums payable by Guarantor hereunder shall be made in freely transferable and immediately available funds and shall be made in the currency in which the Obligations were due. If Obligor fails to pay any Obligation when due, the Guarantor will pay that Obligation directly to Guaranteed Party within five (5) days after written notice to Guarantor by Guaranteed Party. The written notice shall provide a reasonable description of the amount of the Obligation and explanation of why such amount is due.

3. Waiver of Defenses. Except as set forth above, Guarantor hereby waives notice of acceptance of this Guaranty and of the Obligations and any action taken with regard thereto, and waives presentment, demand for payment, protest, notice of dishonor or non-payment of the Obligations, suit, or the taking of and failing to take other action by Guaranteed Party against Obligor, Guarantor or others and waives any defense of a surety. Without limitation, Guaranteed Party may at any time and from time to time without notice to or consent of Guarantor and without impairing or releasing the obligations of Guarantor hereunder: (a) make any change to the terms of the Obligations; (b) take or fail to take any action of any kind in respect of any security for the Obligations; (c) exercise or refrain from exercising any rights against Obligor or others in respect of the Obligations or (d) compromise or subordinate the Obligations, including any security therefor. Notwithstanding the foregoing, Guarantor shall be entitled to assert rights, setoffs, counterclaims and other defenses which Obligor may have to performance of any of the Obligations, other than defenses based upon lack of authority of Obligor to enter into and/or perform its obligations under the Agreement or any insolvency, bankruptcy, reorganization, arrangement, composition, liquidation, dissolution or similar proceeding with respect to Obligor.

4. Term. This Guaranty shall continue in full force and effect until the end of the Term (as defined in the Agreement). Guarantor further agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored or returned due to bankruptcy or insolvency laws or otherwise. Guaranteed party shall return this original executed document to Guarantor within twenty (20) days of termination of this Guaranty.

5. Subrogation. Until all Obligations are indefeasibly performed in full, but subject to Section 6 hereof, Guarantor hereby waives all rights of subrogation, reimbursement, contribution and indemnity from Obligor with respect to this Guaranty and any collateral held therefor, and Guarantor hereby subordinates all rights under any debts owing from Obligor to Guarantor, whether now existing or hereafter arising, to the prior payment of the Obligations.

6. Expenses. Whether or not legal action is instituted, Guarantor agrees to reimburse Guaranteed Party on written demand for all reasonable attorneys' fees and all other reasonable costs and expenses incurred by Guaranteed Party in enforcing its rights under this Guaranty. Notwithstanding the foregoing, the Guarantor shall have no obligation to pay any such costs or expenses if, in any action or proceeding brought by

Guaranteed Party giving rise to a demand for payment of such costs or expenses, it is finally adjudicated that the Guarantor is not liable to make payment under Section 2.1 hereof.

7. Assignment. Guarantor may not assign its rights or delegate its obligations under this Guaranty in whole or part without written consent of Guaranteed Party (which consent shall not be unreasonably withheld, conditioned or delayed). Upon any such delegation and assumption of obligations, Guarantor shall be relieved of and fully discharged from all obligations hereunder, whether such obligations arose before or after such delegation and assumption.

8. Non-Waiver. The failure of Guaranteed Party to enforce any provisions of this Guaranty at any time or for any period of time shall not be construed to be a waiver of any such provision or the right thereafter to enforce same. All remedies of Guaranteed Party under this Guaranty shall be cumulative and shall be in addition to any other remedy now or hereafter existing at law or in equity. The terms and provisions hereof may not be waived, altered, modified or amended except in a writing executed by Guarantor and Guaranteed Party.

9. Entire Agreement. This Guaranty and the Agreement are the entire and only agreements between Guarantor and Guaranteed Party with respect to the guaranty of the Obligations of Obligor by Guarantor. All agreements or undertakings heretofore or contemporaneously made, which are not set forth herein, are superseded hereby.

10. Notice. Any demand for payment, notice, request, instruction, correspondence or other document to be given hereunder by Guarantor or by Guaranteed Party shall be in writing and shall be deemed received (a) if given personally, when received, (b) if mailed by certified mail (postage prepaid and return receipt requested), five days after deposit in the U.S. mails, (c) if given by facsimile, when transmitted with confirmed transmission or (d) if given via overnight express courier service, when received or personally delivered, in each case with charges prepaid and addressed as follows (or such other address as either Guarantor or Guaranteed Party shall specify in a notice delivered to the other in accordance with this Section):

If to Guarantor:

Cheniere Energy, Inc.
717 Texas Ave., Suite 3100
Houston, Texas 77002
Attn: Treasurer

If to Guaranteed Party:

PPM Energy, Inc.
1125 NW Couch, Suite 700
Portland, Oregon 97209
Attn: Legal

11. Counterparts. This Guaranty may be executed in counterparts, each of which when executed and delivered shall constitute one and the same instrument.

12. Governing Law; Jurisdiction. This Guaranty shall be governed by and construed in accordance with the laws of the state of New York without giving effect to principles of conflicts of law. Guarantor and Guaranteed Party agree to the exclusive jurisdiction of any federal district court located in Harris County, Texas over any disputes arising or relating to this Guaranty.

13. Further Assurances. Guarantor shall cause to be promptly and duly taken, executed and acknowledged and delivered, such further documents and instruments as Guaranteed Party may from time to time reasonably request in order to carry out the intent and purposes of this Guaranty.

14. Limitation on Liability. Except as specifically provided in this Guaranty, Guaranteed Party shall have no claim, remedy or right to proceed against any past, present or future stockholder, partner, member, director or officer thereof for the payment of any of the Obligations, as the case may be, or any claim arising out of any agreement, certificate, representation, covenant or warranty made by Obligor in the Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Guarantor has executed and delivered this Guaranty as of the date first set forth above.

Cheniere Energy, Inc.

By: _____
Name: _____
Title: _____

Acknowledged and agreed:

PPM Energy, Inc.

By: _____
Name: _____
Title _____

ENGINEERING, PROCUREMENT AND CONSTRUCTION SERVICES AGREEMENT

for

PRELIMINARY WORK

for the

**CORPUS CHRISTI LNG RECEIVING,
STORAGE AND REGASIFICATION TERMINAL**

by and between

CORPUS CHRISTI LNG, LLC

as Owner

and

LA QUINTA LNG PARTNERS, LP

as Contractor

Dated as of the 13th Day of April, 2006

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**SERVICES AGREEMENT for PRELIMINARY WORK
for the CORPUS CHRISTI LNG RECEIVING,
STORAGE AND REGASIFICATION TERMINAL**

THIS ENGINEERING, PROCUREMENT AND CONSTRUCTION SERVICES AGREEMENT for PRELIMINARY WORK (this "*Agreement*"), dated as of the 13th Day of April, 2006 (the "*Agreement Effective Date*"), is entered into by and between CORPUS CHRISTI LNG, LLC, a Delaware limited liability company, having its principal place of business at 717 Texas Avenue, Suite 3100, Houston, Texas 77002 ("*Owner*"), and LA QUINTA LNG PARTNERS, LP, a Texas limited partnership, having an address at 527 Logwood, San Antonio, Texas 78224 ("*Contractor*") and, together with Owner, each a "*Party*" and together the "*Parties*").

RECITALS

WHEREAS, the Parties contemplate that, from time to time, Owner will desire to engage Contractor to provide certain preliminary Work (as defined below) for the LNG receiving, storage and regasification terminal to be constructed and owned by Owner, located in San Patricio County and Nueces County near Portland, Texas (as more fully described below, the "*Facility*"); and

WHEREAS, Contractor, itself or through its vendors, suppliers, and subcontractors, desires to provide such preliminary Work, subject to the terms of one or more Work Orders (as defined below) to be mutually executed by the Parties;

NOW THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

**Article 1
DEFINITIONS**

1.1 In addition to other defined terms used throughout this Agreement, when used herein, the following capitalized terms have the meanings specified in this Section 1.1.

"*AAA*" has the meaning set forth in Section 17.2.

"*AAA Rules*" has the meaning set forth in Section 17.2.

"*Affiliate*" means any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with a Party *provided, however*, with respect to Contractor, the term "*Affiliate*" also includes Zachry and AMEC and with respect to Owner, the term "*Affiliate*" also includes Cheniere. For purposes of this definition, "*control*" (including, with correlative meanings, the terms "*controlled by*" and "*under common control with*") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or otherwise.

"*Agreement*" means this Agreement (including all Attachments and Schedules attached hereto), as it may be amended from time to time in accordance with this Agreement.

“Agreement Effective Date” has the meaning set forth in the preamble.

“AMEC” means AMEC E&C Services, Inc., a Georgia corporation, or any successor entity thereto.

“Applicable Codes and Standards” means any and all codes, standards or requirements applicable to the Work set forth or listed in a Work Order, in any Applicable Law, or which are set forth or listed in any document or Drawing listed in a Work Order, which codes, standards and requirements shall govern Contractor’s performance of the Work, as provided herein; *provided that*, with respect to Applicable Codes and Standards which are not set forth in any Applicable Law, any reference herein to Applicable Codes and Standards shall be deemed only to refer to such Applicable Codes and Standards in existence as of the applicable Work Order Effective Date.

“Applicable Law” means all laws, statutes, ordinances, orders, decrees, injunctions, licenses, Permits, approvals, rules and regulations, including any conditions thereto, of any Governmental Instrumentality having jurisdiction over all or any portion of the Site or the Facility or performance of all or any portion of the Work, or other legislative or administrative action of a Governmental Instrumentality, or a final decree, judgment or order of a court which relates to the performance of Work hereunder.

“Books and Records” has the meaning set forth in Section 3.13A.

“Business Day” means every Day other than a Saturday, a Sunday or a Day that is an official holiday for employees of the federal government of the United States of America.

“CAD” has the meaning set forth in Section 3.4E.

“Change in Law” means any amendment, modification, superseding act, deletion, addition or change in or to Applicable Law (excluding changes to Tax laws where such Taxes are based upon Contractor’s gross receipts, capital, income or profits/losses) that occurs and takes effect after the applicable Work Order Effective Date. A Change in Law shall include any official change in the interpretation or application of Applicable Law (including Applicable Codes and Standards set forth in Applicable Law), *provided that* such change is expressed in writing by the applicable Governmental Instrumentality.

“Change Order” means, after the execution of a Work Order, (i) a written instrument signed by both Parties in the form of Attachment D, executed pursuant to the applicable provisions of Article 6; or (ii) a determination issued pursuant to Article 17 that authorizes an addition to, deletion from, suspension of, or any other modification or adjustment to the requirements of a Work Order.

“Cheniere” means Cheniere Energy, Inc.

“Confidential Information” has the meaning set forth in Section 18.3.

“**Consequential Damages**” has the meaning set forth in Section 19.2.

“**Construction Equipment**” means the equipment, machinery, structures, scaffolding, materials, tools, supplies and systems owned, rented or leased by Contractor or its Subcontractors for use in accomplishing the Work, but not intended for incorporation into the Facility.

“**Contract Documents**” means this Agreement and all Work Orders and Change Orders as they may be amended from time to time in accordance with this Agreement.

“**Contractor**” has the meaning set forth in the preamble hereto.

“**Contractor Group**” means (i) Contractor, Zachry, AMEC and each of their respective Affiliates and (ii) the respective directors, officers, agents, employees, representatives of each Person specified in clause (i) above.

“**Contractor Representative**” means that Person or Persons designated by Contractor in a written notice to Owner, and acceptable to Owner, who shall have (except for any limitations specified in such notice) complete authority to act on behalf of Contractor on all matters pertaining to the Contract Documents or the Work including giving instructions and making changes in the Work and executing Work Orders. Contractor designates Harold “Mike” Mosley, Jr. as the Contractor Representative. Notification of a change in Contractor Representative shall be provided in advance, in writing, to Owner.

“**Contractor’s Confidential Information**” has the meaning set forth in Section 18.2.

“**Contractor’s Intellectual Property**” has the meaning set forth in Section 11.1B.

“**Corrective Work**” has the meaning set forth in Section 12.2.

“**Cost of Work**” shall have the meaning set forth in Attachment C.

“**Day**” means a calendar day.

“**Default**” has the meaning set forth in Section 15.1A.

“**Defect**” or “**Defective**” has the meaning set forth in Section 12.1A.

“**Defect Correction Period**” means the period commencing upon completion of all Work under the Contract Documents and ending eighteen (18) months thereafter.

“**Disclosing Party**” has the meaning set forth in Section 18.3.

“**Dispute**” has the meaning set forth in Section 17.1.

“**Dispute Notice**” has the meaning set forth in Section 17.1.

“**Drawings**” means the graphic and pictorial documents showing the design, location and dimensions of the Facility, generally including plans, elevations, sections, details,

schedules and diagrams, which are prepared as a part of and during the performance of the Work.

“**EPC Agreement**” has the meaning set forth in Section 3.1C.

“**Equipment**” means any of the equipment, materials, supplies, software, licenses and systems required for the completion of and permanent incorporation into the Facility.

“**Excusable Delay**” means any act or event that is (i) beyond the reasonable control of the affected Party, not due to its fault or negligence and (ii) could not have been prevented or avoided by the affected Party through the exercise of due diligence. Excusable Delay may include acts of Third Parties, catastrophic storms or floods, lightning, tornadoes, hurricanes, a named tropical storm, earthquakes and other acts of God, wars, civil disturbances, revolution, acts of public enemy, acts of terrorism, credible threats of terrorism, revolts, insurrections, sabotage, riot, plague, epidemic, commercial embargoes, expropriation or confiscation of the Facility, fires, explosions, industrial action or strike (excluding industrial actions and strikes involving only the employees of Contractor or any of its Subcontractors at the Site) and actions, inactions, or delays of a Governmental Instrumentality that were not requested, promoted, or caused by the affected Party. For avoidance of doubt, Excusable Delay shall not include any of the following causes: (i) economic hardship; (ii) changes in market conditions; or (iii) nonperformance or delay by Contractor or its Subcontractors, unless otherwise caused by an Excusable Delay.

“**Facility**” means the LNG receiving, storage and regasification facilities that will be engineered, procured, constructed, pre-commissioned, commissioned and tested in accordance with the terms of this Agreement or the EPC Agreement, as applicable.

“**Fee**” has the meaning set forth in Attachment C.

“**FERC**” means the Federal Energy Regulatory Commission.

“**Final Lien and Claim Waiver**” means the waiver and release provided to Owner by Contractor and Subcontractors in accordance with the requirements of Section 8.8, which shall be in the form of Attachment J, Schedules J-3 and J-4.

“**GAAP**” means generally accepted accounting principles.

“**Geotechnical Reports**” means the following reports provided by Owner to Contractor prior to the Agreement Effective Date: (i) Final Report, Geotechnical Investigation, LNG Tank Area, Corpus Christi, Texas, dated September 2003, prepared by Tolunay-Wong Engineers, Inc.; (ii) Final Report, Geotechnical Investigation, Process Area, Piperack and Waterline, Liquefied Natural Gas Terminal, Corpus Christi, Texas, dated September 2003, prepared by Tolunay-Wong Engineers, Inc; (iii) Final Report, Geotechnical Investigation, Berth Area, Liquefied Natural Gas Terminal, Corpus Christi, Texas, dated September 2003, prepared by Tolunay-Wong Engineers, Inc; (iv) Geological Technical Hazard Evaluation, Corpus Christi LNG Terminal, Ingleside, Texas, dated September 19, 2003, prepared by Tolunay-Wong Engineers, Inc.; and (v) Seismic Hazard Assessment of the Planned LNG Terminal Site in Corpus Christi, Texas, dated September 2003, prepared by ABS Consulting, Inc.

“**Good Engineering and Construction Practices**” or “**GECP**” means the generally accepted practices, skill, care, methods, techniques and standards employed by the international LNG industry at the time of the applicable Work Order Effective Date that are commonly used in prudent design, engineering, procurement and construction to safely design and construct LNG related facilities of similar size and type as the Facility, in accordance with Applicable Law and Applicable Codes and Standards.

“**Governmental Instrumentality**” means any federal, state or local department, office, instrumentality, agency, court, board or commission having jurisdiction over a Party or any portion of the Work, the Facility or the Site.

“**Guarantor**” means AMEC plc, a public limited company organized under the laws of the United Kingdom.

“**Hazardous Materials**” means any substance that under Applicable Law is considered to be hazardous or toxic or is or may be required to be remediated, including (i) any petroleum or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing polychlorinated biphenyls and processes and certain cooling systems that use chlorofluorocarbons, (ii) any chemicals, materials or substances which are now or hereafter become defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants,” or any words of similar import pursuant to Applicable Law, or (iii) any other chemical, material, substance or waste, exposure to which is now or hereafter prohibited, limited or regulated by any Governmental Instrumentality, or which may be the subject of liability for damages, costs or remediation.

“**HSE Plan**” has the meaning set forth in Section 3.9.

“**Indemnified Party**” means any member of the Owner Group or the Contractor Group, as the context requires.

“**Indemnifying Party**” means Owner or Contractor, as the context requires.

“**Initial Payment**” has the meaning set forth in Section 8.1.

“**Insolvency Event**” in relation to any Party or Guarantor means the bankruptcy, insolvency, liquidation, administration, administrative or other receivership or dissolution of such Party or Guarantor, and any equivalent or analogous proceedings by whatever name known and in whatever jurisdiction, and any step taken (including the presentation of a petition or the passing of a resolution or making a general assignment or filing for the benefit of its creditors) for or with a view toward any of the foregoing. Notwithstanding the above definition, the Parties agree that a corporate reorganization of Guarantor shall not be considered an Insolvency Event, provided that any such reorganization of Guarantor does not create a material adverse change in the Guarantor’s financial condition.

“**Interim Lien and Claim Waiver**” means the waiver and release provided to Owner by Contractor and Subcontractors in accordance with the requirements of Section 8.7, which shall be in the form of Attachment J, Schedules J-1 and J-2.

“**Invoice**” means Contractor’s request for a payment pursuant to Section 8.1, which invoice shall be in the form of Attachment I.

“**Key Personnel**” or “**Key Persons**” has the meaning set forth in Section 2.2B.

“**Landowner**” means any Person with whom the Contractor must interface on the Site, such Persons being identified in Attachment E or within the applicable Work Order.

“**Lender**” means any entity or entities providing temporary or permanent debt financing to Owner for the Facility.

“**LNG**” means liquefied Natural Gas.

“**Master Services Agreement**” means the Master Services Agreement among Cheniere, Zachry and AMEC, dated October 14, 2005.

“**Memorandum of Understanding**” has the meaning set forth in Section 20.1.

“**Mediation Request**” has the meaning set forth in Section 17.2.

“**Month**” means a Gregorian calendar month; “**month**” means any period of thirty (30) consecutive Days.

“**Monthly**” means an event occurring or an action taken once every Month.

“**Monthly Progress Reports**” has the meaning set forth in Section 3.16A.8.

“**Natural Gas**” means combustible gas consisting primarily of methane.

“**Owner**” has the meaning set forth in the preamble hereto.

“**Owner Default**” has the meaning set forth in Section 15.5.

“**Owner Group**” means (i) Owner, its parent and each of their respective Affiliates and (ii) the respective directors, officers, agents, employees and representatives of each Person specified in clause (i) above.

“**Owner Representative**” means that Person or Persons designated by Owner in a written notice to Contractor, each of whom shall have (except for any limitations specified in such notice) complete authority to act on behalf of Owner on all matters pertaining to the Contract Documents or the Work, including giving instructions and making changes in the Work and executing Work Orders. Owner designates Ed Lehotsky and Carlos Macias as the Owner Representatives. Notification of a change in Owner Representative shall be provided in advance, in writing, to Contractor.

“Owner’s Confidential Information” has the meaning set forth in Section 18.1.

“P&ID’s” means piping and instrumentation diagrams.

“Parent Guarantee” has the meaning set forth in Section 20.17.

“Party” or **“Parties”** means Owner and/or Contractor and their successors and permitted assigns.

“Permit” means any valid waiver, certificate, approval, consent, license, exemption, variance, franchise, permit, authorization or similar order or authorization from any Governmental Instrumentality required to be obtained or maintained in connection with the Facility, the Site or the Work.

“Person” means any individual, company, joint venture, corporation, partnership, association, joint stock company, limited liability company, trust, estate, unincorporated organization, Governmental Instrumentality or other entity having legal capacity.

“Qualified Research Expenditures” means the costs funded by Owner under the Contract Documents that are incurred in connection with Work performed by Contractor and its Subcontractors which meet all of the requirements of Section 41(d)(1) of the Internal Revenue Code of 1986, as amended, and which are related to the development or improvement of a business component of the Facility.

“Receiving Party” has the meaning set forth in Section 18.3.

“Rights of Way and Easements” means the rights of way and easements listed in Attachment E, which shall, for the purposes of the Contract Documents, unless otherwise indicated in this Agreement, be considered part of the Site.

“Rights of Way and Easement Agreements” means the agreements between Owner or its Affiliates and Landowners with respect to the Rights of Way and Easements. The Rights of Way and Easement Agreements, which are incorporated herein by reference, are listed in Attachment E.

“Safety Standards” has the meaning set forth in Section 3.9.

“Scope of Work” means the description of Work to be performed by Contractor under this Agreement or as set forth in a particular Work Order, depending upon the context in which the term “Scope of Work” is used.

“SEC” means the Securities and Exchange Commission or any successor entity thereto.

“Site” means those areas shown in greater detail in Attachment E.

“Specifications” means those documents consisting of the written requirements for Equipment, standards and workmanship for the Work, which are prepared as a part of and during the performance of the Work.

“**Subcontract**” means a direct or indirect agreement by Contractor with a Subcontractor for the performance of any portion of the Work.

“**Subcontractor**” means any Person, of any tier who has a direct or indirect contract with Contractor to perform any portion of the Work.

“**Taxes**” means any and all taxes, assessments, levies, duties, fees, charges and withholdings of any kind or nature whatsoever and howsoever described, including value-added, sales and use taxes, gross receipts, license, payroll, environmental, profits, premium, franchise, property, excise, capital stock, import, stamp, transfer, employment, occupation, generation, privilege, utility, regulatory, energy, consumption, lease, filing, recording and activity taxes, levies, duties, fees, charges, imposts and withholding, together with any and all penalties, interest and additions thereto.

“**Tax Exempt Equipment**” is defined in Section 4.4A.2.

“**Third Party**” means any Person other than a member of (i) the Contractor Group, (ii) the Owner Group, or (iii) any Subcontractor or any employee, officer or director of such Subcontractor.

“**Third Party Proprietary Work Product**” has the meaning set forth in Section 11.1B.

“**U.S. Dollars**” or “**U.S.\$**” means the legal tender of the United States of America.

“**Warranty**” or “**Warranties**” has the meaning set forth in Section 12.1A.

“**Work**” means the obligations, duties and responsibilities to be performed by or on behalf of Contractor in connection with certain preliminary design, engineering, procurement, pipeline dismantlement, removal and construction, road construction, and Site work, and the required related labor and materials and Equipment, all in accordance with the terms of the Contract Documents.

“**Work Order**” means an order for Work in substantially the form of Attachment N, signed in writing by both Parties, which sets forth and describes Scope of Work for such Work Order and a Work Schedule.

“**Work Order Effective Date**” means the date on which the Parties execute the applicable Work Order.

“**Work Order No. 1**” is the Work Order mutually agreed to between Owner and Contractor and set forth in Attachment M, which describes an initial Scope of Work and Work Schedule to be performed by Contractor under the Work Order and pursuant to this Agreement.

“**Work Product**” has the meaning set forth in Section 11.1A.

“**Work Schedule**” means the schedule of the performance of Work by Contractor under a Work Order.

“Zachry” means Zachry Construction Corporation, a Delaware corporation, or any successor entity thereto.

1.2 The meanings specified in this Article 1 are applicable to both the singular and plural. As used in this Agreement, the terms “herein,” “herewith,” “hereunder” and “hereof” are references to this Agreement taken as a whole, and the terms “include,” “includes” and “including” mean “including, without limitation,” or variant thereof. Reference in this Agreement to an Article or Section shall be a reference to an Article or Section contained in this Agreement (and not in any Attachments or Schedules to this Agreement) unless expressly stated otherwise, and a reference in this Agreement to an Attachment or Schedule shall be a reference to an Attachment or Schedule attached to this Agreement unless expressly stated otherwise.

Article 2

RELATIONSHIP OF OWNER, CONTRACTOR AND SUBCONTRACTORS

2.1 **Status of Contractor.** The relationship of Contractor to Owner shall be that of an independent contractor. Any provisions of the Contract Documents which may appear to give Owner or the Owner Representative the right to direct or control Contractor as to details of performing the Work, or to exercise any measure of control over the Work, shall be deemed to mean that Contractor shall follow the desires of Owner or the Owner Representative in the results of the Work only and not in the means by which the Work is to be accomplished, and Contractor shall have the complete right, obligation and authoritative control over the Work as to the manner, means or details as to how to perform the Work. Nothing herein shall be interpreted to create a master-servant or principal-agent relationship between Contractor, or any of its Subcontractors, and Owner. Nevertheless, Contractor shall comply with all provisions, terms and conditions of the Contract Documents, and the fact that Contractor is an independent contractor does not relieve it from its responsibility to fully, completely, timely and safely perform the Work in compliance with the Contract Documents.

2.2 Key Personnel, Organization Chart and Contractor Representative

A. **Contractor Personnel.** Contractor represents that it has adequate and fully qualified personnel and facilities within its organization to perform the Work required by the Contract Documents.

B. **Key Personnel and Organization Chart.** Attachment F sets forth Contractor’s organizational chart to be implemented for the Work and also contains a list of key personnel (“**Key Personnel**” or “**Key Persons**”) from Contractor’s organization who will be assigned to the Work. Key Personnel shall, unless otherwise expressly stated in Attachment F, be devoted full-time to the Work until completion of the Work, and Key Personnel shall not be removed or reassigned without Owner’s prior written approval. All requests for the substitution of Key Personnel shall include a detailed explanation and reason for the request and the resumes of professional education and experience for a minimum of two (2) candidates of equal or greater qualifications and experience. Should Owner approve of the replacement of a Key Person, Contractor shall, so far as reasonably practicable, allow for an overlap of at least one (1) week during which both the Key Person to be replaced and the Owner-approved new Key Person shall work together full time. The

additional cost of any replacement of such Key Personnel and overlap time shall be entirely at Contractor's expense. Owner shall have the right, but not the obligation, at any time to require that Contractor replace any Key Person with another employee acceptable to Owner.

C. **Contractor Representative.** The Contractor Representative is a Key Person.

2.3 **Subcontractors.** Owner acknowledges and agrees that Contractor intends to have portions of the Work accomplished by Subcontractors pursuant to written Subcontracts. All Subcontractors shall be reputable, qualified firms with an established record of successful performance in their respective professions performing identical or substantially similar work. All Subcontracts shall be consistent with the terms or provisions of the Contract Documents to the extent such terms and provisions are applicable to the Scope of Work of any applicable Work Order. In the event Contractor is unable to obtain consistent provisions in any Subcontract, or Owner's written approval to deviate from the provisions of the Contract Documents within such Subcontract, Contractor will use commercially reasonable efforts to provide a substitute Subcontractor; *provided, however,* should Contractor, notwithstanding its use of commercially reasonable efforts, be unable to procure a substitute Subcontractor, Contractor shall not be deemed to be in default or breach of this Agreement. No Subcontractor is intended to be or shall be deemed a third-party beneficiary of this Agreement or any Work Order. Contractor shall be fully responsible to Owner for the acts and omissions of Subcontractors and of Persons directly or indirectly employed by any of them in the performance of the Work, as it is for the acts or omissions of Persons directly employed by Contractor. The work of any Subcontractor shall be subject to inspection by Owner to the same extent as the Work of Contractor. All Subcontractors and their respective personnel are to be instructed by Contractor in the terms and requirements of the Owner-approved safety and environmental protection regulations and policies and shall be expected to comply with such regulations. In the event that any personnel are not adhering to such regulations and policies, such personnel shall be removed by Contractor. In no event shall Contractor be entitled to any adjustment of any Work Schedule under any Work Order as a result of such personnel's non-compliance with such regulations and policies set forth in the HSE Plan, or any removal of personnel necessitated by non-compliance. Nothing contained herein shall (i) create any contractual relationship between any Subcontractor and Owner, or (ii) obligate Owner to pay or cause the payment of any amounts to Subcontractor.

2.4 **Subcontracts.**

A. **Approved List.** Subject to Section 2.4C, Attachment G sets forth a list of contractors and suppliers that Contractor and Owner have agreed are approved for selection as Subcontractors for the performance of that portion of the Work specified in Attachment G. Following the Agreement Effective Date, Contractor and Owner may specify in a Work Order additional contractors and suppliers for selection as Subcontractors for performance of Work set forth in such Work Order. Approval by Owner of any Subcontractors does not relieve Contractor of any responsibilities under the Contract Documents.

B. Additional Proposed Subcontractors. In the event that Contractor is considering the selection of a Subcontractor not listed on Attachment G or in a Work Order, Contractor shall notify Owner of its proposed Subcontractor as soon as possible during the selection process and furnish to Owner all information requested by Owner with respect to Contractor's selection criteria (including copies of bid packages furnished to prospective Subcontractors, responses to such bid packages, and the qualifications of the proposed Subcontractors). Contractor shall use best efforts to hire qualified, local Subcontractors. Owner shall have the discretion to reject any proposed Subcontractor not listed on Attachment G or in a Work Order for a Subcontract within ten (10) Days of Owner's receipt of Contractor's notice and proper documentation given pursuant to this Section 2.4. If Owner does not accept or reject a Subcontractor that is otherwise properly proposed by Contractor pursuant to this Section 2.4, then such Subcontractor shall be deemed approved by Owner, but such approval does not relieve Contractor of any responsibilities under the Contract Documents. Contractor shall not enter into any Subcontract with a proposed Subcontractor that is rejected by Owner in accordance with this Section 2.4. Even if Owner approves of a Subcontractor, Owner nevertheless has the right of approval with respect to the terms and conditions of any Subcontract.

C. Subcontracts. Owner shall have the right to approve any Subcontract exceeding Fifty Thousand U.S. Dollars (U.S.\$50,000) prior to execution of such Subcontract by Contractor, but approval by Owner of any Subcontract shall not relieve Contractor of any of its obligations under this Agreement. The price in any Subcontract may be for a separated fixed price, on a cost-reimbursable basis or some other basis, in each case to be approved by Owner. Contractor shall furnish Owner with a copy of all Subcontracts ten (10) or more Days prior to the execution of each such Subcontract. Without limitation of the requirements in this Section 2.4, each Subcontract shall contain the following provisions:

1. the Subcontract may, upon termination of this Agreement or all or any part of the Work, and Owner's written notice to such Subcontractor, be assigned to Owner without the consent of Subcontractor; and
2. unless otherwise agreed by Owner in writing, Subcontractor shall comply with and perform for the benefit of Owner all requirements and obligations of Contractor to Owner under the Contract Documents, as such requirements and obligations are applicable to the performance of the work under the Subcontract.
3. Subcontractor's billings and change orders, if any, will separate charges/pricing for "skills and labor" from charges/pricing for taxable Equipment and taxable services re-sold to Owner.

Article 3
CONTRACTOR'S RESPONSIBILITIES

3.1 Scope of Work

A. **Generally.** The initial Work to be performed by Contractor under this Agreement is specified in Work Order No. 1, which is attached hereto as Attachment M. Any further Work to be performed by Contractor shall be mutually agreed upon between Owner and Contractor in subsequent Work Orders in the form of Attachment N. All Work Orders shall be dated and numbered and shall include a Scope of Work and Work Schedule for such Work Order. The rights of Owner and Contractor under each Work Order shall be independent of those under all other Work Orders. Each Work Order shall be governed by the provisions of this Agreement and shall be deemed to incorporate by reference all terms and conditions of this Agreement and shall constitute a separate and binding contract between the Parties. Contractor shall perform the Work under each Work Order in accordance with GECP, Applicable Law, Applicable Codes and Standards, and all other terms and provisions of this Agreement and such Work Order. It is understood and agreed that the Work shall include any incidental work that can reasonably be inferred as necessary to complete any Scope of Work under any Work Order in accordance with GECP, Applicable Law, Applicable Codes and Standards, and all other terms and provisions of this Agreement, excluding only those items which Owner has specifically agreed to provide under the terms of this Agreement. SUBJECT TO WORK ORDER NO. 1, NOTHING IN THIS AGREEMENT REQUIRES OWNER TO ORDER WORK FROM CONTRACTOR OR REQUIRES CONTRACTOR TO PROVIDE WORK TO OWNER, AND CONTRACTOR SHALL BE COMPENSATED ONLY FOR SUCH WORK AS CONTRACTOR ACTUALLY PERFORMS PURSUANT TO A WORK ORDER EXECUTED IN ACCORDANCE WITH THIS AGREEMENT.

B. **Exception to Scope of Work.** Contractor shall not be responsible for providing (i) the Permits that Owner is responsible for obtaining in accordance with Section 4.2; (ii) those requirements set forth under Sections 4.3 and 4.5; (iii) legal description of the Site and a survey of the Site showing the boundaries of the Site and one survey control point pursuant to Section 4.5; and (iv) any other obligations or requirements expressly set forth in the Contract Documents as required to be performed by Owner.

C. **EPC Agreement.** If the Parties enter into an agreement for the engineering, procurement, and construction of the Facility (the proposed **'EPC Agreement'**), then the Work performed under the Contract Documents shall become part of the EPC Agreement and the terms and conditions of the EPC Agreement shall govern the Work performed under the Contract Documents and shall control over any terms in the Contract Documents. THE PARTIES ACKNOWLEDGE THAT THE CONTRACT DOCUMENTS DO NOT IMPOSE ANY OBLIGATION ON OWNER TO ENTER INTO AN EPC AGREEMENT WITH CONTRACTOR FOR THE ENGINEERING, PROCUREMENT AND CONSTRUCTION OF THE FACILITY.

3.2 **Applicable Law.** By signing any particular Work Order, Contractor represents that it has investigated to its satisfaction Applicable Law (including any Applicable Codes and Standards incorporated into Applicable Law) in existence as of the applicable Work Order Effective Date, and warrants that it can perform the Work in accordance with such Applicable Law. Contractor shall perform the Work in accordance with Applicable Law, whether or not such Applicable Law came into effect before such Work Order Effective Date or during the performance of the Work. Contractor shall advise Owner of any change in Applicable Law occurring after such Work Order Effective Date.

3.3 Changes in Applicable Codes and Standards Not Constituting a Change in Law. Contractor shall provide notice to Owner on a timely basis, and no later than thirty (30) Days after such a change, of any change in Applicable Codes and Standards that does not constitute a Change in Law. Contractor shall inform Owner if compliance with a changed Applicable Code and Standard is mandatory to comply with GECP. In the event Owner, at its sole option, elects for Contractor to implement a change in Applicable Codes and Standards that does not constitute a Change in Law, Owner shall so inform Contractor in writing.

3.4 Design and Engineering Work.

A. **General.** Contractor shall, as part of the Work, perform all design and engineering Work in accordance with the Contract Documents and cause the Work to meet and achieve the requirements of the Contract Documents.

B. **Drawings and Specifications.** The Drawings and Specifications shall be based on the requirements of the Contract Documents, including the Scope of Work of the Agreement and Design Basis as set out in Attachment A, GECP, Applicable Codes and Standards and Applicable Law.

C. **Review Process.**

1. **Submission by Contractor.** Contractor shall submit copies of the Drawings and Specifications to Owner for formal review, comment or disapproval in accordance with the requirements set forth in the applicable Work Order.

2. **Review Periods.** Owner shall have up to ten (10) Business Days from its receipt of Drawings and Specifications submitted in accordance with Section 3.4C.1 to issue to Contractor written comments, proposed changes and/or written disapprovals of the submission of such Drawings and Specifications to Contractor.

If Owner does not issue any comments, proposed changes or written disapprovals within such time periods, Contractor may proceed with the development of such Drawings and Specifications, but Owner's lack of comments or disapproval, if applicable, shall in no event constitute an approval of the matters received by Owner.

In the event that Owner disapproves the Drawings or Specifications, Owner shall provide Contractor with a written statement of the reasons for such rejection within the time period required for Owner's response, and Contractor shall provide Owner with revised and corrected Drawings and Specifications as soon as possible thereafter.

Owner's lack of disapproval of or comments on, or any approval by Owner of, any Drawings and Specifications shall not in any way be deemed to limit or in any way alter Contractor's responsibility to design and engineer the Facility and perform the Work in accordance with the requirements of the Contract Documents.

D. **Design Licenses.** Contractor shall perform all design and engineering Work in accordance with Applicable Law, and all Drawings and Specifications shall be

complete and fully coordinated and stamped by design professionals duly licensed in accordance with Applicable Law.

E. **CAD Drawings.** Drawings prepared by Contractor or its Subcontractors under the Contract Documents shall be prepared using computer aided design (“CAD”). Contractor shall provide Drawings in their native formats as set forth in the applicable Work Order along with six (6) hard copies.

F. **Progress P&ID’s.** During the progress of the Work, Contractor shall maintain and provide Owner with access to a marked, up-to-date set of P&ID’s maintained for and by Contractor.

G. **Other Information.** Contractor shall deliver to Owner copies of any and all Drawings, Specifications or other documents, as requested by Owner, within a reasonable time of such request.

3.5 Environmental Regulations and Environmental Compliance. Without limitation of Section 3.1, Contractor shall perform the Work and shall design the Facility in compliance with Contractor’s HSE Plan. If applicable to the Work to be performed under the Contract Documents, Contractor shall dispose of all non-hazardous wastes and Hazardous Materials brought onto the Site by Contractor or any of its Subcontractors or produced as a by-product of Equipment, material or Construction Equipment brought onto the Site by Contractor or Subcontractors during performance of the Work, all of which shall be disposed in off-Site locations permitted to receive such non-hazardous wastes and Hazardous Materials. Contractor shall deliver to Owner (i) notice of any pending or threatened material environmental claim with respect to the Facility, and (ii) promptly upon their becoming available, copies of written communications with any Governmental Instrumentality relating to any such material environmental claim.

3.6 Construction Equipment. Contractor shall furnish all Construction Equipment necessary and appropriate for the timely and safe completion of the Work in compliance with the Contract Documents. Notwithstanding anything to the contrary contained in this Agreement, Contractor shall be responsible for damage to or destruction or loss of, from any cause whatsoever, all such Construction Equipment. Subject to Section 3 of Schedule L-1, Contractor shall require all insurance policies (including policies of Contractor and all Subcontractors) in any way relating to such Construction Equipment to include clauses stating that each underwriter will waive all rights of recovery, under subrogation or otherwise, against Owner and any Owner Affiliates.

3.7 Employment of Personnel.

A. Contractor shall not employ, or permit any Subcontractor to employ, in connection with its performance under the Contract Documents, any Person who is demonstrably not skilled or qualified in the services or work assigned to such Person. Contractor agrees to promptly remove (or to require any Subcontractor to remove) from its services or work in connection with the Work any Person who does not meet the foregoing requirements. In addition, Contractor agrees that, after receipt of written notice from Owner, it shall promptly remove from the Work any employee or agent of Contractor or of

its Subcontractors who, in Owner's opinion, is unsafe, incompetent, careless, unqualified to perform the Work assigned to such Person, creates an unsafe or hostile work environment, disregards the terms and conditions of the Contract Documents, or is interrupting, interfering with or impeding the timely and proper completion of the Work. NOTWITHSTANDING THE FOREGOING, OWNER SHALL HAVE NO LIABILITY AND CONTRACTOR AGREES TO RELEASE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE OWNER GROUP FROM AND AGAINST ANY AND ALL CLAIMS, CAUSES OF ACTION, DAMAGES, LOSSES, COST AND EXPENSES (INCLUDING ALL REASONABLE ATTORNEYS' FEES AND LITIGATION OR ARBITRATION EXPENSES) AND LIABILITIES, OF WHATSOEVER KIND OR NATURE, WHICH MAY DIRECTLY OR INDIRECTLY ARISE OR RESULT FROM CONTRACTOR OR ANY SUBCONTRACTOR CHOOSING TO TERMINATE THE EMPLOYMENT OF ANY SUCH EMPLOYEE (INCLUDING ANY KEY PERSON) OR REMOVE SUCH EMPLOYEE FROM THE WORK WHO FAILS TO MEET THE FOREGOING REQUIREMENTS FOLLOWING A REQUEST BY OWNER TO HAVE SUCH EMPLOYEE REMOVED FROM THE WORK. Any such employee shall be replaced at the cost and expense of Contractor or the relevant Subcontractor, as appropriate.

B. Contractor is responsible for maintaining labor relations in such manner that, so far as reasonably practicable, there is harmony among workers. Contractor and its Subcontractors shall conduct their labor relations in accordance with the recognized prevailing local area practices. Contractor shall inform Owner promptly of any labor dispute, anticipated labor dispute, request or demand by a labor organization, its representatives or members which may reasonably be expected to affect the Work. Contractor further agrees to inform Owner, before any commitments are made, during the negotiations of any agreements or understandings with local or national labor organizations.

3.8 Clean-Up. If applicable to the Work to be performed under the Contract Documents, Contractor shall, to Owner's satisfaction, at all times keep the Site free from all waste materials or rubbish caused by the activities of Contractor or any of its Subcontractors. As soon as practicable after final completion of the Work, Contractor shall remove all of its Construction Equipment and remove from the Site all waste material and rubbish that was caused by the activities of Contractor or any of its Subcontractors. The Site shall be restored in accordance with all Permits and the Contract Documents. In the event of Contractor's failure to comply with any of the foregoing upon three (3) Days' notice to do so, Owner may accomplish the same; *provided, however*, that Contractor shall be responsible for all reasonable costs associated with such removal and/or restoration, including costs associated with Taxes, permitting and transportation.

3.9 HSE Plan; Security. Contractor recognizes and agrees that safety and physical security are of paramount importance in the performance of the Work and that Contractor is responsible for performing the Work in a safe and physically secure manner. Within sixty (60) Days after the Agreement Effective Date, Contractor shall submit to Owner for its review a health, safety and environmental plan (including a drug testing program) based upon Contractor's standard safety and environmental policies, as modified to account for the particulars of the Work to be performed under this Agreement (the "**HSE Plan**"). Contractor shall revise the HSE Plan to incorporate comments, if any, provided by Owner during its review, which shall be conducted within ten (10) Days of receipt of the HSE Plan. Contractor further agrees to perform the Work in accordance with the health, safety and environmental rules and standards of Applicable Law,

GECP and the HSE Plan (collectively, the "**Safety Standards**"). Owner's review of, or comments with respect to, the HSE Plan shall not in any way relieve Contractor of its obligations under this Agreement (including Contractor's obligations to conduct the Work in accordance with the health, safety and environmental rules of Applicable Law and GECP). Contractor shall appoint one or more (as appropriate) safety representative(s) reasonably acceptable to Owner who shall have responsibility to correct unsafe conditions or unsafe acts associated with Work performed on the Site, act on behalf of Contractor on health, safety and environmental matters, and participate in periodic safety meetings with Owner. Contractor further agrees to provide or cause to be provided necessary training and safety equipment to its employees, Subcontractors, and to Owner personnel temporarily visiting the Site to ensure their compliance with the foregoing Safety Standards and enforce the use of such training and safety equipment. Contractor shall maintain all accident, injury and any other records required by Applicable Law or by Permit and shall furnish Owner a Monthly summary of injuries and labor hours lost due to injuries. Should Owner at any time observe Contractor, or any of its Subcontractors performing the Work at the Site in violation of the Safety Standards or in an unsafe manner, or in a manner that would, if continued, violate the Safety Standards or become unsafe, then Owner shall have the right (but not the obligation) to require Contractor to stop the affected Work until such time as the manner of performing such Work has been rendered safe. In connection with Work performed at the Site, Contractor shall be responsible for the security, fencing, guarding and lighting until all of the completion of such Work. In addition, for Work performed on Rights of Way and Easements, Contractor shall perform all Work in accordance with, and cause all Subcontractors to perform all Work in accordance with, the safety, health and environmental rules and policies required by the Landowners of such Rights of Way and Easements and provided in advance to Contractor in writing.

3.10 **Emergencies.** In the event of any emergency endangering life or property in any way relating to the Work, whether on the Site or otherwise, Contractor shall take such action as may be reasonable and necessary to prevent, avoid or mitigate injury, damage, or loss and shall, as soon as reasonably possible, report any such incidents, including Contractor's response thereto, to Owner. If Contractor fails to take such action and the emergency requires immediate action, then Owner, with or without notice to Contractor may, but shall be under no obligation to, take reasonable action as required to address such emergency. The taking of any such action by Owner, or Owner's failure to take any action, shall not limit Contractor's liability. Contractor shall reimburse Owner in an amount equal to the reasonable costs incurred by Owner in taking such action.

3.11 **Contractor Permits.** Contractor shall be responsible for obtaining the Permits listed in Schedule B-1 and any other Permits to be issued in Contractor's name as may be required to perform the Work under the Contract Documents. Contractor shall provide Owner with copies of such Permits as soon as reasonably practicable after they are obtained.

3.12 **Assistance with Owner Permits.** Contractor shall provide assistance, information and documentation as requested by Owner to enable Owner to obtain any Permits that Owner is required to obtain in connection with the Section 4.2.

3.13 Books, Records and Audits.

A. Contractor shall keep full and detailed books, records, daily reports, schedules, accounts, work logs, payroll records, receipts, statements, electronic files, correspondence and other pertinent documents as may be necessary for proper performance of the Work under the Contract Documents, as required under Applicable Law or the Contract Documents, and in any way relating to the Contract Documents ("**Books and Records**"). Contractor shall maintain all such Books and Records in accordance with GAAP and shall retain all such Books and Records for a minimum period of three (3) years after the earlier of the termination or expiration of this Agreement, or such greater period of time as may be required under Applicable Law.

B. Upon reasonable notice, Owner shall have the right to audit, or have audited by Owner's third party auditors, Contractor's Books and Records; *provided, however*, that such audit shall not extend to calculations of the internal composition of any compensation that is fixed in amount hereunder, including the composition of any agreed-upon multipliers, rates, burdens and markups reflected in Attachment C. When requested by Owner, Contractor shall provide Owner or its auditors with reasonable access to all such Books and Records, and Contractor's personnel shall cooperate with Owner and such auditors to effectuate the audit or audits hereunder. Owner and its auditors shall have the right to copy all such Books and Records. Contractor shall endeavor to include audit provisions identical to this Section 3.13 in all Subcontracts. No access to Books and Records shall be granted to Owner's auditors until such auditors have signed a confidentiality agreement with Contractor in accordance with the standard practice in the auditing industry for audits of this kind.

C. Contractor shall not, and shall provide that its Subcontractors and agents or employees of any of them shall not (i) pay any commissions or fees, or grant any rebates, to any employee or officer of Owner or its Affiliates, (ii) favor employees or officers of same with gifts or entertainment of a significant cost or value, or (iii) enter into any business arrangements with employees or officers of same.

3.14 **Tax Accounting and Auditing.** Within a reasonable period of time following a request therefor by Owner, Contractor shall provide to Owner or its auditors any information (including Books and Records) regarding quantities and descriptions of any Equipment ordered for the Facility and any other information as Owner or its auditors may deem reasonably necessary in connection with the preparation of Owner's tax returns (including information reasonably required to determine the amount of Qualified Research Expenditures incurred in connection with the Work) or other tax documentation in connection with the Work. Contractor shall be responsible for personal property Taxes on Construction Equipment.

3.15 **Temporary Utilities, Roads, Facilities and Storage.** Until final completion of the Work, to the extent applicable, Contractor shall provide all temporary utilities (*i.e.*, electricity, water, communication, cable, telephone, waste and sewer) necessary for the performance of the Work, including installation and usage costs. Subject to Section 4.3, Contractor shall construct and maintain temporary access and haul roads as may be necessary for the proper performance of the Contract Documents and the Work. If requested by Owner, Contractor shall provide Owner with sufficient office space at the time of Contractor's mobilization at the Site to accommodate Owner's Site representative and support staff at the Site. Contractor shall provide Owner with all

office space, construction trailers, utilities, storage and warehousing, security, telephones, furnishings, and other temporary facilities required for their oversight of the Work, as set forth in more detail in the applicable Work Order. Once title to Equipment has passed to Owner as set forth in Section 9.1, such Equipment shall, if stored at a location other than on the Site, be segregated from other goods, and shall be clearly marked as "Property of Corpus Christi LNG, LLC."

3.16 Reports.

A. Contractor shall provide Owner with an electronic copy of the following reports and other documentation:

1. minutes for all weekly status and other Work-related meetings with Owner within five (5) Business Days following such meeting;
2. safety incident reports within three (3) Business Days of the occurrence of any such incident; except for any safety incident involving a significant non-scheduled event such as fires, explosions, mechanical failures or major injuries which shall be provided to Owner within eight (8) hours of the occurrence of such incident; *provided, however*, notification shall be provided to Owner immediately if the incident is of significant magnitude to threaten public or employee safety, cause significant property damage or interrupt the Work;
3. productivity reports;
4. manpower reports;
5. cost reports;
6. reports with respect to Contractor and Subcontractor performance;
7. schedule reports; and
8. Monthly progress reports ("**Monthly Progress Reports**") in form and content to be mutually determined by the Parties.

3.17 Payment. Contractor shall timely make all payments required to be paid to Owner pursuant to the terms of this Agreement.

3.18 Commercial Activities. Neither Contractor nor its employees shall establish any commercial activity or issue concessions or permits of any kind to Third Parties for establishing commercial activities on the Site or any other lands owned or controlled by Owner.

3.19 Title to Materials Found. As between Owner and Contractor, the title to water, soil, rock, gravel, sand, minerals, timber and any other materials developed or obtained in the excavation or other operations of Contractor or any Subcontractor and the right to use said materials or dispose of same is hereby expressly reserved by Owner. Notwithstanding the foregoing, Contractor shall be permitted, without charge and with Owner's approval, to use in the Work any such materials that comply with the requirements of the Contract Documents.

3.20 **Survey Control Points and Layout.** If necessary for the performance of the Work, Contractor shall establish all survey control points and layout any such Work in accordance with the requirements of the Contract Documents, which shall be based on the survey control point established by Owner pursuant to Section 4.5. If Contractor or any of its Subcontractors or any of the representatives or employees of any of them move or destroy or render inaccurate the survey control point provided by Owner, such control point shall be replaced by Contractor at Contractor's own expense.

3.21 **Cooperation with Others.** Subject to the provisions of this Agreement, including Section 4.3, Contractor acknowledges that Owner or Owner's other contractors or subcontractors may be working at the Site during the performance of the Contract Documents and Contractor's Work or use of certain facilities may be interfered with as a result of such concurrent activities. Subject to Section 4.3, Contractor agrees to coordinate the performance of the Work with such other contractors or subcontractors performing work at the Site so as not to materially interfere with any of Owner's other contractors or subcontractors performing work at the Site; *provided, however*, Contractor shall in all cases coordinate the Work with any Persons (other than Owner or Owner's other contractors or subcontractors) on or using the Rights of Way and Easements, and Contractor shall adhere to the reasonable instructions provided by Owner or the applicable Landowner(s) in connection with Work performed within such Rights of Way and Easements.

3.22 **Responsibility for Property.** Contractor shall plan and conduct its operations so that neither Contractor nor any of its Subcontractors shall (i) enter upon lands (other than the Site) or waterbodies in their natural state unless authorized by the appropriate owner or entity; (ii) close or obstruct any utility installation, highway, waterway, harbor, road or other property unless Permits are obtained and authorized by the appropriate entity or authority; or (iii) disrupt or otherwise interfere with the operation of any portion of any pipeline, telephone, conduit or electric transmission line, ditch, navigational aid, dock or structure unless otherwise specifically authorized in a Work Order or in writing by Owner. The foregoing includes damage arising from performance of the Work through operation of Construction Equipment or stockpiling of materials.

3.23 **Equipment Quality.** Contractor shall furnish reasonable evidence as to the kind, quality, and quantity of all Equipment. Without prior written approval by Owner which specifically waives the requirements of this Agreement, where a Work Order specifies the procurement of certain Equipment as part of the Work, Contractor shall not procure any Equipment other than as specified in the Work Order. If Contractor wishes to modify the requirements with respect to any Equipment, then it shall make written application to Owner for Owner's approval (such approval not to be unreasonably withheld), prior to procuring such Equipment. Such application shall (i) identify the requirements being modified, (ii) certify that the quality of the proposed substitute is equal to or better than that currently specified, and (iii) certify that the substitute is suited to the same use and capable of performing the same function as that specified. If the preceding requirements are not followed, then any substitution shall constitute a material failure by Contractor to comply with its obligations under the Contract Documents.

3.24 **Excusable Delay.** If an Excusable Delay prevents the performance of any Work under a Work Order and causes Contractor to suspend performance of any such Work affected by an Excusable Delay, such suspension shall not be considered a Default, *provided that* Contractor uses all reasonable efforts to (i) mitigate the effects of such Excusable Delay and (ii) recommence such affected Work.

3.25 **Nondiscrimination.** Contractor agrees that it shall conduct its activities without discrimination on account of race, creed, color, sex, national origin, age or disability and shall comply with Applicable Law relating thereto, including Executive Order 11246, as amended. Upon the request of Owner, Contractor shall provide Owner with copies of all plans or programs that Contractor uses to satisfy the requirements of this Section 3.25.

3.26 **Rights of Way and Easement Agreements.** During the performance of the Work, Contractor shall comply with any obligations of the Rights of Way and Easement Agreements to the extent that such obligations apply to the Work being performed and provided that such Rights of Way and Easement Agreements are provided in advance of Contractor performing Work on such Rights of Way and Easement.

Article 4
OWNER'S RESPONSIBILITIES

Owner shall comply with the following provisions in a timely manner in accordance with the Work Schedule at no cost to Contractor:

4.1 **Payments.** Owner shall timely make payments in accordance with the provisions of Article 8 hereof.

4.2 **Owner Permits.** Owner shall be responsible for obtaining the Permits listed in Schedule B-2. Owner shall maintain and, to the extent applicable, renew such Permits. To the extent Owner has already obtained any such Permits as of the Agreement Effective Date, Owner shall provide copies of such Permits to Contractor on or before the Agreement Effective Date. The terms of all such Permits shall be compatible with Contractor's performance of the Work, and Owner shall promptly notify Contractor of any changes to the terms of any such Permit that impacts Contractor's performance of the Work under the Contract Documents. Owner shall provide information, assistance and documentation to Contractor as reasonably requested in connection with the Permits that Contractor is responsible for obtaining in accordance with Section 3.11.

4.3 **Access to the Site.**

A. In accordance with Attachment K and subject to the terms of this Agreement, including Sections 3.21 and 4.3B, Owner shall provide Contractor with access to the Site, *provided that* Contractor's access to Rights of Way and Easements shall be in accordance with the terms and conditions of the Rights of Ways and Easement Agreements.

B. Owner shall have access to the Site at all times.

4.4 Sales and Use Tax Matters.

A. Sales and Use Tax Exemption Certificates on Tax Exempt Equipment

1. For Texas state and local sales and use tax purposes, the Contract Documents shall be considered to be a separated contract for the construction of new non-residential real property as defined under Applicable Law, including 34 Tex. Admin Code Rule § 3.291(a)(12). Work Orders, all Change Orders, and Contractor's Invoices will separate pricing/charges for "skills and labor" from pricing/charges for Equipment and taxable services re-sold to Owner. Contractor's Invoices shall further separate Contractor's pricing for taxable Equipment and taxable services re-sold to Owner from Contractor's pricing/charges for Tax Exempt Equipment. Contractor shall invoice Owner Texas sales and use tax on Contractor's sales price of the separated taxable Equipment and separated taxable services re-sold to Owner. Owner will pay Contractor Texas sales and use tax and Contractor will remit these taxes to the appropriate taxing authorities. Contractor shall ensure that all Subcontracts are separated for Texas state and local sales and use tax purposes. Contractor shall issue valid Texas re-sale certificates to Contractor's Subcontractors for Subcontractor purchases of Equipment and taxable services re-sold to Owner.

2. Owner shall list in each Work Order and Change Order those items of Equipment to be permanently installed at the Facility in which Owner intends to claim a manufacturing, pollution control or other applicable exemption from the payment of Texas state and applicable local sales and use taxes under Applicable Law, including the governing law specified in Section 20.9 ("**Tax Exempt Equipment**"), which such list as set out in the Work Order may be adjusted by Owner at its sole discretion with written notice to Contractor on or before the completion of the Work and formalized by Change Order. In addition, Owner will update the list of Tax Exempt Equipment and taxable services re-sold to Owner in a Work Order (i) with respect to any additional items of Equipment and taxable services re-sold to Owner added by Change Order which are subject to a manufacturing, pollution control or other applicable exemption from the payment of Texas state and applicable local sales and use taxes, or (ii) should Owner determine that any Equipment previously designated as taxable Equipment and taxable services re-sold to Owner should be designated as Tax Exempt Equipment or tax exempt services. Owner shall provide Contractor with a valid Texas state and applicable local sales and use tax exemption certificates claiming the manufacturing and pollution control exemptions for the Tax Exempt Equipment (including Tax Exempt Equipment added to a Work Order by Change Order). The Owner-issued Texas sales and use tax exemption certification will be supported by the Owner-provided list included and incorporated into applicable Work Order.

3. Contractor shall maintain for Owner's review copies of Texas state and applicable local sales and use tax exemption certificates and other similar documentation necessary to support all Texas state and applicable local sales and use tax exemptions that may be available to Owner, Contractor or any Subcontractor in connection with the Work.

4. Contractor shall reasonably cooperate with Owner to minimize any and all Texas state and applicable local sales and use taxes relating to the Facility and the Work. If Contractor or any Subcontractor incurs any Texas state and applicable local sales and use taxes on any items of Tax Exempt Equipment or taxable services re-sold to Owner listed in a Work Order, due to Contractor failing to follow such Owner provided listed in the Work Order, Contractor shall be responsible for the payment of such Texas state and applicable local sales and use taxes, penalties and interest, without reimbursement by Owner and CONTRACTOR SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS OWNER GROUP FROM AND AGAINST ANY CLAIMS BY A GOVERNMENTAL INSTRUMENTALITY FOR SUCH TEXAS STATE AND APPLICABLE LOCAL SALES AND USE TAXES. If the state of Texas increases or decreases the state or local option sales and use tax rates, the increase or decrease will be to the Owner's account.

5. For clarification purposes, it is understood that Owner is solely responsible for the accuracy of the Owner-provided list in the Work Order regarding Tax Exempt Equipment and taxable services re-sold to Owner. If Contractor or any Subcontractor pays or incurs any Texas state and applicable local sales and use taxes on any items of Tax Exempt Equipment or taxable services re-sold to Owner attributable to the Owner's failure to provide Contractor with a valid Texas state and applicable local sales and use tax exemption certificate for all or any portion of the Tax Exempt Equipment and taxable services resold to Owner included in the Owner-provided list in the applicable Work Order (including adjustments made to a Work Order due to Change Orders), Contractor shall be entitled to reimbursement in accordance with Article 7 in an amount equal to such Texas state and applicable local sales and use taxes, penalties and interest, if any, that are properly owed and paid by Contractor for such Tax Exempt Equipment and services improperly identified by Owner in the Owner-provided list included in the Work Order regarding Tax Exempt Equipment and taxable services re-sold to Owner, and OWNER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS CONTRACTOR GROUP FROM AND AGAINST ANY CLAIMS BY A GOVERNMENTAL INSTRUMENTALITY FOR SUCH TEXAS STATE AND LOCAL SALES AND USE TAXES.

B. Texas Sales and Use Tax on Taxable Equipment & Taxable Services Re-Sold to Owner. With each Invoice that includes any Equipment to be permanently installed in the Project (other than Tax Exempt Equipment) and taxable services resold to Owner including items such as real property services and non-Hazardous Materials removal services, Contractor shall separately list in the Invoice and bill Owner the Texas state and applicable local sales and use taxes with respect to such taxable Equipment and services. Contractor invoice charges for labor and skills will be separated from Contractor invoice charges for Equipment. In addition, Contractor will separate invoice charges for taxable Equipment from invoice charges for Tax Exempt Equipment and services. In no instance will "skills and labor", service, fabrication labor or any other form of labor charge" be billed together with a charge for taxable Equipment. The Texas state and applicable local sales and use taxes charged to Owner shall be based on the prices listed in Attachment C and the schedule in the applicable Work Order. Texas sales and use tax amounts billed Owner will be subject to the provisions of Section 4.4A.4 and 4.4A5 (which

may be subject to Change Order or Work Order), which shall represent Owner's maximum liability to Contractor for Texas state and applicable local sales and use taxes on taxable Equipment and services. Subject to other provisions of this Agreement, Owner shall remit to Contractor the payment of such Texas sales and use taxes within the time allowed for the payment of Invoices under this Agreement. Contractor shall be responsible for paying to the applicable Governmental Instrumentality all applicable Texas state and applicable local sales and use taxes owed under Applicable Law with respect to taxable Equipment and services. If the Owner elects to dispute the applicable Texas state and applicable sales and use taxes on any item, Owner shall bear the costs incurred in resolving such dispute.

4.5 Legal Description and Survey. As of the Agreement Effective Date, Owner has provided to Contractor (i) the legal description of the Site as set forth in Attachment E and (ii) a survey of the Site showing the boundaries of the Site and one survey control point, prepared by Shiner Moseley and Associates, Inc., dated June 8, 2004. Contractor shall be entitled to rely upon the accuracy of this information. To the extent any existing structures or utilities are shown in the survey, Contractor shall independently verify the locations of such existing structures and utilities.

4.6 Owner-Provided Items. Owner shall provide those items listed in Attachment K (within the times listed in Attachment K) or any other items specified in a Work Order as being Owner-provided items. The items already provided by Owner are listed in Attachment K. The Contractor shall be entitled to rely upon the accuracy and completeness of those items designated by Owner as "Rely Upon" within the Design Basis in Schedule A-2.

4.7 Excusable Delay. Owner's obligations under this Agreement, except for any obligation to pay monies due to Contractor as provided under this Agreement, shall be suspended to the extent that performance of such obligation is delayed or prevented by Excusable Delay.

4.8 Personal and Real Property Taxes. Owner shall be responsible for personal and real property Taxes on the Facility and the Equipment that are stored or located on the Site on the applicable Tax assessment date provided for under Applicable Law.

4.9 Waivers of Consequential Damages from Landowners. Unless otherwise agreed to in writing by Contractor, such agreement not to be unreasonably withheld, Owner is responsible for obtaining a written waiver of consequential damages from Landowners in favor of Contractor as a condition precedent to Contractor's obligation to commence Work in those areas of the Site that cause Contractor to interface with such Landowner.

Article 5 **COMMENCEMENT OF WORK AND SCHEDULING OBLIGATIONS**

5.1 Commencement of Work. Contractor shall not, and shall not be obligated to, commence performance of any Work until Owner and Contractor mutually execute a Work Order authorizing the same pursuant to the terms and conditions of this Agreement and such Work Order. Upon execution of a Work Order by the Parties, Contractor shall promptly commence with the performance of the Work specified in the Work Order.

5.2 Work Order No. 1. Notwithstanding Section 5.1, the Parties agree to execute Work Order No. 1 within seven (7) Days after the Agreement Effective Date. Upon execution of

Work Order No. 1 by the Parties, Contractor shall promptly commence with the performance of Work specified in Work Order No. 1 in accordance with this Agreement and the terms and conditions set forth in such Work Order.

5.3 **Work Schedules.** Contractor shall use all commercially reasonable efforts to perform the Work in accordance with the Work Schedule set forth in the applicable Work Order.

Article 6
CHANGES AND CHANGE ORDERS

6.1 **Changes.** Changes may be made to a Scope of Work of any Work Order under a mutually accepted Change Order in the form of Attachment D. Such Change Order shall be signed by both Parties and shall set forth, in appropriate detail, the changes, additions or deletions to the original Scope of Work of such Work Order and the effect of such change on the Work Schedule and Fee.

6.2 **Adjustment Only Through Change Order.** There shall be no adjustments to a Work Order except by Change Order. All Change Orders shall have the pricing "separated" for Texas sales and use tax purposes.

Article 7
COMPENSATION

As full compensation for performing all Work and all other obligations under this Agreement, Owner shall pay Contractor a total remuneration consisting of the Fee and the Cost of Work, as such amounts are calculated under Attachment C and reconciled with prior payments pursuant to Article 8.

Article 8
INVOICING AND PAYMENTS TO CONTRACTOR

8.1 **Initial Payment.** Upon execution of Work Order No. 1 in accordance with Section 5.2, Contractor shall deliver to Owner: (a) an Invoice for Six Million Three Hundred Twenty Five Thousand Sixty Nine U.S. Dollars (U.S.\$6,325,069), which amount is a good faith estimate of the Cost of Work and Fee anticipated to be incurred and earned by Contractor under Work Order No. 1 from the date of such execution through the end of the following Month, supported by information and documentation required under this Article 8 (the "**Initial Payment**"), (b) a list of Work items for Work Order No. 1 that Contractor has scheduled and plans to perform during the time period between the date of execution of Work Order No. 1 and the end of the following Month, and (c) a look-ahead schedule for such time period, prepared by Contractor, that shows Contractor's schedule for performing such Work items during the time period. Upon receipt of the above, Owner shall pay Contractor the Initial Payment.

8.2 Subsequent Invoices for Progress Payments.

A. This Section 8.2 shall govern the submittal of all Invoices except for the Invoice for the Initial Payment under Section 8.1 and the Invoice for final payment under Section 8.8.

B. On or about the tenth (10th) Day of each Month (for the purposes of Article 8, the “current Month”), Contractor shall submit to Owner for each Work Order: (a) an Invoice containing a good faith estimate of the Cost of Work and Fee anticipated to be incurred and earned by Contractor in performing Work under such Work Order in the following Month (for the purposes of Article 8, the “following Month”), supported by information and documentation required under this Article 8, (b) a list of Work items that Contractor has scheduled and plans to perform during such following Month under such Work Order, and (c) a 30-Day look-ahead schedule, prepared by Contractor, for such following Month that shows Contractor’s schedule for performing such Work items during such following Month. Such Invoice shall contain a “true-up” or reconciliation to account for the actual Fee and Cost of Work incurred during the previous Month, by adjusting the amount of such Invoice upwards or downwards based on the difference between (i) the Fee and Cost of Work actually incurred by Contractor during the previous Month and (ii) the estimated Fee and Cost of Work Invoiced for such previous Month, as provided in further detail in Section 8.14.

C. If Owner has any objections to the Invoice, list or schedule submitted under Section 8.2B, Owner shall notify Contractor within five (5) Days of Owner’s receipt of such Invoice, list and schedule and set out with specificity the reasons for its objections. If Owner objects to such Invoice, list or schedule within such time and the Parties are unable to resolve any disagreements between them relating to such Invoice, list or schedule within ten (10) Days after Owner’s receipt of such Invoice, list and schedule, Contractor shall submit to Owner, no later than the tenth (10th) Day after receipt of Owner’s objections, a revised Invoice for all undisputed amounts, which Owner shall pay in accordance with this Article 8. Disputed amounts will be resolved in accordance with Article 17.

8.3 Form and Content of Invoices. Contractor shall submit a separate Invoice for payment under each Work Order. All Invoices, other than the final Invoice for any Work Order under this Agreement, shall be in the form of Schedule I-1 and shall include a representation and certification by Contractor that:

A. except as noted in the current Month’s Invoice for any true-up or reconciliation for the previous Month’s Work, the Work items described in or relating to the previous Month’s Invoice have been performed in full accordance with the Agreement and Contractor incurred and earned during the previous Month the estimated Cost of Work and Fee included in the previous Month’s Invoice;

B. subject to any Excusable Delay, Contractor will perform the Work described in or relating to all Work items that are the subject of the current Month’s Invoice;

C. all quantities and prices in the current Month’s Invoice, including the estimated Cost of Work and estimated Fee, are estimated correctly and in accordance with the Agreement, including Section 8.4;

D. a fully completed and executed Interim Lien and Claim Waiver from Contractor, and from each Subcontractor, is provided pursuant to Section 8.7 of the Agreement and is attached to the current Month's Invoice;

E. all Subcontractors have been paid the monies due and payable for Work performed in accordance with the terms of such Subcontracts, except for amounts that are the subject of the current Month's Invoice or for such amounts that are in good faith dispute by Contractor;

F. the current Month's Invoice is signed by an authorized representative of Contractor; and

G. the Invoice, including the invoicing for any Change Orders, is "separated" for Texas sales and use tax purposes, including the following pricing separations:

1. Engineering charges;
2. New construction labor charges;
3. New construction Taxable material charges;
4. New construction exempt material charges;
5. Construction Equipment charges;
6. Taxable services re-sold to Owner;
7. Subcontractor labor and other charges (not including any Equipment) should be merged with Contractor's new construction labor charges;
8. Subcontractor taxable Equipment (not including any labor charges) may be merged with Contractor's taxable materials charges;
9. Subcontractor exempt permanent material charges (not including any labor charges) may be merged with Contractor's Taxable material charges;
10. Other charges (optional), including charges for consumable supplies, including applicable sales and use taxes paid by Contractor; and
11. G&A and markups.

8.4 **Cost of Work Estimate.** The estimated Cost of Work to be included in each Invoice and to be used as the basis for the estimated Fee under each Invoice shall include:

A. A detailed estimate of the costs of wages and salaries, supported by proper documentation and allowed under Attachment C as a Cost of Work, including (i) a list of

work hours anticipated to be performed by each craft for the following Month, (ii) a description of the Work anticipated to be performed by each such craft, and (iii) any other supporting documents as Owner may require;

B. A detailed estimate of amounts to be paid by Contractor to a Subcontractor for the following Month for Cost of Work allowed under Attachment C, together with any records and other supporting documentation used to create such estimates, including: (i) bids; (ii) billing rates; and (iii) and other documentation as requested by Owner; and

C. A detailed estimate of all other costs anticipated to be incurred by Contractor for the following Month and allowed under Attachment C, along with records and other documentation supporting and evidencing such estimates, including (i) bids; (ii) billing rates; (iii) invoices (if applicable); and (iv) other supporting documents as Owner may reasonably require.

8.5 Review and Payment by Owner.

A. Each Invoice shall be reviewed by Owner and, upon Owner's reasonable request, Contractor shall furnish any and all additional supporting documentation, certificates and information as necessary to establish that Contractor is entitled to payment for amounts billed in such Invoice. Subject to Owner's right to withhold or offset payments under this Agreement, including Sections 8.11 and 8.14, and provided that Contractor has complied with Sections 8.2, 8.3 and 8.4, the amounts billed in each Invoice (other than the Invoice for final payment under the Agreement) and due and owing under this Agreement shall be payable by Owner to Contractor no later than twenty (20) Days after the later of Owner's receipt of (i) the originally issued Invoice under Section 8.2B (and all documentation required under this Agreement) or (ii) the revised Invoice under Section 8.2C (and all documentation required under this Agreement).

B. Without limitation of the foregoing, and subject to Section 8.2C and 8.15, Owner shall not, with respect to any such Invoice, be required to pay Contractor for amounts not properly invoiced or documented under Sections 8.2, 8.3, 8.4 or this Section 8.5, or amounts in which Owner is entitled to withhold or offset under this Agreement. In addition, if a revised Invoice is required under Section 8.2, Owner shall be only required to make payment under a revised Invoice issued in accordance with Section 8.2 and not under the originally issued Invoice.

C. Payments shall be wire transferred made in U.S. Dollars to an account designated by Contractor.

8.6 Progress Reports. Attached with each Invoice, Contractor shall submit to Owner a Monthly Progress Report updated for all Work performed through the previous Month, the receipt of which shall be a condition of payment under this Article 8. This Section 8.6 shall not apply to the Invoice for the Initial Payment.

8.7 Interim Lien and Claim Waivers. As a condition precedent to Owner's obligation to make any payment with respect to any Invoice, Contractor shall submit to Owner with each Invoice: (i) a fully executed Interim Lien and Claim Waiver from Contractor in the form

of Schedule J-1 for all Work performed through the end of the immediately preceding Month and (ii) a fully executed Interim Lien and Claim Waiver from each Subcontractor in the form set forth in Schedule J-2 for all Work performed through the end of the immediately preceding Month. Interim Lien and Claim Waivers, however, shall not be required from Subcontractors until any amounts relating to their respective Work is included in an Invoice, and Subcontractors shall be required to submit additional Interim Lien and Claim Waivers only if their respective Work is not covered by a previous Interim Lien and Claim Waiver.

8.8 Final Payment. Upon final completion of Work under each Work Order, or upon Owner's exercise of its compensation cap pursuant to any Work Order, Contractor shall submit a fully executed final Invoice in the form attached hereto as Schedule I-2, along with (i) a statement summarizing and reconciling all previous Invoices, payments and Change Orders for such Work Order, including, as applicable, the Initial Payment; (ii) an affidavit that all payrolls, Taxes, bills for Equipment, liens, charges, claims, demands, judgments, security interests and any other indebtedness connected with such Work Order for which Contractor and its Subcontractors are liable (excluding Corrective Work) have been paid, including Texas state and applicable local sales and use taxes which Contractor is required under the Contract Documents, to pay; (iii) a fully executed Final Lien and Claim Waiver from Contractor in the form of Schedule J-3, and (iv) a fully executed Final Lien and Claim Waiver from each Subcontractor in the form set forth in Schedule J-4. No later than twenty (20) Days after receipt by Owner of such final Invoice and all required documentation and achieving completion of the Work under such Work Order, Owner shall, subject to its rights to withhold payment under this Agreement, pay Contractor the undisputed amounts within the final Invoice.

8.9 Payments During Default. Owner shall not be obligated to make any payments hereunder at any time in which a Default shall have occurred and is continuing.

8.10 Payments Not Acceptance of Work No payment made hereunder by Owner shall be considered as approval or acceptance of any Work, Fee or Cost of Work by Owner or a waiver of any claim or right Owner may have hereunder. All payments shall be subject to correction in subsequent payments.

8.11 Payments Withheld. Owner may, upon providing written notice to Contractor specifying the reasons for such withholding, in addition to any other rights under this Agreement, withhold payment on an Invoice or a portion thereof, in an amount and to such extent as may be reasonably necessary to protect Owner from loss due to:

A. Defective Work, unless Contractor has, within fourteen (14) Days of a written notice given by Owner to Contractor, either (i) remedied such Defective Work or (ii) if such Defective Work cannot be remedied by the exercise of reasonable diligence within such fourteen (14) Day period, provided Owner with a written plan, reasonably acceptable to Owner, to remedy such Defective Work and commenced the remedy of such Defective Work;

B. liens or other encumbrances on all or a portion of the Site or the Work, which are filed by any Subcontractor or any other Person acting through or under any of them unless Contractor has, within fourteen (14) Days of a written notice given by Owner

to Contractor, taken any of the following actions: (i) paid, satisfied or discharged the applicable liability, (ii) removed the lien or other encumbrance, or (iii) provided Owner with a bank guarantee or bond reasonably satisfactory to Owner in the applicable amount;

C. any breach by Contractor of any material term or provision of the Contract Documents; unless Contractor has, within fourteen (14) Days of a written notice given by Owner to Contractor, either (i) cured such breach or (ii) if such breach cannot be cured by the exercise of reasonable diligence within such fourteen (14) Day period, Contractor has commenced corrective action and is diligently exercising all commercially practicable efforts to cure such breach;

D. the assessment of any fines or penalties against Owner as a result of Contractor's failure to comply with Applicable Law;

E. amounts paid by Owner to Contractor in a preceding Month or through the Initial Payment, if applicable, which have been determined to have been an overpayment pursuant to the reconciliation process in Section 8.14 or are otherwise subject to a dispute under this Agreement between Owner and Contractor; or

F. any other costs or liabilities which Owner has incurred for which Contractor is responsible under the Contract Documents.

Notwithstanding Owner's ability to withhold amounts due to the reconciliation process in Section 8.14 and in accordance with Section 8.11E, Owner shall pay Contractor the amount withheld as soon as practicable, but in no event later than twenty (20) Days after Owner's receipt of an Invoice from Contractor, if Contractor, as appropriate: (i) pays, satisfies or discharges the applicable liability and provides Owner with reasonable evidence of such payment, satisfaction or discharge, (ii) removes the lien or other encumbrance, (iii) cures the breach in question, (iv) remedies the Defective Work in question, (v) provides Owner with a bank guarantee or bond reasonably satisfactory to Owner in the amount of the withheld payment, and (vi) with respect to disputed amounts withheld pursuant to Section 8.11E, resolves the dispute in accordance with the dispute resolution procedures set forth in Article 17 (but only to the extent such resolution favors payment to Contractor).

8.12 Interest on Late Payments and Improper Collection. Any (a) amounts due but not paid hereunder within thirty (30) Days after the due date or (b) amounts withheld from Contractor but later finally determined in accordance with the dispute resolution procedure set forth in Article 17 to have been improperly withheld shall bear interest at the lesser of (i) an annual rate equal to the prime rate set from time to time by Citibank, N.A. plus three percent (3%), or (ii) the maximum rate permitted under Applicable Law.

8.13 Offset. Owner may offset any amount due and payable from Contractor to Owner under the Contract Documents against any amount due and payable to Contractor hereunder.

8.14 Payment Error. If an error is made in connection with a payment, and such payment is an overpayment, the Party receiving the payment in error shall immediately refund the mistaken amount to the paying Party. Without limiting the preceding sentence, and in addition to any other remedy available to Owner under this Agreement, (i) if Owner discovers that Work

associated with a Work item contained Defective Work, then Owner may offset the amount of the payment against future payments in the amount of the payment until the correction of the Defective Work is achieved, (ii) if Owner discovers that any amounts paid by it to Contractor in a preceding Month was incorrect pursuant to Section 8.14, then Owner may offset such amounts against future payments, or (iii) if Owner discovers that any amounts paid by it to Contractor in a preceding Month lacked sufficient or accurate supporting information, then Owner may offset such amounts against future payments for such amounts until sufficient and accurate supporting information is provided pursuant to Sections 8.3, 8.4 and 8.5.

8.15 **Reconciliation or True-Up of Payments.** Contractor shall attach to each Invoice submitted in accordance with Section 8.2B all calculations and documentation, in accordance with Attachment C, which determine (i) the actual Cost of Work incurred by Contractor in the previous Month, including all calculations, data, work logs, invoices, receipts, and other supporting documentation necessary to justify such actual Cost of the Work and (ii) the Fee based upon Contractor's calculated actual Cost of Work. Within five (5) Days of Owner's receipt of such documentation and the actual Cost of Work, Owner may request from Contractor any additional documentation Owner requires to support the calculation of the actual Cost of Work. Should Owner and Contractor fail to agree upon the value of the actual Cost of Work or the Fee for such previous Month, such dispute will be resolved pursuant to Article 17. Failure of Owner to request additional documentation within the times specified above, or to object to the actual Cost of Work or Fee reported by Contractor and included in an Invoice, shall not prejudice Owner's rights to later require such documentation or later object to such Cost of Work and Fee. Notwithstanding Owner or Contractor's right to resolve a dispute regarding the actual Cost of Work or Fee in a particular Month pursuant to Article 17, Owner shall have the right to offset or withhold, from the current Month's Invoice, the difference between (a) the aggregate of (i) the estimated Cost of Work for the previous Month's Work and (ii) the estimated Fee for the previous Month's Work and (b) the aggregate of (i) the undisputed portion of the actual Cost of Work for the previous Month's Work and (ii) the undisputed portion of the Fee for the previous Month's Work.

Article 9
TITLE AND RISK OF LOSS

9.1 **Clear Title.** Subject to Contractor's receipt of all payments of undisputed amounts currently due in accordance with the terms of the Contract Documents, Contractor warrants and guarantees that legal title to and ownership of the Work shall be free and clear of any and all liens, claims, security interests or other encumbrances arising out of the Work when title thereto passes to Owner.

9.2 **Title to Work.** Title to all or any portion of the Work (other than Work Product) shall pass to Owner upon the earlier of (i) payment by Owner therefore or (ii) delivery of such Work upon the Site. Transfer of title to Work shall be without prejudice to Owner's right to reject Defective Work, or any other right in the Contract Documents.

9.3 **Risk of Loss.** At all times during the effective period of this Agreement Owner shall retain any and all risk of loss or damage to the Work (including Equipment), *provided that* Contractor obtains and maintains the builder's risk insurance as required under this Agreement. Whether or not Owner or Contractor insures or self-insures, Contractor is fully released from any

and all such risk, and Owner agrees to waive all of its rights and require its insurers, as applicable, to waive subrogation rights against Contractor for loss or damage to the Work, even if such damage is caused by the negligence or fault of Contractor, and not only to the extent of Owner's or Contractor's insurance coverage, *provided that* Contractor obtains and maintains the builder's risk insurance as required under this Agreement. Contractor will protect the Work against loss or damage from and after the time the Parties mutually execute a Work Order until such Work is finally accepted by Owner. Notwithstanding the foregoing, this Section 9.3 shall not in any way be deemed to affect Contractor's obligations under Article 12.

Article 10
INSURANCE

10.1 **Provision of Insurance.** The Parties shall provide the insurance as specified in Attachment L on terms and conditions stated therein.

10.2 **No Cancellation.** All policies providing coverage hereunder shall contain a provision that at least thirty (30) Days' prior written notice shall be given to the non-procuring Parties and additional insureds prior to cancellation, non-renewal or material change in the coverage.

10.3 **Obligations Not Relieved.** Anything in the Contract Documents to the contrary notwithstanding, the occurrence of any of the following shall in no way relieve Contractor from any of its obligations under the Contract Documents: (i) failure by Contractor to secure or maintain the insurance coverage required hereunder; (ii) failure by Contractor to comply fully with any of the insurance provisions of this Agreement; (iii) failure by Contractor to secure such endorsements on the policies as may be necessary to carry out the terms and provisions of the Contract Documents; (iv) the insolvency, bankruptcy or failure of any insurance company providing insurance to Contractor; or (v) failure of any insurance company to pay any claim accruing under its policy.

10.4 **Failure to Provide Insurance.** In the event that liability for any loss or damage is denied by the underwriter or underwriters in whole or in part due to the breach of said insurance by a procuring Party, or for any other reason attributable to such Party, or if either Party fails to maintain any of the insurance herein required, then the defaulting Party shall defend, indemnify and hold the other Party harmless against all losses which would otherwise have been covered by said insurance.

10.5 **Unavailable Insurance.** If any insurance (including the limits or deductibles thereof) hereby required to be maintained, other than insurance required by Applicable Law to be maintained, shall not be reasonably available in the commercial insurance market, Owner and Contractor shall not unreasonably withhold their agreement to waive such requirement to the extent that maintenance thereof is not so available; *provided, however*, that the Party shall first request any such waiver in writing from the other Party, which request shall be accompanied by written reports prepared by two (2) independent advisers, including insurance brokers, of recognized international standing certifying that such insurance is not reasonably available in the commercial insurance market (and, in any case where the required amount is not so available, explaining in detail the basis for such conclusions), such insurance advisers and the form and

substance of such reports to be reasonably acceptable to the other Party. Any such waiver shall be effective only so long as such insurance shall not be available and commercially feasible in the commercial insurance market.

Article 11
OWNERSHIP OF DOCUMENTATION

11.1 Work Product, Contractor's Intellectual Property and Third Party Proprietary Work Product

A. *Ownership of Work Product.* Owner and Contractor acknowledge that during the course of, and as a result of, the performance of the Work and prior services related to the Facility done by Zachry or AMEC for Owner under the Master Services Agreement, Contractor or any Subcontractors will create, or have created, and will deliver, or have delivered, to Owner, certain written materials, plans, Drawings (including P&IDs), Specifications or other tangible results of performance of the Work under the Contract Documents or performance of services by Zachry or AMEC for Owner under the Master Services Agreement (hereinafter individually or collectively referred to as "**Work Product**"). Subject to this Section 11.1, Owner shall own all rights, title and interest to the Work Product and any and all intellectual property rights in the Work Product (including all patents and applications therefor, all inventions, trade secrets, know-how, technology, technical data, customer lists, copyrights and all registrations and applications therefor, and all industrial designs) irrespective of any copyright notices or confidentiality legends to the contrary which may have been placed in or on such Work Product by Contractor, any Subcontractor, or any other Person.

B. *Contractor's Intellectual Property and Third Party Proprietary Work Product* Notwithstanding the provisions of Section 11.1A, Contractor shall (as between Owner and Contractor) retain ownership of all intellectual property rights previously owned by Contractor or developed by it outside the Contract Documents or any work developed by Zachry or AMEC outside the Master Services Agreement (hereinafter referred to as "**Contractor's Intellectual Property**"), regardless of whether such Contractor's Intellectual Property is embedded in the Work Product, and nothing in the Contract Documents shall result in a transfer of ownership of either Contractor's Intellectual Property or the intellectual property rights previously owned or developed by Subcontractors outside the Contract Documents or the Master Services Agreement ("**Third Party Proprietary Work Product**"). With respect to such Contractor's Intellectual Property and Third Party Proprietary Work Product relating to the Work, Contractor hereby grants Owner an irrevocable, perpetual and royalty-free license to use and (subject to Section 11.1C) modify Contractor's Intellectual Property and Third Party Proprietary Work Product (which in either case is embedded in the Work Product relating to the Facility), in each case solely for the purpose of the design, engineering, construction, pre-commissioning, commissioning, start-up, testing and operation of the Facility. Owner shall be entitled to assign its rights in the Work Product and in such license; *provided that* such assignee shall only be entitled to use the Work Product and Contractor's Intellectual Property and Third Party Proprietary Work Product which is embedded in the Work Product for the purposes specified above. Unless otherwise agreed to in writing by Owner, all Subcontracts shall contain provisions consistent with this Section 11.1.

C. Modification of Work Product or Contractor's Intellectual Property. In addition, Owner, at its own risk, or its contractors shall be entitled to modify (a) the Work Product or (b) Contractor's Intellectual Property embedded in the Work Product in connection with the purposes set forth in Section 11.1B; *provided that* Owner shall first remove, or cause to be removed, all references to Contractor from the Work Product and Contractor's Intellectual Property embedded in the Work Product. OWNER SHALL DEFEND, INDEMNIFY AND HOLD THE CONTRACTOR GROUP HARMLESS FROM AND AGAINST ALL DAMAGES, LOSSES, COSTS AND EXPENSES (INCLUDING ALL REASONABLE ATTORNEYS' FEES AND LITIGATION OR ARBITRATION EXPENSES) INCURRED BY ANY MEMBER OF THE CONTRACTOR GROUP AND CAUSED BY ANY MODIFICATIONS TO THE WORK PRODUCT OR CONTRACTOR'S INTELLECTUAL PROPERTY.

D. Owner's Affiliates Use of the Work Product and Contractor's Intellectual Property for Other Projects In addition, Owner's Affiliates shall be entitled to use the Work Product at Owner's Affiliate sole risk and Contractor hereby grants to Owner's Affiliates an irrevocable and royalty-free license, non-transferable and non-assignable (except as set forth below) to use Contractor's Intellectual Property embedded in the Work Product, in each case solely for the purpose of developing other projects; *provided that* (i) Owner's Affiliates shall first remove all references to Contractor and the Facility from the Work Product and Contractor's Intellectual Property embedded in the Work Product, (ii) the use of any of Contractor's Intellectual Property on such other projects shall be limited to such Contractor's Intellectual Property which is embedded in the Work Product; and (iii) Owner's Affiliate shall not assign such Work Product or license without Contractor's consent, which consent shall not be unreasonably withheld. OWNER SHALL DEFEND, INDEMNIFY AND HOLD THE CONTRACTOR GROUP HARMLESS FROM AND AGAINST ALL DAMAGES, LOSSES, COSTS AND EXPENSES (INCLUDING ALL REASONABLE ATTORNEYS' FEES AND LITIGATION OR ARBITRATION EXPENSES) INCURRED BY ANY MEMBER OF THE CONTRACTOR GROUP AND CAUSED BY USE OF THE WORK PRODUCT OR CONTRACTOR'S INTELLECTUAL PROPERTY IN CONNECTION WITH PROJECTS OTHER THAN THE WORK OR THE FACILITY.

E. Identification of Third Party Proprietary Work Product. Contractor shall identify which portions of the Work Product contain Third Party Proprietary Work Product for which Owner's Affiliates shall need to obtain permission from the appropriate owners of such Third Party Proprietary Work Product for use by Owner's Affiliates on projects other than the Facility. Notwithstanding anything to the contrary in this Agreement, no license is granted to Owner with respect to the use of any Contractor proprietary software or systems.

11.2 Return of Work Product. All Work Product, and all copies thereof, shall be returned or delivered to Owner upon the earlier of (i) completion of all Work under the Contract Documents or (ii) termination of this Agreement, except that Contractor may, subject to its confidentiality obligations set forth in this Agreement, retain one record set of the Work Product; *provided that*, if the Parties execute the EPC Agreement, Contractor shall be entitled to retain such Work Product as specified in the EPC Agreement.

11.3 **Contractor's Right to Use of Work Product** Contractor shall not have the right to use or modify any Work Product for any other project without the express written consent of Owner, which shall not be unreasonably withheld.

11.4 **Owner Provided Documents.** As between Owner and Contractor, all written materials, plans, drafts, specifications, computer files or other documents (if any) prepared or furnished by Owner or any of Owner's other consultants or contractors shall at all times remain the property of Owner, and Contractor shall not make use of any such documents or other media for any other project or for any other purpose than as set forth herein. All such documents and other media, including all copies thereof, shall be returned to Owner upon the earlier of (i) completion of all Work under the Contract Documents or (ii) termination of this Agreement, except that Contractor may, subject to its confidentiality obligations as set forth in this Agreement, retain one record set of such documents or other media; *provided that*, if the Parties execute the EPC Agreement, Contractor shall be entitled to retain such documents or other media to the extent specified in the EPC Agreement.

Article 12 **WARRANTY AND CORRECTION OF WORK**

12.1 Warranty.

A. **General.** The warranties set forth in this Article 12 are hereinafter referred to as the "*Warranties*" or "*Warranty*". Any Work, or component thereof, that is not in conformity with any Warranty is defective ("*Defective*") and contains a defect ("*Defect*").

B. **Warranty of Work.** Contractor hereby warrants that:

1. the Equipment, and each component thereof, shall be new (unless otherwise specified in the Contract Documents) and of good quality;
2. the Work (including the Equipment) shall be in accordance with all of the requirements of the Contract Documents, including in accordance with GECP, Applicable Law and, subject to Section 3.3, Applicable Codes and Standards; and
3. the Work (including the Equipment) shall be free from encumbrances to title, as set forth in greater detail in Section 9.1.

C. **Assignment and Enforcement of Subcontractor Warranties.** Contractor shall obtain warranties from Subcontractors that meet or exceed the requirements of the Contract Documents; *provided, however*, Contractor shall not in any way be relieved of its responsibilities and liability to Owner under the Contract Documents, regardless of whether such Subcontractor warranties meet the requirements of the Contract Documents, as Contractor shall be fully responsible and liable to Owner for its Warranty and Corrective Work obligations and liability under this Agreement for all Work. All such warranties shall run to the benefit of Contractor but shall permit Contractor, prior to assignment to Owner, the right (upon mutual agreement of the Parties), to authorize Owner to deal with Subcontractor on Contractor's behalf. Such warranties, with duly executed instruments

assigning the warranties, shall be delivered to Owner concurrent with the end of the Defect Correction Period. This Section 12.1C shall not in any way be construed to limit Contractor's liability under the Contract Documents for the entire Work or its obligation to enforce Subcontractor warranties.

D. Exceptions to Warranty. Contractor shall have no liability to Owner, for any damage or defect to the extent caused by: (i) improper repairs or alterations, misuse, neglect or accident by Owner; (ii) operation, maintenance or use of the Facility, Work or any component thereof in a manner not in compliance with a material requirement of operation and maintenance manuals delivered by Contractor to Owner; (iii) normal wear and tear; or (iv) normal corrosion.

12.2 Defective Work. If, at any time during the period commencing upon the Work Order Effective Date and ending upon the expiration of the Defect Correction Period, any of the Work under a Work Order is found to be Defective, Contractor shall promptly correct (whether by repair, replacement or otherwise) such Defective Work and any other portions of the Work damaged by such Defective Work (the correction of the Defective Work and any portions of the Work damaged by such Defective Work is hereby defined as the "**Corrective Work**"). Contractor shall be reimbursed for Contractor's Cost of Work, as determined under Attachment C, for such Corrective Work (including costs incurred by Contractor and allowable as a Cost of Work in enforcing Subcontracts), it being understood and agreed upon between the Parties that Contractor shall receive no Fee or any other form of profit or markup for the performance of any Corrective Work. Contractor may not request compensation for Cost of Work incurred by a Subcontractor to perform Corrective Work, unless the applicable Subcontract is on a cost-reimbursable basis and expressly permits such Subcontractor to be paid compensation for performing Corrective Work. If Contractor fails to commence the Corrective Work within a reasonable time not to exceed five (5) Days, or does not complete such Corrective Work on a prompt basis once commenced, then Owner has the right, but not the obligation, to perform the Corrective Work, and Contractor shall be liable to Owner for all damages, costs, losses and expenses incurred by Owner in connection with such Corrective Work. At Owner's sole discretion, such damages, costs, losses and expenses incurred by Owner for such portion of Corrective Work shall be payable by Contractor to Owner no later than thirty (30) Days after Contractor's receipt of Owner's Invoice for such damages, costs, losses and expenses, or Owner may withhold payment of amounts otherwise due under the Contract Documents in the amount of such damages, costs, losses and expenses. This Section 12.2 sets forth the exclusive remedy for a breach of Warranty, except for (i) Owner's right to terminate this Agreement, (ii) Contractor's indemnification obligations under this Agreement, and (iii) Owner's right to bring an action against Contractor, the Guarantor, Zachry and/or AMEC for Contractor's failure to commence or complete the Corrective Work as required above.

12.3 Extended Defect Correction Period for Corrective Work. With respect to any Corrective Work performed by Contractor, the Defect Correction Period for such Corrective Work shall be extended for an additional one (1) year from the date of the completion of such Corrective Work; *provided, however*, in no event shall the Defect Correction Period for any Work (including Corrective Work) extend beyond thirty-six (36) Months after final completion of the Work.

12.4 Standards for Corrective Work. All Corrective Work shall be performed subject to the same terms and conditions under the Contract Documents as the original Work is required to

be performed. In connection with the Corrective Work, any change to Equipment that would alter the requirements of the Contract Documents may be made only with prior written approval of Owner in accordance with Section 3.23.

12.5 Assignability of Warranties. The Warranties made in this Agreement shall be for the benefit of Owner and its successors and permitted assigns and the respective successors and permitted assigns of any of them, and are fully transferable and assignable.

12.6 Waiver of Implied Warranties. THE EXPRESS WARRANTIES SET FORTH IN THIS AGREEMENT (INCLUDING WARRANTIES) ARE EXCLUSIVE AND THE PARTIES HEREBY DISCLAIM, AND OWNER HEREBY WAIVES ANY AND ALL STATUTORY, ORAL OR IMPLIED WARRANTIES UNDER APPLICABLE LAW (INCLUDING THE GOVERNING LAW SPECIFIED IN SECTION 20.9), INCLUDING THE IMPLIED WARRANTY OF MERCHANTABILITY AND IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE AND WARRANTIES ARISING FROM COURSE OF DEALING OR TRADE USAGE. FOR AVOIDANCE OF DOUBT, THERE ARE NO WARRANTIES OTHER THAN AS STATED IN THE CONTRACT DOCUMENTS.

Article 13 **CONTRACTOR'S REPRESENTATIONS**

Contractor, Zachry and AMEC represent and warrant as of the Agreement Effective Date, as applicable, that:

13.1 Corporate Standing. Contractor is a limited partnership duly organized, validly existing and in good standing under the laws of Texas; Contractor's general partners are (i) Zachry, a duly organized, validly existing corporation in good standing under the laws of Delaware, and (ii) AMEC, a duly organized, validly existing corporation in good standing under the laws of Georgia; Contractor's limited partners are (i) Capitol Construction, Inc. and (ii) AGRA Monenco U.S., Inc., both of which are duly organized, validly existing corporations in good standing under the laws of Nevada; and each is authorized to do business in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify would have a material adverse effect on its financial condition, operations, prospects, taxes or business.

13.2 No Violation of Law; Litigation. Each is not in violation of any Applicable Law or judgment entered by any Governmental Instrumentality, which violations, individually or in the aggregate, would affect its performance of any obligations under the Contract Documents. There are no legal or arbitration proceedings or any proceeding by or before any Governmental Instrumentality, now pending or (to the best of its knowledge) threatened against Contractor, Zachry, AMEC, Capitol Construction, Inc. or AGRA Monenco U.S., Inc. that, if adversely determined, could reasonably be expected to have a material adverse effect on the financial condition, operations, prospects or business, as a whole, of Contractor, Zachry, AMEC, Capitol Construction, Inc. or AGRA Monenco U.S., Inc. or the ability of any of them to perform their respective obligations under the Contract Documents.

13.3 Licenses. Contractor is the holder of all licenses required to permit it to operate or conduct its business in Texas now and as contemplated by the Contract Documents.

13.4 No Breach. Neither the execution and delivery of this Agreement, nor the

consummation of the transactions herein contemplated or compliance with the terms and provisions hereof will conflict with or result in a breach of, or require any consent under, the charter or by-laws of Contractor, Zachry, AMEC, Capitol Construction, Inc. or AGRA Monenco U.S., Inc. or any Applicable Law or regulation, or any order, writ, injunction or decree of any court, or any agreement or instrument to which Contractor, Zachry, AMEC, Capitol Construction, Inc. or AGRA Monenco U.S., Inc. is a party or by which any or them are bound, or to which any of them are or any of their property or assets is subject, or constitute a default under any such agreement or instrument.

13.5 **Corporate Action.** Each has all necessary power and authority to execute, deliver and perform its obligations under this Agreement; the execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the part of each; and this Agreement has been duly and validly executed and delivered by each and constitutes a legal, valid and binding obligation of Contractor, Zachry and AMEC enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws relating to the enforcement of creditors' rights generally.

13.6 **Financial Solvency.** Each is financially solvent, able to pay all debts as they mature and possesses sufficient working capital to complete the Work and perform its respective obligations hereunder. Guarantor, guaranteeing the obligations of Contractor pursuant to Section 20.17 of this Agreement, is financially solvent, able to pay all debts as they mature, and possesses sufficient working capital to perform the Parent Guarantee.

Article 14 **OWNER'S REPRESENTATIONS**

Owner represents and warrants as of the Agreement Effective Date that:

14.1 **Standing.** It is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware, is qualified to do business in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify would have a material adverse effect on its financial condition, operations, prospects or business.

14.2 **No Violation of Law; Litigation.** It is not in violation of any Applicable Law, or judgment entered by any Governmental Instrumentality, which violations, individually or in the aggregate, would affect its performance of any obligations under this Agreement. There are no legal or arbitration proceedings or any proceeding by or before any Governmental Instrumentality, now pending or (to the best knowledge of Owner) threatened against Owner that, if adversely determined, could reasonably be expected to have a material adverse effect on the financial condition, operations, prospects or business, as a whole, of Owner, or its ability to perform under this Agreement.

14.3 **Licenses.** It is the holder of or will take the necessary action to obtain all Permits required to be obtained by it in accordance with Section 4.2.

14.4 **No Breach.** Neither the execution and delivery of this Agreement, nor the consummation of the transactions herein contemplated or compliance with the terms and

provisions hereof and thereof will conflict with or result in a breach of, or require any consent under, the constituent documents of Owner, any Applicable Law, any order, writ, injunction or decree of any court, or any agreement or instrument to which Owner is a party or by which it is bound or to which it or any of its property or assets is subject, or constitute a default under any such agreement or instrument.

14.5 **Corporate Action.** It has all necessary power and authority to execute, deliver and perform its obligations under this Agreement; the execution, delivery and performance by Owner of this Agreement has been duly authorized by all necessary action on its part; and this Agreement has been duly and validly executed and delivered by Owner and constitutes a legal, valid and binding obligation of Owner enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws relating to the enforcement of creditors' rights generally.

14.6 **Ability to Pay.** It is able to pay all amounts owed under this Agreement as they become due.

Article 15
DEFAULT, TERMINATION AND SUSPENSION

15.1 Default by Contractor.

A. **Owner Rights Upon Contractor Default.** If Contractor shall at any time: (i) fail to commence Work under any Work Order mutually agreed to in accordance with the provisions of the Contract Documents; (ii) abandon any Work, unless permitted under Section 3.24, 15.4 or 15.5; (iii) repudiate or fail to materially comply with any of its material obligations under the Contract Documents; (iv) be in Default pursuant to Section 20.7; (v) fail to maintain insurance required under this Agreement, subject to Section 10.5; (vi) fail to discharge liens filed by any Subcontractor as required under this Agreement; (vii) materially disregard Applicable Law or, subject to Section 3.3, Applicable Standards and Codes; or (viii) itself or Guarantor experiences an Insolvency Event, in which such case the cure provisions found below shall not apply (each of the foregoing being a "**Default**") then, Owner has the right (without prejudice to any other rights under the Contract Documents) to provide written notice to Contractor specifying the nature of the Default and demanding that such Default be cured. If:

1. with respect to any clause above (with the exception of clause (viii)),
 - a. Contractor fails to cure such Default within thirty (30) Days after receipt of such notice or,
 - b. if the Default cannot be cured within such thirty (30) Day period through the diligent exercise of all commercially practicable efforts, Contractor fails to diligently exercise all commercially practicable efforts to cure such condition or fails to cure such condition within ninety (90) Days after receipt of such notice to cure such Default;

or

2. Contractor experiences an Insolvency Event, Owner,

- in the event of (1) or (2), at its sole option and, without prejudice to any other rights that it has under this Agreement and, upon notice to Contractor, may
- (y) take such steps as are reasonably necessary to overcome the Default condition, in which case Contractor shall be liable to Owner, subject to Sections 19.1 and 19.2, for any and all reasonable costs and expenses (including all reasonable attorneys' fees, consultant fees and arbitration expenses) incurred by Owner in connection therewith, or
 - (z) terminate for Default Contractor's performance of all or any portion of the Work under any or all Work Orders or this Agreement.

Guarantor's failure to materially comply with any provision of the Parent Guarantee shall be a Default under this Agreement.

B. *Additional Rights of Owner Upon Termination.* In the event of a termination for Default in accordance with Section 15.1A, then Owner may, at its sole option, as applicable to the terminated portion of the Work: (i) enter onto the Site and, for the purpose of completing such Work, take possession of the Construction Equipment, Work Product, copies of all Work-specific Books and Records and other items owned or rented by Contractor (subject to the relevant Construction Equipment lease or rental agreements), (ii) take assignment of any or all of the Subcontracts, and/or (iii) either itself or through others complete the Work.

C. *Obligations Upon Termination.* Upon termination for Default in accordance with Section 15.1A, Contractor shall, as applicable to the terminated portion of the Work: (i) immediately discontinue Work on the date specified in the notice; (ii) place no further orders for Subcontracts, or any other items or services; (iii) inventory, maintain and turn over to Owner all Construction Equipment owned by Contractor and (subject to the relevant Construction Equipment lease or rental agreements) all Construction Equipment rented by Contractor and, in each case, present on the Site prior to Contractor's receipt of the termination notice or provided by Owner for performance of the terminated Work; (iv) promptly make every reasonable effort to procure assignment or cancellation upon terms satisfactory to Owner of all Subcontracts, including rental agreements; (v) cooperate with Owner in the transfer of Work Product, including Drawings and Specifications, Permits and any other items or information and disposition of Work in progress so as to mitigate damages; (vi) comply with other reasonable requests from Owner regarding the terminated Work; (vii) thereafter preserve and protect Work already in progress and protect Equipment at the Site or in transit thereto, and to comply with any Applicable Law and any Applicable Codes and Standards; and (viii) perform all other obligations under Section 15.1B.

D. No Further Entitlement to Payment. Upon termination for Default in accordance with Section 15.1A, Contractor shall not be entitled to any further payment from Owner for the terminated Work and Owner shall have no further obligation to make payment to Contractor for any terminated Work. Notwithstanding this Section 15.1D, within twenty (20) Days of the date of termination of this Agreement, Contractor shall reimburse Owner for any payments or portions of payments made pursuant to Article 8 which Contractor did not incur or earn through the actual Cost of Work or the Fee prior to termination for Default.

15.2 Termination for Convenience by Owner. Owner shall have the right to terminate all or a portion of the Work for its convenience by providing Contractor with a written notice of termination, to be effective upon receipt by Contractor. Upon termination for convenience, Contractor shall, as applicable to the terminated portion of the Work: (i) immediately discontinue the terminated portion of the Work on the date of the notice, (ii) place no further orders for Subcontracts or any other items or services for the terminated portion of the Work, (iii) promptly make every reasonable effort to procure cancellation upon terms satisfactory to Owner and Contractor of all Subcontracts, including rental agreements, unless Owner elects to take assignment of any such Subcontracts, (iv) assist Owner in the maintenance, protection, and disposition of Work in progress, including Equipment at the Site or in transit to the Site, (v) cooperate with Owner for the efficient transition of the Work, and (vi) cooperate with Owner in the transfer of Work Product, including Drawings and Specifications, Permits and any other items or information and disposition of Work in progress, and Owner may, at its sole option, take assignment of any or all of the Subcontracts. No later than twenty-five (25) Days after submission of Contractor's Invoice(s) therefor, Contractor shall be paid for that portion of the Fee and Cost of Work for the Work performed up to the date of termination in accordance with this Agreement and the actual costs reasonably incurred by Contractor on account of such termination (which costs shall be adequately documented and supported by Contractor), including costs associated with demobilization of Contractor's and Subcontractors' personnel and Construction Equipment and any reasonable cancellation fees incurred by Contractor from cancellation of Subcontracts, less payments previously made to Contractor. If Contractor has been paid in excess of such amounts due to the advance payment methodology in Article 8, Contractor shall pay Owner such excess within twenty (20) Days of Owner's demand. In no event under this Agreement shall Contractor be entitled to receive any amount for unabsorbed overhead, contingency, risk or anticipatory profits.

15.3 Suspension of Work. Owner may, for any reason, at any time and from time to time, by giving thirty (30) Days' prior written notice to Contractor, suspend the carrying out of the Work or any part thereof, whereupon Contractor shall suspend the carrying out of such suspended Work for such time or times as Owner may require and shall take reasonable steps to minimize any costs associated with such suspension. During any such suspension, Contractor shall properly protect and secure such suspended Work in such manner as Owner may reasonably require. Unless otherwise instructed by Owner, Contractor shall during any such suspension maintain its staff and labor and otherwise be ready to proceed expeditiously with the Work as soon as reasonably practicable after receipt of Owner's further instructions. As soon as reasonably practicable after receipt of notice to resume suspended Work, Contractor shall promptly resume performance of the Work to the extent required in the notice. In no event shall Contractor be entitled to any additional profits or damages due to such suspension.

15.4 Suspension by Contractor for Owner's Failure to Pay Undisputed Amounts. If Owner fails to pay any undisputed amount due and owing to Contractor and such failure continues for more than twenty (20) Days after the due date for such payment, then Contractor may suspend performance of the Work under the applicable Work Order until Contractor receives such undisputed amounts. Prior to any such suspension, Contractor shall provide Owner with at least fourteen (14) Days' prior written notice of its intent to suspend performance of such Work. If and when Owner pays such undisputed amounts, Contractor shall immediately resume its performance of the Work.

15.5 Contractor's Right to Terminate. If Owner shall at any time: (i) fail to pay any undisputed amount pursuant to Article 8; (ii) experience an Insolvency Event; or (iii) suspend the entire Work under this Agreement pursuant to Section 15.3 for one or more periods exceeding one hundred twenty (120) Days in the aggregate (each of the foregoing being an "**Owner Default**") then, Contractor has the right (without prejudice to any other rights under the Agreement) to provide written notice to Owner specifying the nature of the Owner Default and demanding that such Owner Default be cured. If: (a) with respect to clause (i) Owner fails to cure such Owner Default within sixty (60) Days after receipt of such notice; (b) Owner experiences an Insolvency Event; or (c) Owner suspends the entire Work under this Agreement pursuant to Section 15.3 for an aggregate period exceeding one hundred twenty (120) Days, Contractor may, in the event of (a), (b) or (c), at its sole option and without prejudice to any other rights that it has under this Agreement, and upon notice to Owner, terminate this Agreement. In the event of such termination under this Section 15.5, Contractor shall have the rights (and Owner shall make the payments) provided for in Section 15.2 in the event of an Owner termination for convenience.

Article 16 **INDEMNITIES**

16.1 General Indemnification. In addition to its indemnification, defense and hold harmless obligations contained elsewhere in this Agreement, Contractor shall indemnify, hold harmless and defend the Owner Group from any and all damages, losses, costs and expenses (including all reasonable attorneys' fees and litigation or arbitration expenses) to the extent that such damages, losses, costs and expenses result from any of the following:

- A. FAILURE OF CONTRACTOR OR ITS SUBCONTRACTORS TO COMPLY WITH APPLICABLE LAW; *PROVIDED THAT* THIS INDEMNITY SHALL BE LIMITED TO FINES AND PENALTIES IMPOSED ON OWNER GROUP AND RESULTING FROM THE FAILURE OF CONTRACTOR OR ITS SUBCONTRACTORS TO COMPLY WITH APPLICABLE LAW;
- B. WITH THE EXCEPTION OF ACTUAL OR ASSERTED VIOLATION OR INFRINGEMENT OF ANY DOMESTIC OR FOREIGN PATENTS, COPYRIGHTS OR TRADEMARKS OR OTHER INTELLECTUAL PROPERTY RELATED TO THE DOCUMENTS AND INFORMATION PREPARED BY BLACK & VEATCH OR SHINER MOSELEY, ANY AND ALL DAMAGES, LOSSES, COSTS AND EXPENSES SUFFERED BY A THIRD PARTY AND RESULTING FROM ACTUAL OR ASSERTED VIOLATION OR INFRINGEMENT OF ANY DOMESTIC OR FOREIGN PATENTS, COPYRIGHTS OR TRADEMARKS OR OTHER INTELLECTUAL PROPERTY OWNED BY A THIRD PARTY TO THE EXTENT THAT SUCH VIOLATION OR INFRINGEMENT RESULTS FROM

PERFORMANCE OF THE WORK BY CONTRACTOR OR ANY OF ITS SUBCONTRACTORS, OR ANY IMPROPER USE OF THIRD PARTY CONFIDENTIAL INFORMATION OR OTHER THIRD PARTY PROPRIETARY RIGHTS THAT MAY BE ATTRIBUTABLE TO CONTRACTOR OR ANY SUBCONTRACTOR IN CONNECTION WITH THE WORK;

C. FAILURE BY CONTRACTOR OR ANY SUBCONTRACTOR TO PAY TAXES FOR WHICH SUCH PERSON IS LIABLE;

D. FAILURE OF CONTRACTOR TO MAKE PAYMENTS TO ANY SUBCONTRACTOR IN ACCORDANCE WITH THE RESPECTIVE SUBCONTRACT; OR

E. PERSONAL INJURY TO OR DEATH OF ANY PERSON (OTHER THAN EMPLOYEES OF ANY MEMBER OF THE CONTRACTOR GROUP, THE OWNER GROUP, ANY SUBCONTRACTOR OR LANDOWNER), AND DAMAGE TO OR DESTRUCTION OF PROPERTY OF THIRD PARTIES (OTHER THAN LANDOWNERS) TO THE EXTENT ARISING OUT OF OR RESULTING FROM THE NEGLIGENCE IN CONNECTION WITH THE WORK OF ANY MEMBER OF THE CONTRACTOR GROUP OR ANY SUBCONTRACTOR OR ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY THEM.

16.2 Injuries to Contractor's or Owner's Employees

A. Injuries to Contractor's Employees. SUBJECT TO SECTION 16.4B, CONTRACTOR SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS THE OWNER GROUP FROM AND AGAINST ALL DAMAGES, LOSSES, COSTS AND EXPENSES (INCLUDING ALL REASONABLE ATTORNEYS' FEES, AND LITIGATION OR ARBITRATION EXPENSES) ARISING OUT OF OR RESULTING FROM OR RELATED TO INJURY TO OR DEATH OF EMPLOYEES, OFFICERS OR DIRECTORS OF ANY MEMBER OF THE CONTRACTOR GROUP OR ANY SUBCONTRACTOR OCCURRING IN CONNECTION WITH THE WORK OR THE FACILITY, REGARDLESS OF THE CAUSE OF SUCH INJURY OR DEATH (INCLUDING THE JOINT OR CONCURRENT NEGLIGENCE, BREACH OF CONTRACT OR OTHER BASIS OF LIABILITY OF ANY MEMBER OF THE OWNER GROUP) EXCEPT FOR THE SOLE NEGLIGENCE OF ANY MEMBER OF THE OWNER GROUP.

B. Injuries to Owner's Employees. OWNER SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS THE CONTRACTOR GROUP FROM AND AGAINST ALL DAMAGES, LOSSES, COSTS AND EXPENSES (INCLUDING ALL REASONABLE ATTORNEYS' FEES, AND LITIGATION OR ARBITRATION EXPENSES) ARISING OUT OF OR RESULTING FROM OR RELATED TO INJURY TO OR DEATH OF ANY EMPLOYEES, OFFICERS OR DIRECTORS OF THE OWNER GROUP OCCURRING IN CONNECTION WITH THE WORK, REGARDLESS OF THE CAUSE OF SUCH INJURY OR DEATH (INCLUDING THE JOINT OR CONCURRENT NEGLIGENCE, BREACH OF CONTRACT OR OTHER BASIS OF LIABILITY OF ANY MEMBER OF THE CONTRACTOR GROUP) EXCEPT FOR THE SOLE NEGLIGENCE OF ANY MEMBER OF THE CONTRACTOR GROUP.

16.3 Damage to Contractor's or Owner's Property .

A. Damage to Contractor's Property. CONTRACTOR SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS THE OWNER GROUP FROM AND AGAINST ALL DAMAGES, LOSSES, COSTS AND EXPENSES (INCLUDING ALL REASONABLE ATTORNEYS' FEES, AND LITIGATION OR ARBITRATION EXPENSES) ARISING OUT OF OR RESULTING FROM OR RELATED

TO DAMAGE TO OR DESTRUCTION OF PROPERTY OF ANY MEMBER OF THE CONTRACTOR GROUP OR ANY SUBCONTRACTOR OCCURRING IN CONNECTION WITH THE WORK OR THE FACILITY, REGARDLESS OF THE CAUSE OF DAMAGE OR DESTRUCTION, INCLUDING THE SOLE OR JOINT NEGLIGENCE, BREACH OF CONTRACT OR OTHER BASIS OF LIABILITY OF ANY MEMBER OF THE OWNER GROUP.

B. *Damage to Owner's Property.* OWNER SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS THE CONTRACTOR GROUP FROM AND AGAINST ALL DAMAGES, LOSSES, COSTS AND EXPENSES (INCLUDING ALL REASONABLE ATTORNEYS' FEES, AND LITIGATION OR ARBITRATION EXPENSES) ARISING OUT OF OR RESULTING FROM OR RELATED TO DAMAGE TO OR DESTRUCTION OF PROPERTY OF OWNER GROUP (EXCLUDING THE WORK AND THE FACILITY) OCCURRING IN CONNECTION WITH THE WORK, REGARDLESS OF THE CAUSE OF SUCH DAMAGE OR DESTRUCTION, INCLUDING THE SOLE OR JOINT NEGLIGENCE, BREACH OF CONTRACT OR OTHER BASIS OF LIABILITY OF ANY MEMBER OF THE CONTRACTOR GROUP. Section 9.3 allocates the responsibility and liability for damage to the Work and the Facility.

16.4 Hazardous Materials Indemnification.

A. *Contractor Indemnification Obligations.* CONTRACTOR SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE OWNER GROUP FROM ANY AND ALL DAMAGES, LOSSES, COSTS AND EXPENSES (INCLUDING BODILY INJURY, DEATH AND PROPERTY DAMAGE OR DESTRUCTION AND REASONABLE ATTORNEYS' FEES AND LITIGATION OR ARBITRATION EXPENSES) TO THE EXTENT THAT SUCH DAMAGES, LOSSES, COSTS AND EXPENSES SUFFERED BY A THIRD PARTY RESULT FROM:

1. CONTRACTOR'S OR ANY SUBCONTRACTOR'S USE, HANDLING OR DISPOSAL OF HAZARDOUS MATERIALS BROUGHT ON THE SITE BY CONTRACTOR OR ANY SUBCONTRACTOR;

2. CONTRACTOR'S OR ANY SUBCONTRACTOR'S FAILURE TO STOP WORK IN AN AREA OF THE SITE CONTAINING PRE-EXISTING HAZARDOUS MATERIALS AFTER CONTRACTOR OR SUCH SUBCONTRACTOR KNOWS SUCH AREA CONTAINS HAZARDOUS MATERIALS, BUT SUCH INDEMNIFICATION, HOLD HARMLESS AND DEFENSE OBLIGATIONS ARE LIMITED TO THE PROCEEDS OF INSURANCE RECEIVED BY CONTRACTOR UNDER CONTRACTOR'S POLLUTION LIABILITY INSURANCE (SUCH INSURANCE BEING REQUIRED BY ATTACHMENT L, TO BE PROCURED BY CONTRACTOR) AND THE DEFENSE OBLIGATIONS PROVIDED BY SUCH INSURANCE;

3. CONTRACTOR'S OR ANY SUBCONTRACTOR'S DISREGARD OF OWNER'S WRITTEN ADVICE AS TO THE NATURE AND SPECIFIC LOCATION OF SUCH HAZARDOUS MATERIALS OR INSTRUCTIONS REGARDING SUCH HAZARDOUS MATERIALS IN PERFORMING WORK IN AREAS THAT CONTAIN OR MAY CONTAIN HAZARDOUS MATERIALS, BUT SUCH INDEMNIFICATION, HOLD HARMLESS AND DEFENSE OBLIGATIONS ARE LIMITED TO THE PROCEEDS OF INSURANCE RECEIVED BY CONTRACTOR OR ITS SUBCONTRACTORS UNDER CONTRACTOR'S POLLUTION LIABILITY INSURANCE (SUCH INSURANCE BEING REQUIRED BY ATTACHMENT L, TO

BE PROCURED BY CONTRACTOR) AND THE DEFENSE OBLIGATIONS PROVIDED BY SUCH INSURANCE.

4. NOTWITHSTANDING SECTIONS 16.4.A.2 AND 16.4.A.3, IN NO EVENT SHALL CONTRACTOR'S LIABILITY UNDER SECTIONS 16.4.A.2 AND 16.4.A.3 EXCEED TWENTY-FIVE MILLION U.S. DOLLARS (US\$25,000,000) IN THE AGGREGATE.

B. Owner Indemnification Obligations. NOTWITHSTANDING SECTIONS 16.2 AND 16.3, OWNER SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE CONTRACTOR GROUP AND ITS SUBCONTRACTORS FROM ANY AND ALL DAMAGES, LOSSES, COSTS AND EXPENSES (INCLUDING BODILY INJURY, DEATH AND PROPERTY DAMAGE OR DESTRUCTION AND REASONABLE ATTORNEYS' FEES AND LITIGATION OR ARBITRATION EXPENSES) TO THE EXTENT THAT SUCH DAMAGES, LOSSES, COSTS AND EXPENSES RESULT FROM:

1. ANY PRE-EXISTING HAZARDOUS MATERIALS AT THE SITE, BUT EXCLUDING ANY DAMAGES, LOSSES, COSTS AND EXPENSES RESULTING FROM: (I) CONTRACTOR'S OR ANY SUBCONTRACTOR'S FAILURE TO STOP WORK IN AN AREA OF THE SITE CONTAINING PRE-EXISTING HAZARDOUS MATERIALS AFTER CONTRACTOR OR SUCH SUBCONTRACTOR KNOWS SUCH AREA CONTAINS HAZARDOUS MATERIALS, OR (II) CONTRACTOR'S OR ANY SUBCONTRACTOR'S DISREGARD OF OWNER'S WRITTEN ADVICE AS TO THE NATURE OR SPECIFIC LOCATION OF SUCH HAZARDOUS MATERIALS OR INSTRUCTIONS REGARDING SUCH HAZARDOUS MATERIALS IN PERFORMING WORK IN AREAS THAT CONTAIN OR MAY CONTAIN HAZARDOUS MATERIALS; OR

2. OWNER OR ANY THIRD PARTY BRINGING ANY HAZARDOUS MATERIALS ON THE SITE AFTER THE AGREEMENT EFFECTIVE DATE.

16.5 Patent and Copyright Indemnification Procedure. IN THE EVENT THAT ANY VIOLATION OR INFRINGEMENT FOR WHICH CONTRACTOR IS RESPONSIBLE TO INDEMNIFY THE OWNER GROUP AS SET FORTH IN SECTION 16.1B RESULTS IN ANY SUIT, CLAIM, TEMPORARY RESTRAINING ORDER OR PRELIMINARY INJUNCTION, CONTRACTOR SHALL, IN ADDITION TO ITS OBLIGATIONS UNDER SECTION 16.1B, MAKE EVERY REASONABLE EFFORT, BY GIVING A SATISFACTORY BOND OR OTHERWISE, TO SECURE THE SUSPENSION OF THE INJUNCTION OR RESTRAINING ORDER. IF, IN ANY SUCH SUIT OR CLAIM, THE WORK, THE FACILITY OR ANY PART, COMBINATION OR PROCESS THEREOF, IS HELD TO CONSTITUTE AN INFRINGEMENT AND ITS USE IS PRELIMINARILY OR PERMANENTLY ENJOINED, CONTRACTOR SHALL PROMPTLY MAKE EVERY REASONABLE EFFORT TO SECURE FOR OWNER A LICENSE, AT NO COST TO OWNER, AUTHORIZING CONTINUED USE OF THE INFRINGING WORK OR PORTION OF THE FACILITY. IF CONTRACTOR IS UNABLE TO SECURE SUCH A LICENSE WITHIN A REASONABLE TIME, CONTRACTOR SHALL, AT ITS OWN EXPENSE AND WITHOUT IMPAIRING PERFORMANCE REQUIREMENTS, EITHER REPLACE THE AFFECTED WORK, IN WHOLE OR PART, WITH NON-INFRINGING COMPONENTS OR PARTS OR MODIFY THE SAME SO THAT THEY BECOME NON-INFRINGING.

16.6 Lien Indemnification. SHOULD CONTRACTOR OR ANY SUBCONTRACTOR OR ANY OTHER PERSON ACTING THROUGH OR UNDER ANY OF THEM FILE A LIEN OR OTHER ENCUMBRANCE AGAINST ALL OR ANY PORTION OF THE WORK, THE SITE OR THE FACILITY, *PROVIDED THAT* OWNER

HAS MADE PAYMENT TO CONTRACTOR OF ALL UNDISPUTED AMOUNTS CURRENTLY DUE CONTRACTOR IN ACCORDANCE WITH THE TERMS OF THE CONTRACT DOCUMENTS, CONTRACTOR SHALL, AT ITS SOLE COST AND EXPENSE, REMOVE OR DISCHARGE, BY PAYMENT, BOND OR OTHERWISE, SUCH LIEN OR ENCUMBRANCE WITHIN TWENTY-FIVE (25) DAYS OF THE FILING OF SUCH LIEN OR ENCUMBRANCE. IF CONTRACTOR FAILS TO REMOVE OR DISCHARGE ANY SUCH LIEN OR ENCUMBRANCE WITHIN SUCH TWENTY-FIVE (25) DAY PERIOD, THEN OWNER MAY, IN ITS SOLE DISCRETION AND IN ADDITION TO ANY OTHER RIGHTS THAT IT HAS UNDER THIS AGREEMENT, TAKE ANY ONE OR MORE OF THE FOLLOWING ACTIONS:

A. REMOVE OR DISCHARGE SUCH LIEN AND ENCUMBRANCE USING WHATEVER MEANS THAT OWNER, IN ITS SOLE DISCRETION, DEEMS APPROPRIATE, INCLUDING THE PAYMENT OF SETTLEMENT AMOUNTS THAT IT DETERMINES IN ITS SOLE DISCRETION AS BEING NECESSARY TO REMOVE OR DISCHARGE SUCH LIEN OR ENCUMBRANCE. IN SUCH CIRCUMSTANCE, CONTRACTOR SHALL BE LIABLE TO OWNER FOR ALL DAMAGES, COSTS, LOSSES AND EXPENSES (INCLUDING ALL REASONABLE ATTORNEYS' FEES AND LITIGATION OR ARBITRATION EXPENSES) INCURRED BY OWNER ARISING OUT OF OR RELATING TO SUCH REMOVAL AND DISCHARGE, SUBJECT TO A MAXIMUM CAP EQUAL TO THE AMOUNT OF THE LIEN OR ENCUMBRANCE PLUS REASONABLE ATTORNEYS' FEES AND LITIGATION AND ARBITRATION EXPENSES. ALL SUCH DAMAGES, COSTS, LOSSES AND EXPENSES SHALL BE PAID BY CONTRACTOR NO LATER THAN THIRTY (30) DAYS AFTER RECEIPT OF EACH INVOICE FROM OWNER;

B. SEEK AND OBTAIN AN ORDER GRANTING SPECIFIC PERFORMANCE FROM A COURT OF COMPETENT JURISDICTION, REQUIRING THAT CONTRACTOR IMMEDIATELY DISCHARGE AND REMOVE, BY BOND, PAYMENT OR OTHERWISE, SUCH LIEN OR ENCUMBRANCE. THE PARTIES EXPRESSLY AGREE THAT OWNER SHALL BE ENTITLED TO SUCH SPECIFIC PERFORMANCE AND THAT CONTRACTOR SHALL BE LIABLE TO OWNER FOR ALL DAMAGES, COSTS, LOSSES AND EXPENSES (INCLUDING ALL REASONABLE ATTORNEYS' FEES AND LITIGATION OR ARBITRATION EXPENSES) INCURRED BY OWNER ARISING OUT OF OR RELATING TO SUCH SPECIFIC PERFORMANCE ACTION. CONTRACTOR AGREES THAT THE FAILURE TO DISCHARGE AND REMOVE ANY SUCH LIEN OR ENCUMBRANCE WILL GIVE RISE TO IRREPARABLE INJURY TO OWNER AND OWNER'S AFFILIATES, AND FURTHER, THAT OWNER AND SUCH OWNER AFFILIATES WILL NOT BE ADEQUATELY COMPENSATED BY DAMAGES; OR

C. CONDUCT THE DEFENSE OF ANY ACTION IN RESPECT OF (AND ANY COUNTERCLAIMS RELATED TO) SUCH LIENS OR ENCUMBRANCES AS SET FORTH IN SECTION 16.7, WITHOUT REGARD TO CONTRACTOR'S RIGHTS UNDER SUCH SECTION.

16.7 Legal Defense. NOT LATER THAN FIFTEEN (15) DAYS AFTER RECEIPT OF WRITTEN NOTICE FROM THE INDEMNIFIED PARTY TO THE INDEMNIFYING PARTY OF ANY CLAIMS, DEMANDS, ACTIONS OR CAUSES OF ACTION ASSERTED AGAINST SUCH INDEMNIFIED PARTY FOR WHICH THE INDEMNIFYING PARTY HAS INDEMNIFICATION, DEFENSE AND HOLD HARMLESS OBLIGATIONS UNDER THIS AGREEMENT, WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS ASSERTED IN A LEGAL, JUDICIAL, ARBITRAL OR ADMINISTRATIVE PROCEEDING OR ACTION OR BY THIRTY (30) DAY NOTICE WITHOUT INSTITUTION OF SUCH LEGAL, JUDICIAL, ARBITRAL OR ADMINISTRATIVE PROCEEDING OR ACTION, THE INDEMNIFYING PARTY SHALL AFFIRM IN WRITING BY NOTICE TO SUCH INDEMNIFIED PARTY THAT THE INDEMNIFYING PARTY WILL INDEMNIFY, DEFEND AND HOLD

HARMLESS SUCH INDEMNIFIED PARTY AND SHALL, AT THE INDEMNIFYING PARTY'S OWN COST AND EXPENSE, ASSUME ON BEHALF OF THE INDEMNIFIED PARTY AND CONDUCT WITH DUE DILIGENCE AND IN GOOD FAITH THE DEFENSE THEREOF WITH COUNSEL SELECTED BY THE INDEMNIFYING PARTY AND REASONABLY SATISFACTORY TO SUCH INDEMNIFIED PARTY; *PROVIDED, HOWEVER*, THAT SUCH INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO BE REPRESENTED THEREIN BY ADVISORY COUNSEL OF ITS OWN SELECTION, AND AT ITS OWN EXPENSE; AND *PROVIDED FURTHER* THAT IF THE DEFENDANTS IN ANY SUCH ACTION OR PROCEEDING INCLUDE THE INDEMNIFYING PARTY AND AN INDEMNIFIED PARTY AND THE INDEMNIFIED PARTY SHALL HAVE REASONABLY CONCLUDED THAT THERE MAY BE LEGAL DEFENSES AVAILABLE TO IT WHICH ARE DIFFERENT FROM OR ADDITIONAL TO, OR INCONSISTENT WITH, THOSE AVAILABLE TO THE INDEMNIFYING PARTY, SUCH INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO SELECT UP TO ONE SEPARATE COUNSEL TO PARTICIPATE IN THE DEFENSE OF SUCH ACTION OR PROCEEDING ON ITS OWN BEHALF AT THE REASONABLE EXPENSE OF THE INDEMNIFYING PARTY. IN THE EVENT OF THE FAILURE OF THE INDEMNIFYING PARTY TO PERFORM FULLY IN ACCORDANCE WITH THE DEFENSE OBLIGATIONS UNDER THIS SECTION 16.7, SUCH INDEMNIFIED PARTY MAY, AT ITS OPTION, AND WITHOUT RELIEVING THE INDEMNIFYING PARTY OF ITS OBLIGATIONS HEREUNDER, SO PERFORM, BUT ALL DAMAGES, COSTS AND EXPENSES (INCLUDING ALL REASONABLE ATTORNEYS' FEES, AND LITIGATION OR ARBITRATION EXPENSES, SETTLEMENT PAYMENTS AND JUDGMENTS) SO INCURRED BY SUCH INDEMNIFIED PARTY IN THAT EVENT SHALL BE REIMBURSED BY THE INDEMNIFYING PARTY TO SUCH INDEMNIFIED PARTY, TOGETHER WITH INTEREST ON SAME FROM THE DATE ANY SUCH COST AND EXPENSE WAS PAID BY SUCH INDEMNIFIED PARTY UNTIL REIMBURSED BY THE INDEMNIFYING PARTY AT THE INTEREST RATE SET FORTH IN SECTION 8.12.

16.8 Enforceability.

A. EXCEPT AS OTHERWISE SET FORTH IN SECTIONS 16.2 AND 16.3, THE INDEMNITY, DEFENSE AND HOLD HARMLESS OBLIGATIONS FOR PERSONAL INJURY OR DEATH OR PROPERTY DAMAGE UNDER THIS AGREEMENT SHALL APPLY REGARDLESS OF WHETHER THE INDEMNIFIED PARTY WAS CONCURRENTLY NEGLIGENT (WHETHER ACTIVELY OR PASSIVELY), IT BEING AGREED BY THE PARTIES THAT IN THIS EVENT, THE PARTIES' RESPECTIVE LIABILITY OR RESPONSIBILITY FOR SUCH DAMAGES, LOSSES, COSTS AND EXPENSES UNDER THIS ARTICLE 16 SHALL BE DETERMINED IN ACCORDANCE WITH PRINCIPLES OF COMPARATIVE NEGLIGENCE.

B. OWNER AND CONTRACTOR AGREE THAT THE TEXAS OILFIELD ANTI-INDEMNIFICATION ACT, TEX. CIV. PRAC. & REM. CODE ANN. §§ 127.001-005, AND TEX. CIV. PRAC. & REM. CODE ANN. §§ 130.001-005 ARE INAPPLICABLE TO THIS AGREEMENT AND THE PERFORMANCE OF THE WORK. APPLICATION OF THESE CODE SECTIONS TO THIS AGREEMENT WOULD BE CONTRARY TO THE INTENT OF THE PARTIES, AND EACH PARTY HEREBY IRREVOCABLY WAIVES ANY CONTENTION THAT THESE CODES' SECTIONS ARE APPLICABLE TO THIS AGREEMENT OR THE WORK. IN ADDITION, IT IS THE INTENT OF THE PARTIES IN THE EVENT THAT THE AFOREMENTIONED ACT WERE TO APPLY THAT EACH PARTY SHALL PROVIDE INSURANCE TO COVER THE LOSSES CONTEMPLATED BY SUCH CODE SECTIONS AND ASSUMED BY EACH SUCH PARTY UNDER THE INDEMNIFICATION PROVISIONS OF THIS AGREEMENT, AND CONTRACTOR AGREES THAT THE COMPENSATION PAID TO CONTRACTOR UNDER THIS AGREEMENT COMPENSATES CONTRACTOR FOR THE COST OF PREMIUMS FOR THE INSURANCE PROVIDED BY IT UNDER THIS AGREEMENT. THE PARTIES

AGREE THAT EACH PARTY'S AGREEMENT TO SUPPORT THEIR INDEMNIFICATION OBLIGATIONS BY INSURANCE SHALL IN NO RESPECT IMPAIR THEIR INDEMNIFICATION OBLIGATIONS.

C. IN THE EVENT THAT ANY INDEMNITY PROVISIONS IN THIS AGREEMENT ARE CONTRARY TO THE LAW GOVERNING THIS AGREEMENT, THEN THE INDEMNITY OBLIGATIONS APPLICABLE HEREUNDER SHALL BE APPLIED TO THE MAXIMUM EXTENT ALLOWED BY APPLICABLE LAW.

D. OWNER AND CONTRACTOR AGREE THAT FOR ANY CLAIMS MADE AGAINST AN INDEMNIFIED PARTY OTHERWISE SUBJECT TO THE INDEMNIFICATION, DEFENSE AND HOLD HARMLESS OBLIGATIONS UNDER THIS AGREEMENT WHICH ARE INSURED UNDER POLICIES OF INSURANCE PURSUANT TO ATTACHMENT L OF THIS AGREEMENT, TO THE EXTENT THE INSURER PERFORMS SUCH INDEMNIFICATION, DEFENSE AND HOLD HARMLESS OBLIGATIONS, THE INDEMNIFICATION, HOLD HARMLESS AND DEFENSE OBLIGATIONS HEREUNDER DO NOT APPLY TO SUCH EXTENT.

Article 17
DISPUTE RESOLUTION

17.1 **Negotiation.** In the event that any claim, dispute or controversy arising out of or relating to the Contract Documents (including the breach, termination or invalidity thereof, and whether arising out of tort or contract) ("**Dispute**") cannot be resolved informally within thirty (30) Days after the Dispute arises, either Party may give written notice of the Dispute ("**Dispute Notice**") to the other Party requesting that a representative of Owner's senior management and Contractor's senior management meet in an attempt to resolve the Dispute. Each such management representative shall have full authority to resolve the Dispute and shall meet at a mutually agreeable time and place within fourteen (14) Days after receipt by the non-notifying Party of such Dispute Notice, and thereafter as often as they deem reasonably necessary to exchange relevant information and to attempt to resolve the Dispute. In no event shall this Section 17.1 be construed to limit either Party's right to take any action under this Agreement, including Owner's rights under Section 15.1.

17.2 **Mediation.** In the event that the management representatives are unable to resolve the Dispute within thirty (30) Days of receipt of the Dispute Notice, then either Party may request a non-binding mediation of the Dispute by providing the other Party written notice requesting mediation of the Dispute ("**Mediation Request**"). The mediation shall be held in Houston, Texas, unless the Parties agree otherwise, and shall be conducted before a single mediator, who shall be mutually selected by the Parties. Should the Parties be unable to agree upon a mediator within ten (10) Days of the date that the Mediation Request is received, either Party may petition the Houston, Texas office of the American Arbitration Association ("**AAA**") for the appointment of a mediator, and the mediation, including the selection of the mediator, shall then occur pursuant to the AAA's Construction Industry Arbitration Rules and Mediation Procedures (including Procedures for Large, Complex Construction Disputes) (the "**AAA Rules**") then in effect. The mediation shall be concluded within forty-five (45) Days of receipt of the Mediation Request, unless the Parties agree otherwise in writing. The Parties and the mediator shall maintain the confidentiality of the mediation and shall not rely on, or introduce as evidence in any arbitral,

judicial or other proceeding: (i) views expressed or suggestions made by either Party with respect to a possible settlement of the Dispute; (ii) admissions made by the other Party in the course of the mediation proceedings; (iii) proposals made or views expressed by the mediator; or (iv) the fact that a Party had or had not indicated a willingness to accept a proposal for settlement made by the mediator. With respect to expenses related to mediation, the expenses of witnesses for either Party shall be paid by the Party producing such witnesses; all other expenses of mediation, including required traveling, fees and other expenses of the mediator, and the expenses of any expert produced at the direct request of the mediator, shall be borne equally by the Parties unless otherwise agreed by the Parties in writing. Mediation is an absolute condition precedent to arbitration, except (i) to the extent necessary to avoid statute of limitation issues or to preserve bond rights, or (ii) if another Dispute between the Parties is already subject to arbitration pursuant to Section 17.3. The Parties agree that if any Dispute is not resolved within sixty (60) Days of the date that a Mediation Request is received, then either Party may by notice to the other Party refer the Dispute to be decided by final and binding arbitration in accordance with Section 17.3.

17.3 Arbitration. Any arbitration held under the Contract Documents shall be held in Houston, Texas, unless otherwise agreed by the Parties, shall be administered by the Dallas, Texas office of the AAA and shall, except as otherwise modified by this Section 17.3, be governed by the AAA Rules then in effect. The arbitration shall be conducted by three (3) arbitrators, unless otherwise agreed by the Parties in writing. The arbitrators shall determine the rights and obligations of the Parties according to the substantive law of the state of Texas, excluding its conflict of law principles, as would a court for the state of Texas; *provided, however*, the law applicable to the validity of the arbitration clause, the conduct of the arbitration, including resort to a court for provisional remedies, the enforcement of any award and any other question of arbitration law or procedure shall be the Federal Arbitration Act, 9 U.S.C § 1, et seq. Issues concerning the arbitrability of a matter in dispute shall be decided by a court with proper jurisdiction. The Parties shall be entitled to engage in reasonable discovery, including the right to production of relevant and material documents by the opposing Party and the right to take depositions reasonably limited in number, time and place; *provided that* in no event shall any Party be entitled to refuse to produce relevant and non-privileged documents or copies thereof requested by the other Party within the time limit set and to the extent required by order of the arbitrators. All disputes regarding discovery shall be promptly resolved by the arbitrators. This agreement to arbitrate is binding upon the Parties, Guarantor, Contractor's surety (if any) and the successors and permitted assigns of any of them. At either Party's option, any other Person may be joined as an additional party to any arbitration conducted under this Section 17.3, including Guarantor, *provided that* the party to be joined is or may be liable to either Party in connection with all or any part of any dispute between the Parties. At Owner's sole option, any Person may be joined as an additional party to any arbitration conducted under this Section 17.3, *provided that* the party to be joined is or may be liable to either Party in connection with all or any part of any Dispute between the Parties. Upon reaching a final decision, the arbitrators must render findings of fact and conclusions of law upon which the decision is based. All decisions shall be final and binding (except for any right to vacate the award as provided under the Federal Arbitration Act, 9 U.S.C. § 1, et seq.), in writing, signed by all arbitrators, and shall state the reasons upon which the award thereof is based, and judgment may be entered on the arbitration award in any court of competent jurisdiction. The decision may include an award of attorney' fees and costs as the arbitrators will deem reasonable. The arbitrators shall not grant any punitive damages nor any relief prohibited by or inconsistent with the terms of the Contract Documents. The Parties agree that judgment on the arbitration award may be entered by any court having jurisdiction thereof.

17.4 **Continuation of Work During Dispute.** Notwithstanding any Dispute, it shall be the responsibility of each Party to continue to perform its obligations under the Contract Documents pending resolution of Disputes. Owner shall, subject to its right to withhold or offset amounts pursuant to this Agreement, continue to pay Contractor undisputed amounts in accordance with the Contract Documents and, except as provided in the Contract Documents, continue to perform all of its obligations under the Contract Documents; *provided, however*, in no event shall the occurrence of any negotiation or arbitration prevent or affect Owner from exercising its rights under the Contract Documents, including Owner's right to terminate pursuant to Article 15.

Article 18
CONFIDENTIALITY

18.1 **Contractor's Obligations.** Contractor hereby covenants and warrants that Contractor and its employees and agents shall not (without in each instance obtaining Owner's prior written consent) disclose, make commercial or other use of, or give or sell to any Person, other than to members of the Contractor Group or Subcontractors as necessary to perform the Work, any information conspicuously marked and identified in writing as confidential and relating to the business, products, services, research or development, clients or customers of Owner or any Owner Affiliate, or relating to similar information of a Third Party who has entrusted such information to Owner or any Owner Affiliate (hereinafter individually or collectively, "***Owner's Confidential Information***"). Prior to disclosing any such information to any Subcontractor, as necessary to perform the Work, Contractor shall bind such Subcontractor to the confidentiality obligations contained in this Section 18.1 (unless otherwise agreed to by Owner in writing). Nothing in this Section 18.1 or this Agreement shall in any way prohibit Contractor or any of its Subcontractors from making commercial or other use of, selling, or disclosing any of their respective Contractor's Intellectual Property or Third Party Proprietary Work Product.

18.2 **Owner's Obligations.** Owner hereby covenants and warrants that Owner and its employees and agents shall not (without in each instance obtaining Contractor's prior written consent) disclose, make commercial or other use of, or give or sell to any Person any of the following information: (i) any estimating, technical or pricing methodologies, techniques, know-how or information relating to the business, products, services, research or development of Contractor conspicuously marked and identified in writing as confidential by Contractor; or (ii) any of Contractor's Intellectual Property or Third Party Proprietary Work Product which is conspicuously marked and identified in writing as confidential (hereinafter individually or collectively, "***Contractor's Confidential Information***"). The Parties agree that notwithstanding the foregoing, (x) Owner shall be entitled to disclose the terms of the Contract Documents to potential Lenders and equity investors; (y) Owner shall not be restricted from the use or disclosure of Work Product except as expressly set forth in Article 11; and (z) Owner shall be entitled to disclose that portion of Contractor's Intellectual Property and Third Party Proprietary Work Product for which Owner has a license in, and which is to be used by Owner for the purpose for which such license is granted pursuant to Section 11.1, *provided that*, with respect to such Contractor's Intellectual Property and Third Party Proprietary Work Product, Owner binds such disclosee to the confidentiality obligations contained in this Section 18.2.

18.3 **Definitions.** The term “*Confidential Information*” shall mean one or both of Contractor’s Confidential Information and Owner’s Confidential Information, as the context requires. The Party having the confidentiality obligations with respect to such Confidential Information shall be referred to as the “*Receiving Party*,” and the Party to whom such confidentiality obligations are owed shall be referred to as the “*Disclosing Party*.”

18.4 **Exceptions.** Notwithstanding Sections 18.1 and 18.2, Confidential Information shall not include: (i) information which at the time of disclosure or acquisition is in the public domain, or which after disclosure or acquisition becomes part of the public domain without violation of this Article 18; (ii) information which at the time of disclosure or acquisition was already in the possession of the Receiving Party or its employees or agents and was not previously acquired from the Disclosing Party or any of its employees or agents directly or indirectly; (iii) information which the Receiving Party can show was acquired by such entity after the time of disclosure or acquisition hereunder from a Third Party without any confidentiality commitment, if, to the best of Receiving Party’s or its employees’ or agent’s knowledge, such Third Party did not acquire it, directly or indirectly, from the Disclosing Party or any of its employees or agents; (iv) information independently developed by the Receiving Party without benefit of the Confidential Information; and (v) information which a Party believes in good faith is required to be disclosed in connection with the Work by Applicable Law, any Governmental Instrumentality (including the FERC), applicable securities laws or the rules of any stock exchange; *provided, however*, that prior to such disclosure, the Receiving Party gives reasonable notice to the Disclosing Party of the information required to be disclosed.

18.5 **Equitable Relief.** The Parties acknowledge that in the event of a breach of any of the terms contained in this Article 18, the Disclosing Party would suffer irreparable harm for which remedies at law, including damages, would be inadequate, and that the Disclosing Party shall be entitled to seek equitable relief therefor by injunction, without the requirement of posting a bond.

18.6 **Term.** The confidentiality obligations of this Article 18 shall survive the expiration or termination of this Agreement and any Work Order for a period of five (5) years following such expiration or termination, unless the EPC Agreement is executed, in which case the confidentiality obligations of the EPC Agreement shall govern.

Article 19 **LIMITATION OF LIABILITY**

19.1 **Contractor Aggregate Liability.** NOTWITHSTANDING ANY OTHER PROVISIONS OF THE CONTRACT DOCUMENTS TO THE CONTRARY, CONTRACTOR GROUP SHALL NOT BE LIABLE TO OWNER GROUP UNDER THE CONTRACT DOCUMENTS OR UNDER ANY CAUSE OF ACTION RELATED TO THE SUBJECT MATTER OF THE CONTRACT DOCUMENTS, WHETHER IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, PRODUCTS LIABILITY, PROFESSIONAL LIABILITY, INDEMNITY, CONTRIBUTION OR ANY OTHER CAUSE OF ACTION, IN EXCESS OF A CUMULATIVE AGGREGATE AMOUNT OF FOUR MILLION U.S. DOLLARS (US\$4,000,000), AND OWNER SHALL RELEASE CONTRACTOR GROUP FROM ANY LIABILITY IN EXCESS THEREOF; *PROVIDED THAT*, NOTWITHSTANDING THE FOREGOING, THE LIMITATION OF LIABILITY SET FORTH IN THIS SECTION 19.1 SHALL NOT (I) APPLY IN THE EVENT OF ANY KEY PERSON’S WILLFUL MISCONDUCT OR GROSS

NEGLIGENCE; (II) APPLY TO CONTRACTOR'S INDEMNIFICATION OBLIGATIONS UNDER THIS AGREEMENT; OR (III) INCLUDE THE PROCEEDS PAID UNDER ANY PROJECT-SPECIFIC INSURANCE POLICY THAT CONTRACTOR OR ITS SUBCONTRACTORS ARE REQUIRED TO OBTAIN PURSUANT TO THIS AGREEMENT OR SUBCONTRACT, AS THE CASE MAY BE. IN NO EVENT SHALL THE LIMITATION OF LIABILITY SET FORTH IN THIS SECTION 19.1 BE IN ANY WAY DEEMED TO LIMIT CONTRACTOR'S OBLIGATION TO PERFORM ALL WORK AS REQUIRED UNDER THE CONTRACT DOCUMENTS.

19.2 Consequential Damages. NOTWITHSTANDING ANY OTHER PROVISIONS OF THE CONTRACT DOCUMENTS TO THE CONTRARY, NEITHER OWNER GROUP NOR CONTRACTOR GROUP OR THEIR SUBCONTRACTORS SHALL BE LIABLE UNDER THE CONTRACT DOCUMENTS OR UNDER ANY CAUSE OF ACTION RELATED TO THE SUBJECT MATTER OF THE CONTRACT DOCUMENTS, WHETHER IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, PRODUCTS LIABILITY, PROFESSIONAL LIABILITY, INDEMNITY, CONTRIBUTION, OR ANY OTHER CAUSE OF ACTION FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL LOSSES OR DAMAGES, INCLUDING LOSS OF PROFITS, LOSS OF USE, LOSS OF OPPORTUNITY, LOSS OF REVENUES, LOSS OF FINANCING, LOSS OR INCREASE OF BONDING CAPACITY, COSTS OF OBTAINING OR MAINTAINING FINANCING, LOSS OF GOODWILL, OR BUSINESS INTERRUPTION, OR DAMAGES OR LOSSES FOR PRINCIPAL OFFICE EXPENSES INCLUDING COMPENSATION OF PERSONNEL STATIONED THERE, WHETHER OR NOT FORESEEABLE ("CONSEQUENTIAL DAMAGES") AND OWNER SHALL RELEASE CONTRACTOR GROUP AND ITS SUBCONTRACTORS AND CONTRACTOR SHALL RELEASE OWNER GROUP FROM ANY LIABILITY FOR SUCH CONSEQUENTIAL DAMAGES; *PROVIDED THAT* THE EXCLUSION OF LIABILITY SET FORTH IN THIS SECTION 19.2 IS NOT INTENDED TO PREVENT CONTRACTOR FROM RECEIVING PROFIT TO THE EXTENT THAT CONTRACTOR IS ENTITLED TO RECEIVE SUCH PROFIT UNDER THE PROVISIONS OF THE CONTRACT DOCUMENTS.

19.3 Consequential Damages with Respect to Landowners. SUBJECT TO CONTRACTOR'S RECEIPT OF A WRITTEN WAIVER OF CONSEQUENTIAL DAMAGES BY A LANDOWNER IN FAVOR OF CONTRACTOR, SUCH LANDOWNERS SHALL NOT BE LIABLE TO CONTRACTOR GROUP FOR ANY CONSEQUENTIAL DAMAGES UNDER THE CONTRACT DOCUMENTS OR UNDER ANY CAUSE OF ACTION RELATED TO THE SUBJECT MATTER OF THE CONTRACT DOCUMENTS, WHETHER IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, PRODUCTS LIABILITY, PROFESSIONAL LIABILITY, INDEMNITY, CONTRIBUTION OR ANY OTHER CAUSE OF ACTION AND CONTRACTOR SHALL RELEASE LANDOWNERS FROM ANY LIABILITY FOR SUCH CONSEQUENTIAL DAMAGES.

19.4 Applicability. EXCEPT TO THE EXTENT EXPRESSLY PROHIBITED BY LAW OR EXPRESSLY STATED IN THIS AGREEMENT TO THE CONTRARY, THE WAIVERS AND DISCLAIMERS OF LIABILITY, RELEASES FROM LIABILITY, EXCLUSIONS, LIMITATIONS AND APPORTIONMENTS OF LIABILITY SHALL APPLY EVEN IN THE EVENT OF FAULT, NEGLIGENCE, STRICT LIABILITY, BREACH OF CONTRACT OR OTHERWISE OF THE PARTY RELEASED OR WHOSE LIABILITY IS WAIVED, DISCLAIMED, LIMITED, OR FIXED AND SHALL EXTEND IN FAVOR OF ALL MEMBERS OF THE OWNER GROUP OR THE CONTRACTOR GROUP, AS THE CASE MAY BE.

Article 20
MISCELLANEOUS PROVISIONS

20.1 **Entire Agreement.** The Contract Documents, including the Attachments and Schedules attached to and incorporated into the Contract Documents contain the entire understanding of the Parties with respect to the subject matter hereof and incorporates any and all prior agreements and commitments with respect thereto; *provided, however*, that the memorandum of understanding dated October 14, 2005 among Cheniere LNG, Inc., AMEC and Zachry ("**Memorandum of Understanding**") shall continue in full force and effect between the Parties and shall not be impacted or otherwise affected by this Agreement. Subject to the foregoing sentence, there are no other oral understandings, terms or conditions, and neither Party has relied upon any representation, express or implied, not contained in the Contract Documents. General or special conditions included in any of Contractor's price lists, Invoices, tickets, receipts or other such documents presented to Owner shall have no applicability to Owner with respect to the Contract Documents. Subject to the Memorandum of Understanding referenced above, but otherwise without limitation, this Agreement supersedes in its entirety any other agreements between the Parties related to the Work. Upon the Agreement Effective Date, this Agreement supersedes the Master Services Agreement with respect to the Facility only (and not with respect to facilities under development by Owner's Affiliates). With respect to any disclosures made after the Agreement Effective Date, this Agreement shall govern. With respect to any disclosures made prior to the Agreement Effective Date, the Mutual Confidentiality Agreement among Cheniere, Zachry and AMEC, dated July 18, 2005, shall govern.

20.2 **Amendments.** No change, amendment or modification of the terms of this Agreement or any other Contract Document shall be valid or binding upon the Parties hereto unless such change, amendment or modification is in writing and duly executed by both Parties hereto in the form of an amendment, Work Order or Change Order.

20.3 **Joint Effort.** Preparation of this Agreement has been a joint effort of the Parties and the resulting document shall not be construed more severely against one of the Parties than against the other.

20.4 **Captions.** The captions contained in this Agreement are for convenience and reference only and in no way define, describe, extend or limit the scope of intent of this Agreement or the intent of any provision contained herein.

20.5 **Notice.** Any notice, demand, offer, or other written instrument required or permitted to be given pursuant to the Contract Documents shall be in writing signed by the Party giving such notice and shall be hand delivered or sent by overnight courier, messenger, facsimile or certified mail, return receipt requested, to the other Party at the address set forth below.

- A. If delivered to Owner:
Corpus Christi LNG, LLC
717 Texas Avenue, Suite 3100
Houston, Texas 77002
Facsimile: (713) 659-5459
Attn: Ed Lehotsky

with a copy to:

Corpus Christi LNG, LLC
717 Texas Avenue, Suite 3100
Houston, Texas 77002
Facsimile: (713) 659-5459
Attn: General Counsel

B. If delivered to Contractor:

La Quinta LNG Partners, LP
527 Logwood
P.O. Box 240130
San Antonio, Texas 78224-0130
Facsimile: (210) 475-8733
Attn: Steve Dedman

with a copy to:

AMEC E&C Services, Inc.
1979 Lakeside Parkway
Tucker, Georgia 30084
Facsimile: (770) 688-2902
Attn: Tim Watson

Each Party shall have the right to change the place to which notice shall be sent or delivered by sending a similar notice to the other Party in like manner. Notices, demands, offers or other written instruments shall be deemed to have been duly given on the date actually received by the intended recipient.

20.6 Severability. The invalidity of one or more phrases, sentences, clauses, Sections or Articles contained in the Contract Documents shall not affect the validity of the remaining portions of the Contract Document so long as the material purposes of the Contract Documents can be determined and effectuated.

20.7 Assignment. This Agreement or any Work Order may be assigned to other Persons only upon the prior written consent of the non-assigning Party hereto, except that Owner may assign this Agreement or any Work Order to any Affiliate or Lender by providing notice to Contractor. Furthermore, Owner may assign, pledge and/or grant a security interest in this Agreement or any Work Order to any Lender without Contractor's consent. When duly assigned in accordance with the foregoing, this Agreement and any Work Order shall be binding upon and shall inure to the benefit of the assignee; *provided that* any assignment by Contractor or Owner pursuant to this Section 20.7 shall not relieve Contractor, Zachry, AMEC or Owner (as applicable) of any of its obligations or liabilities under this Agreement and any assigned Work Order, nor shall any such assignment discharge Guarantor of its obligations under the Parent Guarantee. Any assignment not in accordance with this Section 20.7 shall be void and without force or effect, and

any attempt to assign this Agreement or any Work Order in violation of this provision shall grant the non-assigning Party the right, but not the obligation, to terminate the Contract Documents, or any portion thereof, at its option for Default.

20.8 No Waiver. Any failure of either Party to enforce any of the provisions of this Agreement or to require compliance with any of its terms at any time during the term of this Agreement shall in no way affect the validity of this Agreement, or any part hereof, and shall not be deemed a waiver of the right of such Party thereafter to enforce any and each such provisions.

20.9 Governing Law. The Contract Documents shall be governed by, and construed in accordance with, the laws of the state of Texas (without giving effect to the principles thereof relating to conflicts of law). The United Nations Convention on Contracts for the International Sale of Goods shall not apply to the Contract Documents and shall be disclaimed in and excluded from any Subcontracts entered into by Contractor in connection with the Work or the Facility.

20.10 Successors and Assigns. The Contract Documents shall be binding upon the Parties hereto, their successors and permitted assigns.

20.11 Attachments and Schedules. All Attachments and Schedules shall be incorporated into this Agreement by such reference and shall be deemed to be an integral part of this Agreement.

20.12 Obligations. Nothing contained in the Contract Documents shall be construed as constituting a joint venture or partnership between Contractor and Owner.

20.13 Further Assurances. Contractor and Owner agree to provide such information, execute and deliver any such instruments and documents and to take such other actions as may be reasonably requested by the other Party that are not inconsistent with the provisions of the Contract Documents and that do not involve the assumption of obligations or liabilities greater than those provided for in the Contract Documents, in order to give full effect to the Contract Documents and to carry out the intent of the Contract Documents.

20.14 Priority. The documents that form the Contract Documents are listed below in order of priority, with the document having the highest priority listed first and the one with the lowest priority listed last. In the event of any conflict or inconsistency between a provision in one document and a provision in another document, the document with the higher priority shall control. The Contract Documents are composed of the following documents, which are listed in priority:

- A. written amendments to this Agreement;
- B. the Articles of this Agreement;
- C. Attachments and Schedules to this Agreement;
- D. Change Orders which expressly modify the terms of the Work Orders; and
- E. Work Orders.

20.15 Restrictions on Public Announcements. Neither Contractor nor its Subcontractors shall take any photographs of any part of the Equipment or the Facility, issue a press release, advertisement, publicity material, financial document or similar matter or participate in a media interview that mentions or refers to the Work or any part of the Equipment or the Facility without the prior written consent of Owner; *provided that* Contractor shall not be required to obtain Owner's prior written consent of Contractor's issuance of a press release to correct any errors made by Owner concerning Contractor in a prior press release issued by Owner if Contractor first gives Owner five (5) Days' prior written notice of Contractor's intent to issue such corrective press release and an opportunity of Owner to correct such error within such five (5) Day period. Owner agrees to cooperate with Contractor and provide to Contractor for review and comment a copy of any press release that mentions or refers to Contractor prior to the issuance of such press release; *provided that* Owner shall not be required to obtain Contractor's prior consent prior to the issuance of such press release. Contractor acknowledges and agrees that Owner shall be required, from time to time, to make disclosures and press releases and applicable filings with the SEC in accordance with applicable securities laws, that Owner believes in good faith are required by Applicable Law or the rules of any stock exchange. If any such disclosure, press release or filing includes any reference to Contractor, then Owner shall provide as much notice as is practicable to Contractor to provide it with an opportunity to comment; *provided, however*, the final determination shall remain with Owner. Contractor acknowledges that Owner shall be required from time to time to make filings in compliance with applicable securities laws, including a copy of the Contract Documents.

20.16 Hazardous Materials.

A. Contractor's Responsibilities.

1. Contractor shall not, nor shall it permit or allow any Subcontractor to, bring any Hazardous Materials on the Site; *provided, however*, that Contractor and its Subcontractors may bring onto the Site such Hazardous Materials as are necessary to perform the Work so long as the same is done in compliance with Applicable Law, Applicable Codes and Standards and the HSE Plan.

2. If Contractor or any Subcontractor encounters pre-existing Hazardous Materials in the area where they are performing Work at the Site, and Contractor or any Subcontractor knows that such material is Hazardous Material, (i) Contractor and any Subcontractors shall promptly stop Work in the affected area and notify Owner, and (ii) the Parties will work together and with any Subcontractor or Third Party, as necessary, to determine how to safely proceed with the Work and/or what Change Order may be necessary to adjust the Scope of Work for any Work Order.

B. Owner's Responsibilities. If any pre-existing Hazardous Materials are discovered or released in an area where Work is to be performed or is being performed at the Site, including any Hazardous Materials brought onto the Site or generated by Third Parties, but excluding Contractor's obligations under Sections 16.4A and 20.16A, and Owner elects to have such Work commence or continue in the affected area, Owner shall be responsible for isolating or removing, transporting and disposing of such Hazardous

Materials and notifying Contractor of such Hazardous Materials known by Owner that the Hazardous Materials have been isolated or removed so that Contractor may safely commence or resume the Work.

20.17 **Parent Guarantee.** Guarantor will guarantee the full and faithful performance of all obligations of Contractor under the Contract Documents by executing an irrevocable parent guarantee substantially in the form attached hereto as Attachment H (the "**Parent Guarantee**").

20.18 **Foreign Corrupt Practices Act** With respect to the performance of the Work, Contractor shall, and shall cause each member of the Contractor Group to, comply with all provisions of the Foreign Corrupt Practices Act of the United States (15 U.S.C. § 78dd-1 and 2) and not to take any action that could result in Owner or any of its Affiliates becoming subject to any action, penalty or loss of benefits under such Act. Owner shall, and shall cause each member of the Owner Group to, comply with all provisions of the Foreign Corrupt Practices Act of the United States (15 U.S.C. § 78dd-1 and 2) and not to take any action that could result in Contractor or any of its Affiliates becoming subject to any action, penalty or loss of benefits under such Act.

20.19 **Language.** This Agreement and all notices, communications and submittals between the Parties pursuant to this Agreement and any Work Orders shall be in the English language.

20.20 **Counterparts.** This Agreement and any Work Orders may be signed in any number of counterparts and each counterpart shall represent a fully executed original as if signed by each of the Parties. Facsimile signatures shall be deemed as effective as original signatures.

20.21 **Joint and Several Liability.** Contractor is a Texas limited partnership, comprised of: (i) Zachry and AMEC, both of which are Contractor's general partner; and (ii) Capitol Construction, Inc. and AGRA Monenco U.S., Inc. both of which are Contractor's limited partners. Zachry and AMEC agree on behalf of themselves and their respective insurers, guarantors and sureties to be jointly and severally responsible and liable to Owner for all of Contractor's duties and obligations under the Contract Documents and for all claims, damages, costs, expenses and all other liability arising out of or relating to the performance or failure to perform any of Contractor's duties or obligations under the Contract Documents or otherwise arising out of the Work.

20.22 **Survival.** Article 6, Article 7, Article 8, Article 9, Article 10, Article 11, Article 12, Article 13, Article 14, Article 15, Article 16, Article 17, Article 18 and Article 19, Sections 3.6, 3.7, 3.12, 3.13, 3.14, 4.4, 20.9, 20.16, 20.20 and this Section 20.22 shall survive termination of this Agreement, in addition to any other provisions which by their nature should, or by their express terms do, survive or extend beyond the termination of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, Owner, Contractor, Zachry and AMEC have caused this Agreement to be executed by their duly authorized representatives as of the Agreement Effective Date. Zachry and AMEC have executed this Agreement (i) by and on behalf of Contractor, in their capacity as the general partners of Contractor, and (ii) in their individual capacities for their joint and several liability obligations and liabilities under Section 20.21.

Owner:

CORPUS CHRISTI LNG, LLC

By: /s/ Stanley C. Horton

Name: Stanley C. Horton

Title: Chief Executive Officer

Contractor:

LA QUINTA LNG PARTNERS, LP

By Zachry Construction Corporation and AMEC E&C Services, Inc., its general partners

Zachry Construction Corporation

By: /s/ Stephen H. Dedman

Name: Stephen H. Dedman

Title: Vice President

AMEC E&C Services, Inc.

By: /s/ Tim Watson

Name: Tim Watson

Title: President

Schedule A-1

SCOPE OF WORK

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1. SCOPE OF WORK REQUIREMENTS

1.1 General Introduction

The Scope of Work for the Agreement is intended to provide an overall description of Contractor's responsibilities for preliminary Work regarding the design, engineering, procurement support, management, and construction of the Facility. This Scope of Work is the Work contemplated to be completed under this Agreement, but performance of such Work is contingent upon execution of one or more Work Orders authorizing Contractor to commence certain portions of the Work in accordance with this Scope of Work and the terms and conditions of the Contract Documents.

The Work will involve preliminary activities for the building of the Facility. The Facility will be designed to import, store, vaporize and send out on average approximately 2,600 MMSCFD of natural gas, for supply to domestic natural gas markets. The installation will be in a phased approach with this Scope of Work consisting of initial site development, engineering and pre-procurement.

All obligations and responsibilities referred to in this Schedule A-1 are Contractor's obligations and responsibilities, unless expressly stated to be the obligation of Owner or a designated Third Party.

References in this Schedule A-1 to any "Section" or "Article" shall mean the sections or articles of this Schedule A-1, unless express reference is made to another section or article of the Agreement. Any capitalized term used in this Schedule A-1 which is defined in the Agreement shall have the same meaning as defined in the Agreement, unless a different meaning is expressly provided in this Schedule A-1.

1.2 Summary of Contractor's Scope of Work

Except for items and services expressly identified in Attachment A or any other provision of the Agreement to be provided by Owner, and subject to the other provisions of the Agreement (including this Schedule A-1), Contractor's responsibilities for the design, engineering, procurement, construction, management, and inspection, repair (including Corrective Work), of the Work and the required related labor and materials, shall generally include:

- a. Detailed engineering design of the Facility;
- b. Development of Contractor deliverables as described in Schedule A-3 of the Attachment A;
- c. Preparation for the supply of Equipment;
- d. Mobilization and Site establishment;
- e. Management, reporting and supervision of the Work; and

-
- f. Construction of the initial Site preparation in accordance with the FERC Authorization to Construct issued December 16, 2005, such FERC Authorization being incorporated herein as if fully stated herein.

1.3 Work Orders

A series of discrete Work Orders will be mutually agreed upon between Owner and Contractor which define certain subsets of this Scope of Work to be performed by Contractor. Any Work Order must be signed in writing by the Parties prior to Work commencing under such Work Order.

1.4 Priority of Documents

In the event of any conflict or inconsistency between this Scope of Work and the Design Basis provided in Schedule A-2, such conflict or inconsistency shall be resolved in accordance with the following order of priority, with the document having the highest priority listed first and the one with the lowest priority listed last:

- Design Basis (Schedule A-2)
- Scope of Work (Schedule A-1)

2. DESCRIPTION OF FACILITY

2.1 Site Development and Civil Work

2.1.1 Soil Improvement

Soils will be improved as required to achieve soil strength sufficient for constructing and supporting the Facility within acceptable settlement limits.

2.1.2 Disposal of Organic Material

Disposal of organic materials and non-structural soils from clearing and grubbing of the Site shall be placed in the landfill north of the raw water lake. Disposal of non-structural soils shall be stockpiled in Bed # 22 before closure or other areas designated by Alcoa. Organic materials shall be stockpiled, and large debris items shredded for future use by Alcoa as mulch and a slope stabilizer.

2.1.3 Drainage

Shiner Moseley completed a storm water study "Corpus Christi LNG Terminal Project, Drainage Study," prepared by Harold T. Benoit, Shiner Moseley, and Michael Vecchio, MFG, Inc., dated August 2004 (the "*Stormwater Study*") to confirm combined 100 year event discharges for the local water shed. The design study has been included showing the calculated runoff and ditch dimensions. Contractor shall review and validate the Stormwater Study and shall update the design storm water runoff rates from Sherwin Alumina, Alcoa and Owner. Detailed engineering

will be performed to ensure that the design is complete and is executed early in the Work Schedule.

Drainage of storm water runoff from the Site, main pipe rack, administration building, tank impoundment, Facility parking areas, paved roads and gravel roads shall be provided in accordance with the Site Drainage and Grading Plan Drawing C-01 to C-14 prepared by Shiner-Moseley.

- a. Existing storm water runoff from Sherwin Alumina will be contained on the Site for internal Sherwin Alumina process use, except during very heavy rains when it will be released southeasterly through the east ditch to Reynolds Outfall # 1 to the La Quinta Channel and should not have any surface runoff to the Site. However, containment creates a condition where the groundwater elevation will be near grade in some locations. Drainage shall be provided to minimize groundwater elevation and to reduce the need for well points during construction.
- b. The La Quinta ditch flow capacity will be inadequate to convey existing and proposed combined storm water runoff without overtopping due to silting and vegetation. The La Quinta ditch requires maintenance from TX DOT 35 to the outfall at La Quinta Channel by Contractor as required to provide adequate flow capacity. The cross sectional area of the ditch shall be cleaned and organics removed using conventional ditch hydraulic crane maintenance equipment to excavate the existing ditch dimensions to match up with typical cross sections. Removed materials shall be hauled to the organic or non-structural soil disposal area and not left on the bank.
- c. The Site was previously over-excavated when the bauxite strategic reserve on the Site was removed. As a result, the Site contains standing surface water. Additional soil or improved drainage will be required to prevent flooding of the Site. Storm water drainage systems will be provided for proper drainage to meet the given conditions to avoid Site flooding during construction and operation of the Facility.
- d. The Facility will be designed to provide drainage of surface water to designated areas for disposal. The Site drainage system will be designed to handle a 100-year storm event, in accordance with the current version of 49 CFR Part 193.2103. Storm water drains to the southwest corner of the LNG process area and will be routed to the Reynolds # 5 drain structure in a new storm water drainage ditch east of La Quinta Road.
- e. Contractor shall review, validate and update the design of the spill impoundment collection system that will drain to the spill impoundment basins to be constructed as part of the EPC Agreement. (NOTE THAT ALL REFERENCES TO THE EPC AGREEMENT WITHIN THIS SCHEDULE A-1 ARE SUBJECT TO SECTION 3.1C OF THE AGREEMENT.) The impoundment basin sump pumps will routinely pump out the water collected in the spill impoundment basins into the Site drainage systems, which will ultimately discharge to the La Quinta Channel and Corpus Christi Bay. The larger capacity storm water pumps will pump out larger quantities of storm water. There will be two sets of pumps in the spill impoundment basins as follows:
 1. Spill impoundment basin sump pumps; and

-
2. Storm water pumps.
 - f. A spill prevention control and countermeasures plan ("*SPCC Plan*") for the construction activities will be developed in accordance with the current versions of 40 CFR Parts 122 through 124.

2.1.4 Site Grading and Surface Preparation

Earthworks shall be provided in accordance with the Site grading plan with original contour lines based on the Geodetix topographic aerial survey flown December 15, 2005 and report dated January 2006 and the grading and drainage design basis prepared by Shiner Moseley, ("Civil Structural Architectural" Drawings C-01 to C-14). Permanent surfacing material and compaction shall be provided in accordance with the Specifications.

- a. Contractor will validate the design elevations and soil conditions, fill and compact the proposed AEP substation and provide permanent surfacing material required to build the Facility.
- b. The areas within the Site required for the construction and operation of the Facility will be backfilled, leveled and graded. The existing grade is undulating with an elevation between 21.7 feet and 27 feet NGVD 29 after bauxite removal. The proposed permanent Site grade elevations of the Facility surface are shown on Shiner-Moseley Drawings C-01 to C-14 and Contractor Drawings D-149974-CC-SK-C-0110, 0111, 0112 and 0113. LNG Tank foundations, per the tank engineer's design, shall be validated and compared to the dimensions provided in the Permits.
- c. Contractor shall review and confirm geotechnical reports and recommendations contained in the Geotechnical Reports. Soils within the terminal shall be improved to a strength sufficient for constructing and supporting the Facility within acceptable settlement limits.
- d. Contractor shall review, validate and update the road design details to be constructed as part of the EPC Agreement. The Facility roads will consist of asphalt surfaced roads. The final paving will consist of gravel surfaced area, asphalt surfaced area, concrete paved surfaces and seed and mulch area.
- e. The 150 foot wide easement between Bed # 22 and Bed # 24 is for installation of the main LNG pipe rack, service road, LNG transfer trough and storm water swales. The easement area shall have organic material and non-structural soil removed, backfilled, compacted and graded in accordance with plan, elevation, profiles and cross sections shown on Contractor Drawings D-149974-CC-SK-C-0110, 0111, 0112 and 0113. Main pipe rack shall be installed on structural supports.
- f. A security fence shall be designed for the property boundary of the Site at locations shown on Contractor Plot Plan E-149974-CC-SK-M-0100.

-
- g. To support the capping and permanent closure of the bauxite tailing beds (Bed #22 and Bed #24), Site preparation will be provided for mechanical placement and finishing of material at various stages where mechanical material placement will be provided.
 - 1. Contractor shall backfill and compact Landfill # 4 with structural soil after Alcoa removes waste from Landfill # 4 (approximately 125,000 cubic yards).
 - 2. Contractor shall provide final grading, compaction and gravel surfacing to Landfill # 4 area to be used as construction laydown.
 - 3. Contractor shall backfill and compact the pipe rack easement between Bed # 22 and Bed # 24 with structural soil (approximately 120,000 cubic yards) to prepare for construction of the main pipe rack.
 - 4. Contractor shall excavate topsoil overburden from the San Patricio Borrow Pit to Alcoa and stockpile by Bed # 22, (approximately 120,000 yards) material excavated, hauled and stockpile.
 - 5. After bauxite tailing materials from Bed # 24 is relocated by Alcoa and Bed # 22 is prepared for and closed by Alcoa, Contractor will provide final grading and shaping of the main pipe rack easement between Bed # 22 and Bed # 24 to match the grading plan.

2.1.5 42" Export Pipeline Interfaces

The pipeline material for the 42" export pipeline, as specified by Cheniere Corpus Christi Pipeline Company, will be procured as part of this Scope of Work.

2.2 Miscellaneous Facility Interfaces

- a. La Quinta Road Utility Corridor: The east La Quinta Road shoulder will be used as a shared, non-exclusive utility easement with agreements with both Sherwin Alumina and Alcoa for usage for 138 Kv aerial power line and 6" potable water line and the proposed 42" export pipeline. Installation of the LNG main power feed cables and potable water supply on the shoulder of La Quinta Road shall be coordinated with the 42" export pipeline installation.
- b. AEP Power Supply: The AEP 138 KV electrical transmission supply power line on La Quinta Road will be installed by AEP on single poles from the existing lines on TX DOT 35 to the proposed power substation for construction and permanent operation. The power poles will be installed on the east side of La Quinta Road at a nominal offset of 20'-0" east of the Sherwin Alumina/Alcoa property line.
- c. Potable Water Pipeline and Interface Substation: Potable water will be required at the front end of Site mobilization for construction offices, sanitary facilities, and construction employee drinking water. Due to the construction schedule of the 42" export pipeline and other utilities, a 3" diameter temporary "out of the way" above-ground water line

shall be installed on top of the ground until after the 42" export pipeline is installed to avoid conflicts with pipeline installation. The City of Gregory has an 8" PVC potable water line running parallel to and on the south side of TX DOT 35 at the intersection with La Quinta Road. The City of Gregory will perform the water line tap on TX DOT 35 and install an 6" tie-in valve and meter to be located at the edge of highway right of way.

As part of the EPC Agreement, a proposed 6"HDPE underground potable water line will be provided as part of the contractor's work and shall be installed underground on the east shoulder of La Quinta Road from the TX DOT 35 tie in point to the proposed potable water storage tank and booster pumps inside the Facility. Contractor is responsible for design of the 6" HDPE water line in accordance with potable water service line specifications, water substation complete with storage tanks and pumps and LNG distribution system to be constructed as part of the EPC Agreement. The 6" line size calculation is based on potable water tank refill requirements and the City of Gregory supply pressure at the meter.

- d. Phone, Cable, T1: Contractor's Scope of Work under the Agreement includes providing phone and data for the Site for both Contractor and Owner team during construction.
- e. Construction Parking and Laydown Areas on Corpus Christi Port Authority Property: Corpus Christi Port Authority Property officials have granted permission to lease up to 46 acres on their property for construction parking and laydown areas west of the San Patricio County ditch. A lease agreement and payment for such construction parking will be Contractor's responsibility. Contractor will take responsibility for fencing and graveling the area used for construction parking and for restoring to original condition after completion of the Work. There may be a termination clause in the lease in the event the land is required by Corpus Christi Port Authority prior to the end of the Work.

2.2.1 Natural Gas Pipeline Relocations

- a. Gulf South Pipeline Relocation: Gulf South has an existing 2100' - 6" steel Natural Gas pipeline (the "**Existing Gulf South Pipeline**") that will require, as part of Contractor's Scope of Work, relocation to avoid interference with Site preparation activities in connection with the LNG tank foundation and dike area. The Existing Gulf South Pipeline carries natural gas at an operating pressure of 250 psig, and a maximum allowable operating pressure of 310 psig. Hot taps and stopples are required because, according to Gulf South, the Existing Gulf South Pipeline supplies several communities and cannot be taken out of service at any time. Hatch, Mott and McDonald has prepared the design, engineering, material specifications, and take-offs, which have been provided to Contractor. Contractor's Scope of Work includes (i) removal and disposal of the Existing Gulf South Pipeline; (ii) installation of the new 6" pipeline (the "**New Gulf South Pipeline**") and, (iii) placing in service the New Gulf South Pipeline without interruption. The Existing Gulf South Pipeline coating was checked and found to contain asbestos by EMSL (see report dated March 1, 2005) in the coal tar wrap. Removal of the Existing Gulf South Pipeline will require proper handling and disposal to comply with Applicable Law, Applicable Codes and Standards, and Contractor's HSE Plan. Contractor's Scope of Work is based on the schedule sensitivity of removing and

disposing of the Existing Gulf South Pipeline and installing and placing in service the New Gulf South Pipeline without interfering with other activities. Sherwin Alumina will be responsible for granting a new easement for the New Gulf South Pipeline in the new location. Owner has managed the survey and easement preparation. Permits with jurisdictional agencies to be provided by Owner have been obtained. Contractor shall provide any additional Permits that may be required such as storm water pollution and prevention, etc.

- b. CrossTex Pipeline Relocation: CrossTex has an existing 10" Natural Gas pipeline (the "*Existing CrossTex Pipeline*") installed north across Corpus Christi Bay that crosses the dredge spoil island and La Quinta Channel and makes landfall through the V-Ditch to an above-ground pig trap north of La Quinta Road. From the pig trap, the Existing CrossTex Pipeline is installed north across Sherwin Alumina property to the tie-in of the existing 16" CrossTex pipeline in pipeline alley on Sherwin Alumina property. In its current location, the Existing CrossTex Pipeline would interfere with both dredging activities and Site preparation Work and must be rearranged for the Work to proceed in accordance with the Work Schedule. Contractor shall manage all aspects of the relocation and removal of the Existing CrossTex Pipeline and installation of a new 10" pipeline (the "*New CrossTex Pipeline*"). Portions of the Existing CrossTex Pipeline located on the Site and the La Quinta Channel shall be taken out of service and physically removed. Approximately 3000 feet of the abandoned Existing CrossTex Pipeline and service lateral located on the Sherwin Alumina property shall also be physically removed and disposed of in accordance with Applicable Law and Applicable Codes and Standards. The Existing CrossTex Pipeline shall be terminated just north of the spoil island. Contractor will install the approximately 6,000-foot New CrossTex Pipeline by performing a directional drill from the north side of the La Quinta Channel to intersect and tie-in to the existing 10" CrossTex line located to the south of the spoils island. When the tie-in is made to the existing 10" line, Contractor will install a pig trap and make the final tie-in to the existing 16" CrossTex line located to the west and across La Quinta ditch on Sherwin Alumina property. Hatch, Mott and McDonald has performed the engineering and prepared material specifications. This information has been provided to Contractor. Permits with jurisdictional agencies to be provided by Owner have been obtained. Contractor shall provide any additional Permits that may be required such as storm water pollution and prevention, etc.
- c. Removal of Royal Production Facilities: Royal Production ("*Royal*") has at least one offshore production well. A 2" and 6" gathering pipeline from that production well enters the Site from the south from La Quinta Channel and makes landfall through the V-Ditch to the condensate tanks and equipment area located onshore south of La Quinta Road, and a 4" pipeline connects the treatment facility to the Existing 10" CrossTex Pipeline at the pig trap north of La Quinta Road. Prior to mobilization in connection with the dredging Work, Royal will remove their pipeline facilities and the above ground condensate tanks and equipment, and plug and abandon the production well. Hatch, Mott and McDonald has performed the engineering and prepared material specifications and take-offs. Permits with jurisdictional agencies to be provided by Owner have been

obtained. Contractor has no responsibility in connection with the removal of the Royal facilities, beyond granting access to the area and coordination of Work activities.

2.2.2 Relocations Other Than Gas Pipelines

- a. Sherwin Alumina HDPE Water Piping: Contractor's Scope of Work will include (i) relocation and removal of existing 1-20" X 4000' HDPE raw water line, 1-20" X 3600' HDPE raw water line, 1-20" X 2600' HDPE sump pipeline, and 1-20" X 2600' storm water pipeline and (ii) installation of new 20" HDPE lines. These existing lines are Plexco HDPE 3408 20" diameter (SDR 11) 160 psi rated pipe that provide process water for the Sherwin Alumina plant and will require continuous service throughout the relocation, except for a 2-hour shutdown for tie-overs. New 20" HDPE pipe will be installed and existing HDPE lines removed and retired after the new lines are placed in service.
- b. Raw Water Electrical Feeders: Power poles and electrical wires will be relocated and installed on new power poles with new electrical cables as part of Contractor's Scope of Work. These power lines provide electricity to process water pumps for the Sherwin Alumina plant and require continuous service throughout the relocation with one operating and one spare. The spare feeder may be de-energized for up to 4 days to make the changeover and then the energized feeder may be taken out of service for a second 4 day changeover period. The electrical feeders are 4160 VAC 60 Hz 3 phase that power two each 400 HP raw water pumps, one operating and one spare. However, during pump swaps, both pumps will be operating (although one at a reduced HP). The feeder size is 1/0 aluminum. Splices are acceptable. Relocated feeders shall be above ground pole supported with insulated conductors. There is also a small telephone cable on the power poles routed beneath the electrical feeders. This cable is no longer in service and has been severed at both ends by the telephone company. This cable shall be removed along with the feeders and poles.
- c. Removal of Abandoned Sherwin Alumina Pipelines: Contractor's Scope of Work will include removal of the following Sherwin Alumina abandoned above ground steel pipelines, as required, that may be currently located on portions of the Site and Sherwin Alumina property (to the extent such have not already been removed by Sherwin Alumina): 2-12" X 3000', 1-14" X 3000', 2-16" X 3000' and 2 Sherwin Alumina above ground HDPE pipelines 1-20" X 4000' and 1-20" X 2700' to be abandoned after the new 20" HDPE pipelines are in service.
- d. La Quinta Construct Dock Access Road Relocations: The existing La Quinta Road off TX DOT 35 will become the main entrance road to the Facility. Currently, La Quinta Road is the main access to the Sherwin Alumina docks, and will no longer be accessible for Sherwin Alumina use once construction of the new dock road is complete. A new road is proposed as part of Contractor's Scope of Work from the main Sherwin Alumina parking lot to the intersection with La Quinta Road. This Work will, as authorized in a Work Order, be started early in the construction schedule to allow for rerouting Sherwin Alumina dock employee traffic out of the construction areas.

The new road pavement shall be 22' wide, nominal elevation of 26' NGVD 29, with asphalt surface capable of loads from 150 ton truck cranes. The new road shall have chain link fence parallel the road on the inside boundary and on a small part of the outside boundary at the north end of the road. Three remote actuated slide gates shall be installed and monitored with environment protected color cameras and gates remotely controlled from the existing front guard gate. Two manual swing gates are proposed at other locations along the roadway. Contractor shall install underground fiber optics and power cables along the new road to control the gates and connect the cameras to an existing 16 channel control unit at the main guard gate using communications hardware consistent with existing security system controls. Contractor shall install two ceiling mounted flat screen monitors at the main guard gate and three remote intercoms with call buttons at the three gates. Color CCTV cameras will have zoom, tilt and pan capability. Power and telephone lines near the main guard gate need to be raised to provide a minimum of 22' clearance, with 25' clearance desired over finished pavement. Drainage ditches and culverts shall be provided and shall be consistent with overall drainage design. A gravel access road shall also be constructed to the decant pumps whereas installation of the new asphalt road makes the pumps inaccessible.

- e. Abandoned Production Wells: Four abandoned production wells within the Site boundaries are shown on Tobin maps and abandonment records filed with the Texas Railroad Commission. The four well locations have been staked by surveyors in the field by their recorded coordinates. The Humble La Prade is located in the LNG vaporizer area. Lowering the well casing below excavations and foundations is the anticipated corrective action if required. The Jake Hamon State Tract 1 and Hamon 1 Reynolds Aluminum are located in the vicinity of the east LNG berth and could be impacted by piles of the trestle. Exposing the well casings so the jetty piles can be driven to not disturb the wells is the anticipated corrective action, if required. Hamon 1 Green Estate appears to be outside the area to be disturbed by construction and is not of concern. All four wells will be exposed by Owner for inspection. Abandoned wells that will interfere with construction will be lowered and capped by Owner.

2.2.3 Site Work and Alcoa Activities

- a. Overview:

Owner and Alcoa have agreements for Owner's dredge material to be deposited on existing Alcoa bauxite tailing beds on Alcoa's property as a cap to permanently close the beds. All of the approximately 4.5 MM cubic yards of material in the marine area removed by dredging operations will be deposited by Contractor on Alcoa land in areas labeled DMPA2 on Attachment E. Alcoa is responsible for preparing DMPA2 to receive dredge by raising the levees. Contractor is responsible for delivering the dredge material to DMPA2 sites and for completing rough grading in DMPA2 to obtain a minimum of 2'-0" cover over the entire dredge placement area. Consistent with Alcoa's TPDS permit, dredge water effluent cannot exceed 0.3 gram/liter total suspended solids ("TSS") discharge as measured at the compliance test points. The TPDS permit has been

received and activated by Alcoa. The TPDS permit applications and associated documents with the dredge permit are provided in the printed and electronic data.

Alcoa and Owner have agreed to a grading plan that provides elevations and shape of material in the raised diked areas and main pipe rack between Bed #22 and Bed #24. Contractor shall be responsible for ensuring compliance with the grading plan and communicating to Alcoa field changes to confirm acceptance. Contractor shall also ensure Alcoa's final slope plan does not allow storm water to drain to the LNG secondary containment trough under the LNG pipe rack. Alcoa will be responsible for ensuring that all permanent storm water collected on its land, both inside and outside DMPA1 and DMPA2, shall drain to Corpus Christi Bay and shall not be allowed to flow onto the Site or Sherwin Alumina property except where shown on the Drainage and Grading Plan Drawing C-14 or where drainage easements exists.

b. Alcoa and Contractor DMPA1 Activity:

1. Alcoa shall excavate and haul existing waste contents of Landfill #4 an estimated 10 feet below grade (125,000 cubic yards) to Bed #22 to remove waste from Landfill #4.
2. Landfill # 4 and Bed # 24 storm water drainage will be designed and contoured by Alcoa to drain to Outfall # 5 and the collection header will be designed to segregate Alcoa storm water from Owner storm water. Outfall # 5 collection header for Alcoa storm water will be installed by Alcoa.
3. The discharge lines from Outfall # 5 crossing of La Quinta Road and scour protection measures required for La Quinta ditch shall be designed and installed by Contractor. Alcoa shall provide their discharge line to Contractor for installation.
4. Alcoa intends to drain Bed # 22 and La Quinta Steps into Corpus Christi Bay by way of Owner's existing storm water drain culverts and Outfall #002. Alcoa shall install a permanent water outfall collection box to serve as a monitoring point for Alcoa's outfall upstream of the point at which such outfall water mingles with the outfall water of Owner.
5. Alcoa shall cut and shape the existing Bed # 22 levee to prepare for capping of the bed.
6. Alcoa shall raise levees and cap Bed # 22 using the required quantity of clay fill and then cover the cap with approximately 120,000 yards of top soil material previously stockpiled by Contractor (see Section 2.1.4.g.4) to elevations shown on the Master Drainage and Grading plan Drawing C-14. Alcoa will finish grade and close Bed # 22.
7. Alcoa will vegetate Bed #22 and then irrigate such Bed up to 100 days.

c. Alcoa DMPA2 Activity:

1. Install strip drains and seep collection header around DMPA2.
2. Cut and shape exteriors and interiors of existing levees of DMPA2 ready to receive dredge material and separate DMPA2 from sludge placement areas.
3. Raise the permanent interior levee of DMPA2 to 45 feet elevation.
4. Install one permanent decant/storm water drain structure, (Outfall # 3) with discharge water to report to La Quinta ditch and then to Corpus Christi Bay. A second permanent decant/storm water drain structure, Outfall #6, may be installed as an option that will traverse the east property boundary and to the Corpus Christi Bay.
5. Construct a Sludge Placement Area (SPA) all-weather levee road between DMPA2 and the existing SPA.

3. MANAGEMENT AND SUPERVISION

3.1 Owner Management Philosophy

To effect the necessary control of the interfaces between Owner and Contractor, and to facilitate prompt and accurate communications between Owner and Contractor, Owner Representative will utilize a team of Owner's personnel or consultants, which will be resident in Contractor's office during design and procurement phase, and at Site during performance of the Work.

3.2 Project Execution Plan

Without prejudice to any other provision of this Attachment A or the Agreement which sets out specific requirements for any of the plans or documents listed below, within sixty (60) Days after the execution of the Agreement, Contractor shall submit to Owner for review Contractor's project execution plan ("**Project Execution Plan**"), which shall address, summarize, and provide a schedule for development and finalization of the following plans, procedures, and other documents.

- a. Project objectives
- b. Project management
- c. Project engineering plan
- d. Document management plan
- e. Project controls plan
- f. Project procurement plan
- g. Revisions to Attachment G, if any

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- h. Document control plan
 - i. Communications plan
 - j. Preliminary Subcontractor list
 - k. Preliminary project Subcontract plan
 - l. HSE Plan
 - m. Interface management plan
 - n. Project quality plan
 - o. Preliminary project construction plan
 - p. Preliminary project commissioning plan
 - q. Labor relations plan
 - r. Management of change plan

3.3 Owner Office Accommodations

All security, office furnishings, electrical power and other temporary utilities, lighting, telephones, facsimile, high speed internet access, and nightly cleaning services associated with the office accommodation for staff noted below shall be provided by Contractor. This shall include the telecommunications line rentals from execution of the Agreement until, unless otherwise agreed to by Owner, the earlier of completion of all Work under the Scope of Work for the Agreement, termination of the Agreement or transition to the EPC Agreement. Owner will supply computers to Owner personnel:

Contractor shall provide office accommodations for:

- Up to a peak of six (6) Owner personnel at Contractor's office for duration of the Work.
- Up to a total of thirteen (13) Owner personnel at Site at the peak of the construction activities during the Work, including two reserved parking spaces.

3.4 Normal Work Hours/Periods

- The normal construction work period will be ten (10) hours per Day, five (5) Days per week, with make up Days as scheduled.
- The primary dirt spread will be worked on a period of ten (10) hours per Day, six (6) Days per week, with make up Days as scheduled.

4. ENGINEERING

4.1 Design Basis

Owner shall be responsible for providing those items of information defined as “Rely Upon” in the Design Basis included in Schedule A-2 of this Attachment A and for providing to Contractor the information or items specified in Attachment K, subject to Contractor’s obligation to provide information to Owner as specified in Attachment K. Owner shall remain fully responsible for the accuracy, completeness and sufficiency of the information identified as “Rely Upon” in Schedule A-2.

All other information constituting the Design Basis or otherwise required for performance of the Work shall be provided or developed by Contractor, as applicable, and Contractor shall be fully responsible for the accuracy, correctness and completeness thereof, and the provisions of Section 3.1 of the Agreement shall apply with respect to all such information provided or developed by Contractor or otherwise required for performance of the Work (other than the information, as specified in the preceding sentence, which is the responsibility of Owner).

4.2 Applicable Codes and Standards

Without in any way limiting the generality of the definition of Applicable Codes and Standards within the Agreement, the Applicable Codes and Standards include: (i) 49 CFR Part 193, 33 CFR Part 105, 33 CFR Part 127, NFPA 59A; (ii) any codes and standards specifically mentioned in any provision of the Agreement or any Work Order as applicable to the Work; and (iii) those codes and standards of the following standards organizations and other generally accepted practices, methods, techniques and standards employed by the international LNG industry constituting GECP, as specifically identified as applicable through detailed engineering:

- AASHTO, American Association of State Highway and Transportation Officials
- ACI, American Concrete Institute
- AFBMA, Anti-Friction Bearing Manufacturers Association
- AGA, American Gas Association
- AGMA, American Gear Manufacturers Association
- ASA, Acoustical Society of America
- ARI, Air Conditioning and Refrigeration Institute
- AIChE, American Institute of Chemical Engineers
- AISC, American Institute of Steel Construction
- ANSI, American National Standards Institute

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- API, American Petroleum Institute
 - ASME, American Society of Mechanical Engineers
 - ASNT, American Society for Non-Destructive Testing
 - ASTM, American Society for Testing and Materials
 - ASCE, American Society of Civil Engineers
 - ASHRAE, American Society of Heating, Refrigeration and Air-conditioning Engineers
 - AWWA, American Waterworks Association
 - AWS, American Welding Society
 - CINI, Insulation for Industries
 - CMAA, Crane Manufacturers Association of America
 - CRSI, Concrete Reinforcing Steel Institute
 - CSI, Construction Specifications Institute
 - EJMA, Expansion Joint Manufacturers Association
 - FCI, Fluid Control Institute
 - FM, Factory Mutual
 - GPA, Gas Processors Association
 - HFES, Human Factors and Ergonomics Society
 - IBC, International Building Code
 - ICEA, Insulated Cable Engineers Association
 - IESNA, Illuminating Society of North America
 - IEEE, Institute of Electrical and Electronics Engineers
 - ISA, International Society for Measurement and Control
 - MSS, Manufacturer's Standardization Society of the Valve and Fitting Industry
 - NACE, National Association of Corrosion Engineers

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- NEMA, National Electrical Manufacturers Association
 - NFPA, National Fire Protection Association
 - NFSA, National Fire Sprinkler Association
 - OCIMF, Oil Companies International Marine Forum
 - OSHA, Occupational Safety and Health Administration
 - PCI, Precast/Prestressed Concrete Institute
 - PIP, Process Industries Practices, Piping
 - SAE, Society of Automotive Engineers
 - SIGTTO, Society of International Gas Tanker and Terminal Operators
 - SMACNA, Sheet Metal and Air Conditioning Contractors National Association
 - SSPC, Steel Structures Painting Council
 - TEMA, Tubular Exchanger Manufacturers Association
 - UFC, Uniform Fire Code
 - UL, Underwriters Laboratories

4.3 Project Engineering Plan

4.3.1 Contractor shall produce a detailed project engineering plan ("**Project Engineering Plan**") for review by Owner within sixty (60) Days of execution of the Agreement. The Project Engineering Plan will provide a summary of the procedures, plans, and execution methodologies to be used by Contractor to develop the engineering design in accordance with the Applicable Codes and Standards and the requirements of the Agreement.

4.3.2 Work Hours/Periods

- The work period for the Project Engineering will be up to ten (10) hours per Day, Five (5) Days per week.

4.4 Engineering Design

4.4.1 General

The following primary engineering activities will be performed as part of the Scope of Work:

- a. Developing engineering design documents as listed in the attached deliverables list in Schedule A-3;

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- b. Developing civil Site grading and drainage drawings to obtain the required Permits to start Site improvement construction activities;
 - c. Developing Equipment lists, instrument index, line lists, material lists, and supplier lists;
 - d. Preparing Equipment data sheets for major process equipment;
 - e. Preparing instrument data sheets for major cryogenic valves and instruments;
 - f. Performing technical evaluation of major process equipment bids;
 - g. Reviewing vendor data from Sabine Pass go-by documents;
 - h. Revising material take-offs at the end of the design phase within this Scope of Work;
 - i. Developing acceptance test requirements for major process equipment;
 - j. Development and implementation of a plan for witnessing of factory acceptance tests at Vendor's shops major process equipment;
 - k. Development and implementation of a plan for drawings control, vendor data and documentation control using a computer database utilizing Contractor's document control procedure;
 - l. Starting the development of technical documents for major Subcontracts; and
 - m. Provision of engineering support for Site civil grading and drainage construction activities.

4.4.2 Process and Systems

In addition to any other Drawings or Specifications required to be developed by Contractor in accordance with the Agreement or this Scope of Work, Contractor shall be responsible for developing the following Drawings and Specifications related to the process and process systems:

- a. Process flow diagrams with heat and material balances;
- b. Piping and instrument drawings ("*P&IDs*") will be developed to "Issued for HazOp" level;
- c. Equipment list;
- d. HAZOP review of P&ID's; and

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- e. Development of safety integrity level (“**SIL**”) levels of critical control and safety systems utilizing Sabine Pass as a go-by.

4.4.3 Instrumentation and Controls

In addition to any other Drawings or Specifications required to be developed by Contractor in accordance with the Agreement or this Scope of Work, Contractor shall be responsible for developing the following Drawings and Specifications related to the instrumentation of the process systems:

- a. Development of control philosophy;
- b. Development of Instrument database;
- c. Development of instrument data sheets for major instruments and control valves
- d. Perform SIL calculations
- e. Develop I/O list

4.4.4 Facility Layout and Piping Design.

In addition to any other Drawings or Specifications required to be developed by Contractor in accordance with the Agreement or this Scope of Work, Contractor shall be responsible for developing the following Drawings and Specifications related to the piping and piping systems:

- a. Plot plans;
- b. Preliminary Equipment general arrangements using Sabine Pass vendor data and preliminary vendor data as a go-by;
- c. Development of underground piping plans;
- d. Development of PDMS and CAD standards and model database for the 3-D model;
- e. Development of catalog components for the 3-D model;
- f. Preliminary 3-D model;
- g. Service class index;
- h. Preliminary pipe stress analysis for pipe rack C; and
- i. Piping Specifications.

4.4.5 Mechanical Design

In addition to any other Drawings or Specifications required to be developed by Contractor in accordance with the Agreement or this Scope of Work, Contractor shall be responsible for

developing the following Drawings and Specifications related to the mechanical design of vessels, LNG tanks, heat exchangers, rotating Equipment, fired Equipment, special Equipment, and packaged Equipment:

- a. Equipment data sheets for major process Equipment;
- b. Equipment Specifications for major process Equipment;
- c. Technical bid evaluations of major process Equipment;

4.4.6 Electrical Design

In addition to any other Drawings or Specifications required to be developed by Contractor in accordance with the Agreement or this Scope of Work, Contractor shall be responsible for developing the following Drawings and Specifications related to the electrical power supply and distribution:

- a. Temporary power design for the Work;
- b. Development of Specifications for major electrical Equipment such as:
 - Transformers,
 - Power Control Rooms,
 - Primary and Secondary Unit Substations,
 - Utility Substation,
 - Bus Ducts,
 - Standby generators, and
 - MV and LV motors, etc.;
- c. One-line diagrams;
- d. Electrical area classification Drawings;
- e. Substation design; and
- f. Preliminary wiring layouts and plans.

4.4.7 Civil / Structural / Architectural Design

In addition to any other Drawings or Specifications required to be developed by Contractor in accordance with the Agreement or this Scope of Work, Contractor shall be responsible for developing the following Drawings and Specifications:

- a. Development of erosion control Drawings for Site development and storm water discharge Permits;

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- b. Finalization of soils study;
 - c. Development of rough grading and drainage plan for process area, tank farm area and pipe rack C area;
 - d. Development of building layouts;
 - e. Development of building foundation drawings;
 - f. Development of preliminary foundation designs for major process Equipment using Sabine Pass vendor drawings as a go-by;
 - g. Start design of LNG runoff troughs and containment; and
 - h. Development of necessary grading and drainage drawings for Sherwin Alumina dock access road and water and power line relocation.

4.4.8 Marine Design

In addition to any other Drawings or Specifications required to be developed by Contractor in accordance with the Agreement or this Scope of Work, Contractor will develop the following Drawings and Specifications for the construction of marine structures:

- a. East and west jetty structural design drawings to “issue for construction” level;
- b. East and west jetty pile and approach trestles civil and structural design drawings to “issue for construction” level;
- c. Berth and mooring layout drawings;
- c. Design drawings for jetty platforms;
- d. Design drawings for breasting dolphins and mooring dolphins;
- e. Design drawings for shoreline protection;
- f. Design drawings for bulkhead walls; and
- g. Design drawings for miscellaneous items such as catwalks, etc.

4.4.9 Materials

In addition to any other Drawings or Specifications required to be developed by Contractor in accordance with the Agreement or this Scope of Work, Contractor shall be responsible for developing the following Drawings and Specifications related to materials selection, engineering, and applications technology:

- a. Material selection diagram;

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- b. Corrosion control Specifications;
 - c. Painting and coating Specifications; and
 - d. Insulation systems Specifications.

4.5 Procurement and Material Control

4.5.1 General

The project procurement plan will provide a summary of the procedures, plans, and execution methodologies to be used by Contractor for procuring Equipment, materials, goods and services within the Scope of Work (the “*Project Procurement Plan*”).

4.5.2 Project Procurement Plan

Contractor shall produce a Project Procurement Plan for review by Owner within ninety (90) Days of execution of the Agreement, and Owner will review and approve such plan in accordance with Section 3.4 of the Agreement.

- Inspection
- Expediting
- Supplier quality reports
- Technical requirement compliance
- Material control, marking, and certification
- Packing, consolidation, importing
- Transportation, handling, and storage
- Warranties and guarantees
- Vendor servicemen

4.5.3 Local Suppliers

Contractor shall give due consideration to local companies to provide materials and services, provided they are competitive in terms and price, proven quality, experience, expertise, service and delivery. The procedures shall indicate how Contractor intends to ensure appropriate consideration of local suppliers.

5. SUBCONTRACTS

5.1 General

Pursuant to the terms of the Agreement, including Section 2.4 of the Agreement, Contractor shall engage Subcontractors as required to perform the Work and carry out Contractor's obligations under the Agreement.

5.2 Project Subcontract Plan

In accordance with Section 3.4 of the Agreement, Contractor shall produce a detailed Subcontract plan ("**Project Subcontract Plan**") for review and approval by Owner within ninety (90) Days of execution of the Agreement. The Project Subcontract Plan will provide a summary of the procedures, plans, and execution methodologies to be used by Contractor for bidding, evaluating, awarding, inspection, progress monitoring, technical requirement compliance, material controls, and expediting of Subcontracts.

5.3 Local Subcontractors and Sub-subcontractors

Contractor shall give due consideration to local companies to provide materials and services, provided they are competitive in terms and price, proven quality, experience, expertise, service and delivery. The Project Subcontract Plan shall indicate how Contractor intends to ensure appropriate consideration of local subcontractors.

5.4 Bid Packages

Contractor shall be responsible for preparing and issuing bid packages or request for proposals for Subcontracts.

6. CONSTRUCTION

6.1 General

In accordance with Section 3.4 of the Agreement, Contractor shall produce a detailed construction plan ("**Project Construction Plan**") for review and approval by Owner within ninety (90) Days of execution of the Agreement. The Project Construction Plan will provide a summary of the procedures, plans, and execution methodologies to be used by Contractor for all management, controls, labor, supervision, consumables, tools, plant and Equipment necessary to construct, mechanically complete, test, and pre-commission the Facility. The Project Construction Plan will address the following:

- Construction procedures
- FERC Order conditions and data request response compliance
- Policies, rules and regulations for:
 - HSE
 - Personnel identification

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- Access to Site
 - Firearms, drugs, alcohol, animals, etc.
 - Access Equipment
 - Construction Permits
 - Parking
 - Vehicular access
 - Personnel orientation
 - Construction plant and Construction Equipment
 - Construction methodology
 - Demolition
 - Scaffolding and access equipment
 - Temporary roads
 - Work force training
 - Industrial relations
 - Public relations
 - Security
 - Transportation of Equipment
 - Utilities, chemicals, lubricants
 - Construction communication procedures
 - First fills
 - Punchlists
 - Close out
 - Demobilization

6.2 Site Preparation

Contractor shall be responsible for carrying out Site preparation Work, including:

- Removal of all vegetation

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- Soils improvement
 - Temporary and permanent roads
 - Top soil removal
 - Temporary and permanent drainage
 - Grading plan
 - Dredging and bed closure plan
 - Drainage plan

6.3 Scaffolding and Access Equipment

Contractor shall provide a safe means of access to the Work at all times, including for purposes of inspections by Owner. Scaffolding must be substantial and appropriately designed for the job. Contractor shall keep adequate records to demonstrate a system of regular inspection of scaffolds, by appropriately qualified personnel. Records shall also be maintained of calculations performed for load bearing scaffolds. Tags with inspection, and expiration shall be prominently displayed on all scaffolding.

6.4 Craneage and Lifting Equipment

Contractor shall only employ craneage and lifting equipment that has been tested and which are fit for their intended purpose. All crane operators and riggers shall be adequately trained and must be able to demonstrate that they hold the appropriate certification. Contractor shall keep records of tests and certification of all lifting equipment, craneage and operators employed in the Work. Contractor shall comply with its internal rigging procedure for all lifting operations, as well as all Applicable Law and Applicable Codes and Standards. Contractor will submit rigging plans for lifts exceeding 50-tons, multiple crane lifts or lifts which are considered critical for review and approval by Owner or Owner's designee.

6.5 Medical Facilities

Contractor shall provide provisions for suitable first-aid facilities which shall be available to all personnel at the Site, including those employed by Owner, Subcontractors and visitors. The first-aid facilities, as a minimum, shall include a fully equipped first-aid room capable of treating injuries that can be anticipated on a construction site. Consideration shall be given for at least one qualified EMT or nurse on duty during the hours when construction Work is in progress at the Site. Contractor shall also provide a program of training for first-aid personnel among the workforce and establish an emergency response team, drawn from the medical and workforce first-aid personnel, to deal with serious on Site accidents.

Contractor shall produce for review by Owner within thirty (30) Days of execution of the Agreement, a plan detailing how emergency medical treatment will be administered. Such plan shall take into account capabilities of local hospital and medical facilities.

6.6 Sanitation

Contractor shall provide adequate washing and latrine facilities for its workforce, Owner staff, and for visitors permitted on the Site. These facilities shall be cleaned, disinfected, stocked with supplies and maintained regularly at all times and the disposal of sanitary waste shall conform to statutory requirements.

6.7 Housekeeping

Contractor shall provide suitable receptacles and services to ensure that all scrap materials, debris and spoil generated by Contractor's construction activities, are collected regularly and properly disposed of. Disposal of such materials outside the Site shall be to a properly licensed land fill or environmental waste Subcontractor, in accordance with Applicable Law and Permits.

Unless otherwise agreed by the Parties, upon the earlier of completion of the Work or termination of the Agreement and in accordance with Section 3.8 of the Agreement, Contractor shall remove all Construction Equipment, construction trailers and other temporary facilities, and all other items brought onto the Site by Contractor or Subcontractors which are not the property of Owner, and remove from the Site and properly dispose of all scrap materials, debris and spoil. Contractor shall allow all temporary construction laydown areas to naturally revegetate, unless such areas are designated for wetland mitigation or other use by Owner that does not require such restoration.

6.8 Temporary Facilities

Unless otherwise agreed upon by the Parties, until the earlier of completion of the Work or termination of the Agreement, Contractor shall provide all temporary facilities necessary for performance of the Work. All temporary buildings, piping, cabling, communications equipment, storage facilities, fencing, gates, gas detection equipment, utilities, and the like shall be removed upon the earlier of completion of the Work or termination of the Agreement (unless otherwise agreed by the Parties).

6.9 Health, Safety and the Environment (HSE)

Contractor will develop a site specific HSE Plan for the Work in accordance with Section 3.9 of the Agreement.

6.10 Industrial Relations

Contractor shall prepare and provide to Owner within ninety (90) Days of execution of the Agreement, its policies and plans for managing industrial relations at the Site, for review by Owner. Such policies and plans shall cover working hours, right to work policies, working patterns, shifts, disputes procedure, welfare facilities (catering, sanitary, wet weather gear, protective clothing etc.), training, wet weather working, holidays and any other relevant matters.

Contractor shall report all disputes or potential disputes involving Contractor's or Subcontractors' employees to Owner Representative as soon as practicable after they occur. Contractor will be expected to take a pro-active role in managing industrial relations among such employees at the Site.

6.11 Site Security

Contractor shall be responsible at all times for security at the Site during performance of the Work. Adequate fencing and security devices shall be provided and maintained to prevent unauthorized access to the Site and theft or damage. Contractor shall employ sufficient security personnel to police the Site entrances, perimeter fencing and secure areas at all times and to carry out random searches of vehicle arriving or leaving the Site. Adequate security lighting of the Site shall be provided.

Contractor shall prepare, within thirty (30) Days of execution of the Agreement, a security plan for the Site for review and approval by Owner, that shall address measures related to access to the Site by Owner, Contractor, Subcontractors and Third Parties, personnel identification, enforcement and compliance by all such Persons with the Site security policy. Contractor shall be responsible for implementing, including monitoring of compliance with and enforcement of, such security plan.

6.12 Construction Utilities

6.12.1 Electrical

Contractor shall be responsible for provision of construction power facilities and payment for electrical consumption during performance of the Work.

6.12.2 Potable Water

Contractor shall provide potable water and ice for use at the Site, and ensure that a safe and plentiful supply of potable water and ice is available for all activities on the Site during performance of the Work. The water and ice for human consumption shall be of suitable quality.

7. QUALITY MANAGEMENT

7.1 Quality Assurance Requirements

Contractor shall provide an integrated quality management group to operate the quality assurance, quality control and certification functions of the quality management system. The quality management group shall be independent from Contractor's construction, procurement and scheduling activities.

7.2 Project Quality Plan

Contractor shall produce a detailed Facility-specific quality assurance and inspection plan ("**Project Quality Plan**") for approval by Owner within sixty (60) Days of execution of the Agreement. Owner's review and approval of such Project Quality Plan shall be in accordance

with Section 3.4 of the Agreement. The Project Quality Plan shall define Contractor's organization and responsibilities of the quality management group personnel and shall detail the procedures Contractor intends to use to manage and control those aspects of the Work which may affect the quality of the completed Facility.

The Project Quality Plan shall be based on Contractor's standard quality assurance procedures, shall be in accordance with Applicable Law and Applicable Codes and Standards and shall cover the following information:

- a. Project quality policy
- b. Project quality objectives
- c. Management responsibilities and duties of all key quality assurance personnel
- d. Quality assurance and quality control organization
- e. A list and status of the procedures that will be employed for performance of the Work and a program of internal, supplier, and Subcontractor audits
- f. Documentation and certification control
- g. Control of nonconforming products or processes and corrective actions
- h. Design validation
- i. Material traceability for all cryogenic materials

8. PROJECT CONTROL

8.1 General

Contractor shall plan and program the Work and its resource requirements in accordance with the requirements of the Work Schedule.

8.2 Project Controls Plan

Contractor shall produce a detailed Project controls plan ("***Project Controls Plan***") for review and approval by Owner within sixty (60) Days after execution of the Agreement. Owner's review and approval shall be in accordance with Section 3.4 of the Agreement. The Project Controls Plan shall detail the procedures that will be utilized by Contractor to maintain the cost control, invoicing, scheduling, control, progress, Change Order control, and reporting of all activities.

Trends are anticipated costs, items, adjustments, revisions, estimates, and other information generated from project team communication and interactions. These expectations of future costs will be captured utilizing the "Trend Form" and entered into Expedition. Trends, unlike Change Orders, are used to represent adjustments to plans, Drawings, revisions, estimates, or actual

costs. It is flexible in that any matter or issue deemed to be important for future consideration or action can be captured. The process will be detailed in the Project Controls Plan.

8.3 Program Reporting - Planning Network

The Work shall be planned, managed, monitored and controlled by use of an integrated critical path network planning system, derived from a work breakdown structure (“WBS”).

8.4 Schedule Development

Contractor shall produce a critical path schedule that will be the reference schedule for the duration of the Work. This critical path schedule shall be the EPC Agreement’s baseline plan comprising a control network detailing all activities to be completed in a logical sequence and being in sufficient detail to identify key activities and restraints, interdependencies, interrelationships and resources required to control the project.

The schedule shall:

- Be with the effort that develops the overall project schedule,
- Represent Contractor’s best judgment as to how it shall complete the Work,
- Be a detailed graphic representation of all significant aspects of the Work showing Contractor’s plans for performance of the Work,
- Comply with GECP,
- Indicate a level of detail sufficient for Contractor to plan, organize, direct, coordinate, perform and execute the Work, and for Owner to monitor the progress of the Work,
- Include separate activities for each significant portion of the Work including activities for engineering, procurement, construction, commissioning, start up, and testing,
- Show the duration, start dates, and finish dates for each activity,
- Show activity number, activity description, and responsible Person (i.e., Contractor, Subcontractor, or Third Party) for each activity, and
- Reflect logical relationships between activities with a reasonable duration for each activity, and show an uninterrupted critical path for the completion of the Facility.

8.5 Progress Measurement

Contractor shall, until the earlier of transition to the EPC Agreement, completion of the Work or termination of the Agreement, develop and maintain systems and procedures for the measurement of progress against the Work Schedule(s). Contractor shall measure progress based on actual Work completed.

8.6 Meetings; Weekly Progress Meetings; Minutes

Periodic meetings shall be held as required for the purpose of keeping Owner fully informed of all aspects of the Work, and for reviewing execution plans, technical or financial concerns, progress status and scheduling of the Work, remedial actions, quality concerns, safety concerns, interfaces, and Owner and Contractor plans for resolving issues.

Commencing with the execution of the first Work Order, weekly progress meetings will be held between Owner's Representative or his designee, and any other Persons designated by Owner, and Contractor's Key Personnel at the appropriate Site location, or as agreed by the Parties, Owner or Contractor home office. Owner and Contractor shall agree on dates, standardized reports and agenda for such meetings well in advance as the Work demands.

Minutes of all progress-related meetings shall be created and submitted by Contractor in accordance with Section 3.16A of the Agreement. The contents of the minutes shall be subject to review at the next weekly progress meeting. The format for the preparation of the minutes shall be mutually agreed. The minutes at a minimum should include decisions made, action item responsibilities and action dates and the results of assigned actions outlined in the previous minutes and shall be distributed to all attendees, Owner Representative, and in accordance with the document distribution matrix, to be developed during the project execution.

8.7 Monthly Progress Reports

Commencing with the execution of the first Work Order, Contractor shall provide a written Monthly Progress Report to Owner no later than ten (10) Days after the end of each Month, and the Monthly Progress Report shall cover activities up through an agreed cut off date in the Month preceding the Month in which the Monthly Progress Report is issued. Contractor shall provide Owner with the number of copies of such reports and shall arrange for the distribution thereof as Owner may reasonably request.

Commencing with the execution of the first Work Order, a progress meeting shall be held each Month by Contractor at the Site or at an alternate site mutually agreeable to Owner and Contractor and at a mutually agreeable time, for the purpose of reviewing with Owner the Monthly Progress Report issued during such Month.

Contractor shall provide Monthly Progress Reports in a form reasonably acceptable to Owner which will indicate, at a minimum:

- Narrative summary of progress
- A description, as compared with the Work Schedule(s), of engineering, procurement, construction, commissioning, and testing status including actual percentage complete versus planned percentage complete, document status, significant activities accomplished during the reporting Month, significant activities planned for the current Month and estimates for future milestones as may be requested by Owner
- Trends pending and approved

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- Description of any problems (including any occurrence of which Contractor is aware that could reasonably be expected to increase the cost of the Work or delay performance of the Work) and a summary of plans for resolution
 - A description of the status of the Permits, including the dates of applications submitted or to be submitted and the anticipated dates of actions by Governmental Instrumentalities with respect to such Permits
 - A description of reportable environmental, health and safety incidents as well as any unplanned related impacts, events, accidents or issues that occurred during the reporting period
 - A description of all safety and security issues
 - A description of quality assurance activities
 - Progress photos showing representative portions of the Site and the Work, with a description of the photograph and the date taken
 - All applicable information required by FERC and other Governmental Instrumentalities having jurisdiction.

8.8 Quarterly Executive Progress Reports

Commencing upon execution of the first Work Order, within fifteen (15) Days after the end of each quarter, Contractor shall provide Owner an executive progress report (“*Executive Progress Report*”) suitable for presentation to Owner’s executive management and shareholders in a form reasonably acceptable to Owner. These reports will be presented to Owner and discussed at a progress meeting to be held between Contractor’s Key Personnel and Owner’s Representative or his designee and any other Persons designated by Owner, every four Months. The Executive Progress Reports will include:

- Narrative summary of progress
- Update of the status of the Project
- Progress photographs and other illustrations
- Description of any problems and summary of plans for resolution

8.9 Contractor Deliverables

(See [Schedule A-3](#), Contractor Deliverables)

9. CONTRACTOR INTERFACES

9.1 FERC Activities – Division of Responsibility

Owner is required to provide regular reports and other information to the FERC during design, construction, and operation of the Facility as outlined in FERC Authorization, and in the Code of Federal Regulations (CFR), Title 49 – Transportation; Part 191 – Transportation of Natural and Other Gas by Pipeline; Annual Reports, Incident Reports, and Safety Related Condition Reports, and Part 193 – Liquefied Natural Gas Facilities: Federal Safety Standards. The Facility will also be subject to regular inspections by FERC staff, and continuous monitoring by inspectors providing reports to FERC. Contractor shall assist Owner for interfaces with FERC.

9.2 FERC Required Reports

Owner is required to provide regular reports and other information to the FERC during design, construction, and operation of the Facility. The Facility will also be subject to regular inspections by FERC staff, and continuous monitoring by inspectors providing reports to FERC. Contractor shall assist Owner with all interfaces with FERC as follows:

1. Progress on the Facility shall be reported in monthly reports submitted to the FERC. Details should include a summary of activities, problems encountered and remedial actions taken. The Monthly Progress Report described in Section 8.7 of this Schedule A-1 shall be formatted so that the required information can be easily extracted by Owner and sent to the FERC.

The Facility shall be subject to regular FERC staff technical reviews and Site inspections on at least a biennial basis or more frequently as circumstances indicate. Prior to each FERC staff technical review and Site inspection, Owner will respond to a specific data request including information relating to possible design and operating conditions that may have been imposed by other agencies or organizations. Provision of up-to-date detailed P&ID's reflecting Facility modifications and provision of other pertinent information not included in the semi-annual reports described below, including Facility events that have taken place since the previously submitted annual report. Contractor shall assist Owner with these FERC reviews, requests, inspections, and reports as required.

9.3 Export Gas Pipelines

Cheniere Corpus Christi Pipeline Company will perform the design engineering and specification of the initial mile of sendout pipeline to expedite early installation of the first mile to minimize access and other interference to the terminal execution. The pipeline material, primarily the underground portion of that initial mile, will be procured under the Scope of Work with the intent for the installation to be accomplished under the EPC Agreement.

Cheniere Corpus Christi Pipeline Company shall be responsible for construction and completion of the balance of the 42" export gas pipeline up to the designated tie-in points on the outlet valve and insulator at the master meter. Space shall be allowed for construction and operations of the pig trap launcher, and provide road access.

SCHEDULE A-2

DESIGN BASIS

The Design Basis consists of the following items, plus the bases of design, technical parameters and Specifications contained in the other provisions of Attachment A, including the documents and Drawings listed in Schedule A-3, which are incorporated by reference into the Design Basis.

Owner shall be responsible for the information designated below as "Rely Upon". Subject to the requirements of Section 4.6 of the Agreement, items listed as "Rely Upon" are considered to be part of the Design Basis. Contractor is entitled to rely upon the specific information provided or to be provided by Owner for the items designated as "Rely Upon"; however, Contractor shall be obligated to take such information into account and to perform all relevant portions of the Work in accordance with such information.

Items designated below as "Design Reqt" are design requirements which define some of the specifications, philosophies, selections, results, data or other information that have been developed prior to the Agreement Effective Date. These design requirements must be complied with by Contractor unless modified by Owner during the Work.

	<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQT</u>	<u>RELY UPON</u>
1	General				
1.1	Required daily Sendout Rate, annual average	-2000 MMscfd	Contractor is not obliged to guarantee the annual average Sendout Rate Based on 11 vaporizers.		Yes
1.2	Installed Capacity	-2183 MMscfd	Running installed spares, provided pressure drops permit. Based on 12 vaporizers running with 5 in tank pumps	Yes	
1.3	Installed spare availability	Electrical systems and control systems must have sufficient capacity to operate all connected Equipment.	The sendout capacity with all spares operating cannot be guaranteed, but if the Equipment is up, LNG is available, and the Export Pipeline can take the gas, this capacity should be available.	Yes	
1.4	Design Natural Gas Sendout Temperature	40 F (4.4 C) minimum measured at outlet of the Export Master Meter		Yes	
1.5	LNG Mol. Wt.	17.1 - 18.9 To include the leanest of the lean and the richest of the rich for the Atlantic Basin (including Middle East)	See Section 1.13 below		Yes

	<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
1.6	Source of LNG	Assume Trinidad, West Africa plus spot market which could be from any source in the Atlantic Basin, including Middle East.	See Section 1.13 below Assumed Trinidad		Yes
1.7	Battery limit Natural Gas pressure requirement	1440 psig at Sendout Rate Performance Guarantee as measured on the outlet of the Export Master Meter	At battery limit	Yes	
1.8	MAOP of Export Pipeline	1440 psig	From the booster pumps through SCV up to and including ESD valves the line spec is 900# class. From the ESD valves through the metering skid the line spec is 900 # class. Pipe shall be rated for 2,088 PSIG.		Yes
1.9	Sparing philosophy	N+1 philosophy for - pumps, includes one installed spare. Guaranteed Sendout Rate to be obtained with - of the - in-Tank pumps running. N+1 philosophy Vaporizers and LNG pumps, includes one installed spare. Guaranteed Sendout Rate which will be established later will be obtained with 5 of the 6 in-Tank pumps running.	Each piece of Equipment must be able to be isolated for maintenance. See Section 1.9 below.	Yes	
1.10	Manual Isolation	Be able to safely isolate every piece of Equipment (booster pump/SCV train considered as one unit).	Double block and bleed for all (liquid) LNG lines and vapor over 50 psig.	Yes	
1.11	Venting	No venting allowed under normal operations. Small purge of N2 allowed. Maintenance vents, drains allowed. The primary purpose for this vent is emergency venting of Natural Gas to a safe location (as required by code). One LP vent mounted on each tank. One free standing ignitable vent for tank commissioning. One HP vent for vaporizers.	Vents are NOT to be used as flares. There may be times a vent is ignited by static electricity or lightning, therefore, the tip needs to be specified with flare materials. Fire suppression (using N2 plug flow) to be supplied. Free standing LP Vent is provided with igniter.	Yes	
1.12	BTU control	No BTU Control system will be provided	Removable spool is shown on P&ID sheet 23.		Yes
1.13	Design Life (subject to Article 12)	25 years		Yes	
1.14	LNG specification range	Equipment sizing based on rich case and lean case for all LNG from the Atlantic Basin and the Middle East. Equipment must be designed on the most stringent LNG based on the four LNG Specifications provided.	Although determination of LNG Specification range is Owner's responsibility, Contractor shall be responsible for appropriate sizing of Equipment based upon the LNG. compositions specified below The vaporizers were specified using the Trinidad and NLNG streams.		Yes

Item	Design Basis	Remarks	DESIGN REQ'T	RELY UPON
Component	Lean Feed	Rich Feed		Yes
	(mole %)	(mole %)		Yes
Supply source	Trinidad	NLNG		Yes
N2	0.05	0.137		Yes
CO2	0	0		Yes
C1	94.75308	89.342		Yes
C2	3.550116	5.322		Yes
C3	0.916118	3.357		Yes
i-C4	0.340988	0.731		Yes
C4	0.339701	1.1		Yes
i-C5	0.05	0.011		Yes
C5	0	0		Yes
C6	0	0		Yes
C7-plus	0	0		Yes
Total	100	100		Yes
Density [kg/m3]	441.6	466.4		Yes
Mol weight	17.1	18.5		Yes
HHV [Btu/Scf] (1)	1067	1142		Yes
LHV [Btu/ Scf] (1)	963	1032		Yes
(1) Standard conditions for U.S. are 60 F and 14.7 psia				
Supply source	Algeria Unknown Facility	Unknown Facility B		Yes
N2	1.4	0.43		Yes
CO2	0	0		Yes
C1	89.8	84.56		Yes
C2	6	10.93		Yes
C3	2.2	3.21		Yes

Item	Design Basis	Remarks	DESIGN REQ	RELY UPON
i-C4	0.3	0.47		Yes
C4	0.3	0.38		Yes
i-C5	0	0.02		Yes
C5	0	0		Yes
C6	0	0		Yes
C7-plus	0	0		Yes
Total	100	100		Yes
Density [kg/m3]	464.4	475.9		Yes
Mol weight	17.92	18.90		Yes
HHV [Btu/Scf] (1)	1088.0	1157.0		Yes
LHV [Btu/ Scf] (1)	982.7	1046.5		Yes
(1) Standard conditions for U.S. are 60 F and 14.7 psia				Yes
1.15	Equipment for Startup	Facility will be designed to allow start up when Tank 1 is ready, and the first berth is ready.	Not in the basis of Contractor's proposal	Yes
1.16	Cool Down assumptions	Assume Cool Down with LNG (not LN2).	See Commissioning Document	Yes
1.17	MAOP of Facility	From the booster pumps through SCV up to and including ESD valves the line spec is 900# class. From the ESD valves through the metering skid the line spec is 900 # class. Pipe shall be rated for 2,088 PSIG.		Yes

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
2	Emergency Issues			
2.1	Three Emergency Shutdown Systems to be provided	ESD-1	Ship unloading shutdown: LNG transfer will stop in a quick, safe, and controlled manner. All connections remain as is, all ship LNG transfer pumps shutdown. Manually activated by ship or the Facility, automatically activated by large unloading arm movement, high-high level or low-low in Tank or high pressure in Tank. Confirm during HAZOP review.	Yes
2.2		ESD-2	Ship unloading shutdown and disconnection of unloading arms with minimum LNG spillage. Manually activated by ship or the Facility, automatically activated by gross unloading arm movement. ESD-1 has activated. Confirm during HAZOP review	Yes
2.3		ESD-3	Facility vaporization shutdown and isolation of all vaporization trains. Manually activated. Ship unloading mode is unaffected. Confirm during HAZOP review	Yes
3	Approach Channel and Turning Basin			
3.1	Harbor	Harbor is 17 nm from Port Aransas. Distance to Outer Buoy is 23.6 nm,		Yes
3.2	Nighttime berthing/unberthing	No. Contractor shall provide marine facilities in accordance with the scope defined in the Shiner Moseley marine facilities package and, in addition, shall provide lighting in accordance with API 540 Table 4.		Yes
3.3	Draft Required by typical LNG ship (125,000 to 250,000 m3)	38 to 41 feet	45 ft with 2 ft over-dredge NGVD 29.	Yes
3.4	Channel bottom texture	Clay, sand and silt (no rock, no coral)	See the Anomaly Survey that was performed of metallic objects and abandoned pipelines.	Yes
3.5	Underkeel clearance required	2 feet at mean low water (MLW)	There is no hard U.S. Coast Guard requirement: but there is a requirement for the vessel's master to determine that the clearance is adequate for safe transit in the channel and in the berth area.	Yes

	<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQT</u>	<u>RELY UPON</u>
3.6	Existing Channel Depth	U.S. Army Corps of Engineers Project depth is specified to be 40 feet; however, actual channel depth is 42 ft plus 2 ft overdraft	Currently the channel adjacent to the Facility is 42 feet at Mean Low Tide (MLT). It will be dredged by Contractor to 45 feet + 2' over dredge at the maneuvering area and in the berth. 45 ft with 2 ft over-dredge.		Yes
3.7	Existing Channel Width	500 feet in main channel and varies 300 to 500 feet in La Quinta channel to berth area	See channel surveys for exact dimensions.		Yes
3.8	Corpus Christi river silting properties	Yes	Contractor will over-dredge depth of berth, so that silt accumulation can be observed over the first few years of operation. The Contractor is not providing additional dredge depth to allow for siltation. The berth area will be dredged to 45 feet NGVD 29 as noted in 3.6 and will be paid for up to 2 ft of over-dredge. The contractor is not responsible for dredging of sediments deposited after completion of dredging to the design depth.		Yes
3.9	Number of LNG ships dedicated to the Facility	Spot market as required to meet sendout.	2.0 BCF per day Sendout Rate will require 1 tanker load every 2 days (average).		Yes
3.10	Jetty Length	As required to connect berth to land		Yes	
3.11	Number of berths	Two		Yes	
3.12	Berth availability	Near 100% during daylight hours.	Subject to weather downtime (fog, high winds, and lightning storm, and daylight only restrictions)	Yes	
3.13	Existing Port/Harbor Services	Will be used as back up only	None Applicable		Yes
3.14	Tug Services	Three dedicated tractor tugs with "Z" drive at 50 tons minimum Bollard pull and 5000 HP, each with fire fighting capabilities required.	Owner will provide tugs. Based on client's clarification on July 7th, the design basis is to 3 - Z drive tractor tugs with 70 ton bollard pull and 6,000 hp.		Yes
3.15	Tug Berthing	Tug berth harbor provided at the Facility.	Services for tugs will be electrical power and potable water only (no fuel).	Yes	
3.16	Maneuvering Area	None presently exists.	Contractor responsible for dredging of maneuvering area adjacent to berths. Design Basis is the Shiner-Moseley Marine Facilities FEED Package	Yes	

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQT</u>	<u>RELY UPON</u>
3.17	Port/Harbor Pilots	Pilots will be trained by a mutually agreed Port Simulator specializing in LNG ships. Project sponsored.		Yes
3.18	Pilot Required	Yes, for inbound and outbound LNG ships (one pilot will be required, daylight only.)		Yes
3.19	Dredge Spoil Amount	Estimated to be about 4.5 million cubic yards	Yes	
3.20	Dredge Spoil Placement	Dredge spoil will be placed at the dredge material placement area (“ <i>DMPA</i> ”) specified in Attachment E .		Yes
3.21	Line Handling Boats	Two required, dedicated to the Facility.		Yes
4	Site Description			
4.1	Wetlands	Offsite wetlands at Shamrock Island is in the Army Corps of Engineers Permit for permanent and temporary impacts to dredge and construct the marine terminal in original design basis. Updates to the marine terminal, tug berth and shoreline protection will require updates to existing permits and likely additional mitigation at locations other than Shamrock Island.		Yes
4.2	NOx limitations	NOx emissions as defined in the Air Permit		Yes
4.3	Land Available	As described in Attachment E		Yes
4.4	Permanent Easement Availability	As described in Attachment E		Yes
4.5	Access Roads, Bridges & Other Infrastructure	The existing La Quinta Road is the main entrance to the Facility. Contractor to develop additional infrastructure as part of the Scope of Work.	Yes	

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>	
4.6	Final Site Elevation (NGVD)	As required for drainage and to protect Equipment and buildings from 100 year flood event. All building and equipment slabs in the process area shall be a minimum of 25.5' and access roads 25'.	See Shiner Moseley Drainage Study prepared by Harry Benoit and Michel Vecchio dated August 2004, Drainage Plan, and Grading Plan.	Yes	
4.6.1	Tank impoundment floor	High point elevation as required to meet the capacity required by 49 CFR 193 and as provided in Resource Report 13 prepared by B&V and PTL.	Grading and drainage per code, sump will be below ground level. High ground water must be considered during design.	Yes	
4.6.2	Improved areas	High point elevation as required for adequate drainage	Common grounds, administration building lawn		Yes
4.6.3	Process and pipeways	Bottom of pipe elevation varies. See Drawings 30175_PP1 to 30175_PP12 for Main Piperack	Varies. 16'-0" minimum clearance over primary access roads. Over the road clearance for the jetty trustle crossing will require additional design review due to topographic constraints. Contractor will provide 16' minimum clearance over the roadways in the process area and La Quinta Road.	Yes	
4.6.4	Interfacility Roads and parking	25. NGVD 29 feet typical	Asphalt surface	Yes	
4.6.5	Buildings	25.5 NGVD 29 ft (top of slab)		Yes	
4.6.6	Top of dike elevation	As required to achieve design capacity required by 49 CFR 193.	4-ft wide road along top of dikes Dike slope protection will be re-evaluated with the 4' wide road. Accessibility for maintenance of LNG tank area facilities will be considered.	Yes	
4.6.7	Tanks	Ring wall with foundation heating.	Mat with foundation heating	Yes	
4.7	Geotechnical Conditions	See the Geotechnical Reports referenced in <u>Agreement</u>	Most Equipment, buildings, and structures do not require piles.	Yes	
4.8	New roads	Yes, process area, to the east and west LNG berth, administration building, helipad, tug berths and main piperack service road.		Yes	
4.9	Natural land characteristics	Facility footprint shall limit impact to the land. Temporary construction laydown areas must be returned to its natural state.		Yes	
4.10	Drainage	See Drainage Study and general drainage plan basis.		Yes	

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQT</u>	<u>RELY UPON</u>
South Piperack Foundations		Piperacks foundations South of La Quinta road will be auger cast piles. The piles will be from 18" to 24" in diameter and installed to depths of between 20' and 25'.		
Piperack C Foundations		Foundations will be on shallow spread footing. These footings will be square and will support a structural steel frame with tope of steel elevation of 44.00.		
5	Seismic Conditions			
5.1	Basic Seismic Design to be per ASCE 7 and NFPA 59A.	See ABS Consulting report in Resource Report 13 for more details	Yes	
5.2	Operating Basis Earthquake (OBE)	OBE=0.03g, OBE spectral acceleration at 1-second period is 0.03 g		Yes
5.3	Safe Shutdown Earthquake (SSE)	SSE=0.05g, SSE spectral acceleration at 1-second period is 0.06 g		Yes
				Yes
6	Climatic Data			
6.1	Design Ambient Temperature	Minimum: 14 deg F; Maximum 90 deg F		Yes
6.2	Maximum Design Barometric Pressure Change	0.295 inches of Hg/hr (10 mbar/hr)		Yes
6.3	Maximum Design Wind Speed	150 mph (67.1 m/s) sustained.		Yes
		Special wind speed requirement per CFR, Title 49, Part 193. Wind design to otherwise conform to ASCE-7, exposure C, I=1.0. 130 mph sustained with 150 mph wind gust is used as the basis		
6.4	Maximum Rainfall in 24 hours, 100 year storm event	4.6 inches per hour for 100 year storm		Yes
		49 CFR requires water removal rate at 25% of the collection rate from a 10 year frequency and one hour duration rainfall.		

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
6.5	Maximum Design Snowfall SITE HISTORIC WIND CONDITIONS	Zero		Yes
		Construction operations have been planned and scheduled based on the assumption that wind conditions during construction will not be more severe than those presented in "Vessel Maneuvering Simulation Study for Corpus Christi LNG Terminal", dated October 7, 2003, page 9		
7	LNG Storage Tanks			
7.1	Type of Tank	Single containment on ring wall foundation with resistance heating, no bottom or side penetration	No bottom or side penetration on the inner tank.	Yes
7.2	Number of Tanks	Two during phase 1 with third tank during phase 2		Yes
7.3	Capacity (Gross)	169,600 m3	Tank Subcontractor to confirm.	Yes
7.4	Capacity (Working)	160,000 m3		Yes
	Tank OD	269 feet (82 meters)	Tank Subcontractor to confirm. Outer Tank Diameter is 265 ft 9 in.	Yes
7.5	Minimum Heel	1 meter	Minimum level sets NPSH available for in-tank pump Minimum Design Liquid level is 3 ft 11 in.	Yes
7.6	Maximum Design LNG Density	30.5 lb/ft3 (4.89 kg/m3)	489 kg/m3 design density	Yes
7.7	Minimum Design LNG Temperature	-265 F (-165 C)	Dependent on LNG composition. Set temperature based on Hysys simulation.	Yes
7.8	Maximum Internal Design Pressure	2.5 psig (172 mbarg)	To be confirmed during Detail Design.	Yes
7.9	Minimum dike height	15 to 17 feet above Tank floor elevation		Yes
7.10	Support Piles	No piles required. See the Geotechnical Reports listed in <u>Schedule A-3</u> .		Yes
7.11	Maximum Tank Heat In-Leak Rate at 90 F (32.2 C)	0.05 vol%/day/tank (based on pure methane)	By calculation	Yes

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
7.12	Instrumentation Philosophy	Fully automatic as shown on P&IDs listed in <u>Schedule A-3</u> .	Instrument and controls based on digital technology that includes intelligent field devices such as transmitters and valve positioners, that are, remote addressable and provide health of equipment and controls. Instrument and controls based on digital technology that includes intelligent field devices such as transmitters and valve positioners that are remotely addressable and provide health of equipment controls.	Yes
7.13	Tank spacing	Per NFPA-59A	LQLN Plot Plan E-149974-CC-SK-M0100 will be used as the basis	Yes
7.14	Number of in-Tank pumps	3 pumps with one spare well in each Tank. Spare well is not piped or wired up. Foot valve is to be provided with each spare well.	Six in-Tank pumps installed in 2 Tanks. Sendout Rate Guarantee Conditions using 4 pumps.	Yes
7.15.1	Level control and safeguarding:	Level indicators provided to control limits of LNG level will be per NFPA 59A requirements.	Two automatic, continuous Tank level gauges to be provided. In addition there is a high level gauge installed. Need density profile. Redundant temperature indicators in annular space. The third level gauge is installed for high- high level alarm. And LTD (Level-Temperature-Density) gauge is installed to prevent rollover.	Yes
7.15.2			On low low level (LA/LL), in Tank pumps are stopped automatically.	Yes
7.15.3			On high high level (LA/HH), the unloading operation is stopped by activation of ESD-1.	Yes
7.16.1	Pressure control and safeguarding	Three pressure controllers to be provided	Pressure controller dedicated to BOG Compressor capacity control. Three Pressure transmitters are included on each Tank	Yes
7.16.2			2. Pressure controller (on gauge pressure) dedicated to the vent valve to relieve high pressure (set just below PSV pressure). Activates ESD-1	Yes

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
7.16.3		3. Pressure controller (on pressure/vacuum gauge) dedicated to introduce Natural Gas from the Export Pipeline to prevent vacuum (set at minimum positive pressure to prevent vacuum condition).	Yes	
7.16.4		HP venting is controlled with 1 pressure transmitter at each Tank, with logic opening the vent based on the highest reading. LP blanket gas is controlled with 1 pressure transmitter at each Tank, logic opens the gas makeup based on the lowest reading.	Yes	
7.17	Tank shutdown	Two redundant ESD pressure transmitters	Two pressure (gauge) transmitters are dedicated to emergency shutdown (stop compressor on low pressure; stop unloading operation via an ESD-1 in case of high-high pressure). To be confirmed during HAZOP review	Yes
7.18	Impounding area	Yes, one per Tank with sump in each	110% of full storage	Yes
7.19	Tank Startup	Facility will startup when the first Tank is cooled down	This means the remaining Tank will be finished under hot-work permits. Positive Tank isolation is required	Yes
7.20	Tank Deluge system	Provide 3 water monitors on elevated posts (equal to dike height) pre-aimed for maximum coverage of Tank side. In addition, two (pressure boosted) monitors are located on top of the platform which can be aimed at the max radiation spots.	4 monitors are provided for tank side	Yes
8	Ship Berths			
8.1	Number of berths	Two	In accordance with Shiner Moseley FEED design basis revision of dredge plans issued June 16, 2004. Dredge depth has been revised to 45 feet + 2 feet over-dredge NGVD29 feet.	Yes
8.2	Number of ships to unload simultaneously	Two at combined rate equal to maximum permitted by both LNG ship capabilities and procedures.	See 8.6 below	Yes

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
8.3	Future unloading	No pre-investment in unloading lines, vapor return lines, or Equipment except as specified in <u>Schedule A-1</u> .	Yes	
8.3	Design codes for berth	Yes, refer OCIMF and SIGTTO. These are recommendations, and should be treated as such.	Refer to SIGTTO's publication "Prediction of Wind Loads on Large Liquefied Gas Carriers"	Yes
8.4	LNG ship size	86,500 m3 to 250,000 m3	For 250,000 m3 ship, length overall (LOA) = 344m, molded breadth (Bmld) = 54m, operating draft = 12 m, molded depth (Dmld) = 27m, length between perpendiculars (LBP) = 332 m. 140,000 cm, 200,000 and 250,000 cm vessel dimensions and particulars as stated in the Vessel Maneuvering Simulation Study for Corpus Christi LNG Terminal, dated October 7, 2003. Dimensions for 86,500 cm vessel to be determined based on average dimensions and particulars for LNG vessels of this size.	Yes
8.5	Frequency of LNG Ship Unloading (average)	One every 1.5 days based on 138,000 m ³ ship sizes.	Depends on size of ship. Larger ships will allow fewer loads. To be reconfirmed during detail design.	Yes
8.6	Average Ship Unloading Rate	Combined 12,000 m3/hr through two (2) 30" unloading lines (common section for both berths). Both ships can unload simultaneously at half rate each.	No future unloading lines planned. Individual ship unloading at 12,000m3/hr rate. Both ships can unload simultaneously at 6,000 m3/hr each, through two 30" lines. Piperack is designed for only 2-30" unloading and 1-10" vapor return line.	Yes
8.7	Maximum Shipboard LNG Storage Pressure	1.5 psig (103.4 mbarg)		Yes
8.8	Minimum Ship Pump Discharge Pressure	70.0 psig (4.83 barg)		Yes
8.9	Maximum Unloading Time	11.5 hours for 138,000 m3 ship, 16.7 hours for 200,000 m3 ship	Performance Test to be based on unloading 120,000 m3 of LNG over a continuous 10 hour period. Test procedures and details to be developed. Time to hookup, test, startup, Cool Down, etc not counted. Actual rate will be dependent on LNG ship used for the test.	Yes

	<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
8.10	Number of Unloading Arms per berth	Three liquid, one vapor. Leave space for a fourth liquid arm.	One liquid arm can be converted to vapor Arms are spaced 14' center to center apart but to be revised to 15 feet in detailed design for SVT arms.	Yes	
8.11	Max Offloading Capacity per Unloading Arm	Average capacity for all 3 arms is 12,000 m3/hr. Required 20" arms with 16" full port valves.		Yes	
8.12	Vapor Return Capacity per Return Arm	12,000 m3/hr displaced vapor equivalent		Yes	
8.13	Size of Offloading and Vapor Return Arms	20 inch diameter, Full bore 16" PERC valves.		Yes	
8.14	Size of Flanges on Tanker Manifold	16 inch diameter	Assume spot market ships will have adaptors to fit 16" flange.		Yes
8.15	Manifold Flange Spacing	3 meters			Yes
8.16	Distance from Ship Manifold to Berth Side (Max/Min)	6 meters/4 meters			Yes
8.17	Maximum Sway of Tanker from Berth Side (Drift)	3 meters			Yes
8.18	Maximum Fore/Aft Ship Surge	3 meters			Yes
8.19	Maximum elevation change during unloading	Less than 2.5 meters	2.5 m refers to the maximum elevation change of the vessel discharge manifolds during unloading, considering the combined effects of draft, ballast, and tide.		Yes
8.20	Emergency Release Connection	PERC (Powered and capable of automatic actuation on ESD-2)	To be confirmed during HAZOP	Yes	
8.21	Connection to ship flange	Manual cam-lock on end of arms		Yes	
8.22	Minimum distance from Ship to Tanks allowed	Must be outside 10,000 btu/hr/ft2 line. Current plot plan provides adequate distance.		Yes	
8.23	Elevation of Unloading Platform	At least 20 ft for storm surge, but shown at 35 feet NGVD 29 at base of arms on Shiner Moseley June 16, 2004 FEED design basis to allow LNG transfer trench to drain to land based impoundment.	All electronics and berth platform floor must be above any potential surge heights.	Yes	
8.24	Capacity of Gangway Hoist	No gangway hoist required.	Gangway, gangway tower and structural consideration for future 2 ton davit crane and electrical capacity for hydraulic pumps.	Yes	

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
8.25	Services Available to LNG Tankers	Food and miscellaneous parts (as needed)		Yes
		Bunker and nitrogen and all other supplies supplied by ship's own resources		
		No Bunkering facilities are provided by Contractor		
8.27	Wind gust for holding station	60 knots (30 second average)		Yes
8.28	Potential for Surge	No.		No
		Surge is not allowed for. Also, headwall at the trestle abutment is not included. However, the client's input in his e-mail of July 17 that FEMA Design Criteria to be used for surge. More investigation is required during the detail design.		
8.29	Line handling boats	Yes		Yes
	Maximum Wind Gust For Holding Station and Connection of Loading Arms	Assume two boats required occupied by two persons during berthing/de-berthing operations.		
		Based on the client's input. [ref. LQLNG D/N list item 19] loading arms design wind speed is 60 knots maximum connected position. 130 mph maximum sustained wind speed stored position.		
9	Vaporization Process & Regasification Process Pumps			
9.1	Type of Main Vaporizers	Submerged Combustion Vaporizers (SCVs) with stainless steel tanks		Yes
		In accordance with final air permit and T-Thermal specifications used at Sabine Pass LNG and DCS based burner management.		
9.2	Number of Main Vaporizers			Yes
		11+1 spare to produce app. 2.18 bcfd with 43.5F outlet temperature at the outlet of the vaporizers or 40F outlet temperature at the outlet of the Master Export Meter Station at 1440 psig.		
9.3	Heat source	Fuel gas		Yes
9.4	Fuel Gas source	SCVs primary fuel source is from a shared fuel gas system using boil-off gas with custody metering. For startup, SCVs must be able to self-boot using their own vaporized LNG for fuel.		Yes
		Separate tube in bath to heat fuel supply		
		Fuel gas for startup will be by owner		
9.5	Capacity of Each Vaporizer	180 MMscf/d		Yes
		Nominal capacity, based on largest proven SCV from T-Thermal.		

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
9.6	Control philosophy	Safe, stable Facility operation is automatically controlled. Adjustments to capacity are manually input within the operating range of the Equipment. DCS type system to control all Equipment.	Control philosophy document to be developed. I/O racks will be installed on each vaporizer and will be connected via data highway to main DCS controllers in the rack room. Each pair of vaporizers will share a common CEMS, which will monitor CO and NOX emissions	Yes
9.7	Vaporizer PSV	Per NFPA 59A paragraphs 5.4 and 6.8	Pipe all PSV tail pipes from the vaporizers to a high pressure vent. Low pressure PSV's not to be piped to this vent.	Yes
9.8	LNG Primary In-Tank Pumps Type	In-tank vertical turbine type with inducer	Inducer plus one or two stages ok. Ebera single source vendor	Yes
9.9	Number of In-Tank Sendout Pumps/Tank	Three per Tank	See Item 7.14.	Yes
9.10	In-Tank Sendout Pump Capacity	Normal 3,912 gpm @ 100 psig, rated at 4,304 gpm	Confirm flow rates.	Yes
9.11	LNG Booster Pumps Type	Vertical turbine type with inducer	Ebera single source vendor	Yes
9.12	Number of LNG Booster Pumps		Pipe one booster pump to one vaporizer, for a total number of 12 trains. Double block and bleed at vaporizer discharge and sendout pump suction shall be provided. 11+1 spare (12 total)	Yes
9.13	LNG Booster Pumps Capacity		Confirm flow rates. 1686 gpm at 1580 psig	Yes
9.14	Sendout & Booster Pumps Driver	Internal or external electric motor to be considered.	Internal electric motors provided	Yes
9.15	Sendout & Booster Pumps Bearing Life	3 to 5 years	To be confirmed by Contractor.	Yes
9.16	Vaporizer Emissions Monitoring	Initial and operations monitoring of all SCV units required in accordance with TCEQ conditions and requirements set forth in the Air Permit.	Environmental monitoring of air emissions in compliance with the Air Permit	Yes

	<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
9.17	Vaporizer Emissions Modification to One Vaporizer	One vaporizer will be designated to be reserved for future modifications to reduce emissions. The vaporizer supplier and Owner will determine what additional design features are required to facilitate this after Substantial Completion.	In accordance with the TCEQ approval of the final Air Permit, it was agreed by Owner that one vaporizer would be reserved to be modified by the vaporizer supplier to demonstrate advanced low emissions capabilities. At a later date the burner and exhaust stack may be modified; however, modifications to the water basin or blower are not expected. Reduced emission vaporizer will be included in Phase 2 design and construction	Yes	
10	Fire & Gas Safety				
10.1	Firewater Pump Number	2 + 1 jockey + 1 booster pump for Tanks	Use standby tug as a backup firewater pump Three main pumps (1 electric, two diesel) and 2 booster pumps is the design basis.	Yes	
10.2	Firewater Pump Capacity	2 @ 100% = 2000 m3/hr each	Contractor to verify capacity for code requirements	Yes	
10.3	Firewater Pump Driver (backup)	One (1) diesel engine, 1MW	Contractor to verify size for capacity One 600 HP electric fire water pump will be furnished with two booster pumps of which one will be diesel engine driven and the second will be electric.	Yes	
10.4	Firewater Pump Driver	One (1) diesel engine, 1MW	Contractor to verify size for capacity Electric motor	Yes	
10.5	Fire Protection System	Fresh water, dry powder, N2		Yes	
10.6	Firewater storage	Yes, combined in-ground firewater and SCV overflow impoundment with a minimum combined storage of 540,000 gallons Capacity to be much greater than the minimum requirement of 2 hours.	Fire water pond to also serve as a holding pond for the SCV water discharge. 200'x150'x 4' firewater pond will replace tanks	Yes	
11	Blowers & Compressors				
11.1	BOG Compressor Type	Cryogenic reciprocating	IHI single source vendor	Yes	

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
11.2	Number of BOG Compressors			Yes
		3 (2+1)BOG compressors with capacities identical to Sabine Pass Units per Owner's instructions		
11.3	BOG Compressor for unloading mode			Yes
11.4	BOG Compressor for holding mode	Use BOG Compressor in turndown mode or on/off mode as required to maintain Tank pressure.	Note that all Tanks' vapor space is tied together to act as one giant vapor space. Therefore on/off operation is acceptable. This will be further analyzed during detail engineering	Yes
11.5	BOG Compressor Driver	Electric motor		Yes
11.6	Cold Vapor Return Blower Type	Low boost blower or fan	10 psig discharge pressure	Yes
11.7	Cold Vapor Return Blower Number	Two-50% units. Sized based on returning vapor displaced from ship's Tanks. Normal capacity accounts for vapor formed by heat leak into the ship during unloading. Blower capacity margin provided by assuming that full ship unloading displacement rate of 12,000 m3/hr must be made up by blower. Low pressure boost approximately 10 psi	If one unit has an unscheduled outage, unloading will continue at reduced rates. 2 at 19,812 lb/hr of Trinidad LNG vapor. Discharge pressure will be confirmed during the Detail Design. Duplicates of SPLNG blowers, unless those shown to be inadequate.	Yes
11.8	Cold Vapor Return Blower Driver	Electric motor		Yes
11.9	Instrument Air Compressor Type	Lubed screw type	Purchase pre-packaged self contained units with dryers.	Yes
11.10	Instrument Air Compressor Number	Three 285 scfm units (3 X 50%)		Yes
11.11	Instrument Air Compressor Driver	350 hp each electric motor	To be confirmed by Contractor.	Yes
11.12	Motors	All motors, without exception, will be TEFC		Yes
	BOG CONDENSER		Prefer packed column tower/vessel type. Sabine Pass is used as a go-by at this stage.	
12	Utilities			
12.1	Vent system	Yes, high pressure vent and low pressure vent	Tank PSV tailpipes are NOT to be connected to any vent system, instead they must be vented directly to atmosphere.	Yes

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
12.1.1	LOW PRESSURE VENTS: Atmospheric vents (for maintenance vents/drains, and general PSV's)	Purchase a flare tip to prevent damage if accidentally ignited, but use as a vent. One LP vent on each storage tank. One free standing LP vent, provided with an igniter Need for pilot needs to be evaluated during detail design.	Yes	
12.1.2	HIGH PRESSURE VENT: To vent the tailpipes from the SCVs and all other RVs with discharge pressure greater than 75 psig.	Purchase a flare tip to prevent damage if accidentally ignited, but use as a vent. Provided with a pilot. Further analysis required for compliance.	Yes	
12.2	Nitrogen package	23,000 scfh vapor with 5000 gallons liquid N2 storage		Yes
12.3	Electric Power Supply	AEP purchased power	AEP will provide 138 kV switchyard. A 138 kV transmission line will be installed to feed two (2) 37.5 MVA, 55 °C transformers with fan cool rating of 70 MVA at 65 °C. Transformers will be installed in Owner property.	Yes
12.4	Sparing philosophy for electrical power system	125% of total connected load plus double ended substation.		Yes
12.5	Standby Generator	Diesel	Power output to be confirmed by Contractor 2.5 MW diesel engine generator with sub-base fuel tank will be furnished. One 60 kW diesel engine generator will be furnished to power emergency lights at Jetties.	Yes
12.6	Sewage Treatment	Yes	Use localized packaged units	Yes
12.7	Instrumentation Philosophy	Instruments and controls shall be standardized digital technology that include smart field devices, transmitters and valve positioners of the same manufacturer including package units.	DCS components are digital, "hot swappable", remote addressable and provide health of equipment and controls. DCS components are digital, with "hot swappable", I/O modules. Field instruments will be remote addressable and provide health of equipment and controls.	Yes
12.8	Custody Metering of Natural Gas to Export Pipeline and Fuel Gas.	Yes, includes temperature, pressure and gas composition compensation.	Use ultrasonic types+ 1 is a spare	Yes
12.9	Custody transfer of LNG	Yes	LNG tanker strapping	Yes

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
12.10	Fuel Gas System	Yes, low pressure for SCVs	No odorization for sendout gas. Electric heat pumps for total electric buildings.	Yes
12.11	Pipeline relief philosophy	Not required at Facility		Yes
12.12	Communication System	LAN, telephone, and two-way radio		Yes
12.13	Bunker Facilities	Not required	Ships contract for refueling barges offsite	Yes
12.14	Ship Services	Food only. Maintenance parts on an as needed (and prearranged) basis. No other services for ships.	Ship takes care of its own nitrogen, bunker, and fire protection requirements. Owner's responsibility.	Yes
12.15	Power available	There is an existing power line on La Quinta Road that may be considered to provide power for construction	The capacity, voltage and status of this power line is unknown by Owner.	Yes
12.16	Water requirements for Construction	To be determined by Contractor	Construction water will be provided by Contractor for personnel usage and ice. Washdown and dust control water from adjacent SPMWD meter tap furnished by Owner.	Yes
12.17	Water requirements for Hydrotest	SPMWD has an existing 30" waterline to an existing meter Northwest of Facility. Contractor is responsible for furnishing and installing the temporary sediment filter, pump and pipeline to withdraw water at the meter to where it may be used and for the return of the hydro water to the Sherwin Alumina raw water lake, levels permitting	Owner's responsibility to arrange raw water from SPMWD.	Yes
12.18	Service Water requirements for Operation	Assume 40 gpm normal water usage rate with ??? gpm required for instantaneous max water rate. Utility water main pressure needs to be confirmed during the detail design.	A 4" feed water line is the expected minimum connection size. Potable water will be utilized for service water	Yes

13	Item	Design Basis	Remarks	DESIGN REQT	RELY UPON
	Buildings				
13.1	Administration Offices	One story steel frame building - 125 ft X 80 ft with attached porte-cochere with vinyl clad aluminum siding and cut stone wainscot brick exterior.	Security pass required to enter the Facility. Building to be steel frame with metal/stone façade. Enclosed and open offices. Large meeting/greeting room. 12' x 14' typical office. Large windows with hurricane shutters. Exterior wall assembly-double wythe brick veneer wainscot & CMU back-up. Standing seam metal roof assembly. Glazed openings to comply with wind borne debris requirements per ASTM E 1996.	Yes	
13.2	Control Building	Two story with bay windows. Include 2nd floor balcony on 3 sides with overhand roof. Design to be flexible steel frame. Elevator for at least 6 persons and 2000 lb.	Control room to be located on the second level for clear view of process area. First level to contain meeting room, I/O controllers, electrical, battery room, UPS, DCS, SIS system, (computer, controls, electrical, etc). This building is NOT to be "blast proof" but shall have tempered windows with wire reinforcing on 2 nd floor facing process areas. The Control Room girt lines are approximately 34'-4" x 50'-0". Walls to be pre-finished metal wall panels on building girts, interior finishes to be gypsum board on metal studs and a standing seam metal roof assembly. 1" insulating glass to be protected to comply with wind -borne debris requirements per 2003 IBC (1609.1.4 Protection of Openings) or ASTM E 1996. and/or ASTM E 1886. Hydraulic elevator with 4000 lb. capacity. There will be an "Employee Services Building" attached to the Control Room Building	Yes	

	Item	Design Basis	Remarks	DESIGN REQT	RELY UPON
13.3	Warehouse/Maintenance Building	Size 80 ft X 100 ft.	<p>Actually two buildings together (end on end or side by side) with combined function. Equip with 5 ton gantry crane. Include A/C Laboratory room (20' x 25') in this building. Large openings (at least 16' wide electric operated rollup doors) for getting Equipment in/out. Include toilets each with showers and lockers.</p> <p>One-story (pre-engineered structure) combined-function facility with laboratory (A/C) room @ 40' x 25'. 20' w. x 16' h coiling steel doors are provided for equipment loading / unloading and adjacent to a 5-ton monorail hoist.</p> <p>The building girt lines are approximately 100'-0" x 80'-0" with clear height a minimum of 18'-6". All interior walls to be of CMU construction. Wall, roof and window assemblies to match the Control Building.</p>	Yes	
13.4	BOG Compressor, Blower Shelters	50 ft X 360 ft BOG and 50 ft X 200 for blowers.	<p>Open BOG shelter with 10 ton electric gantry crane and open blower shelter with 5 ton gantry crane.</p> <p>Pre-engineered building (structure) with lapped joinery metal roof panels. BOG Shelter is 125'x 60' with plaut space for the third one. Blower shelter is 65'x40'</p>	Yes	
13.5	Main Substation building. AEP Substation	Yes, per Specifications.	<p>Stand alone building, Includes motor control and switchgear</p> <p>Control building at AEP switchyard not in the basis of Contractor's proposal</p> <p>Power Center Rooms (PCR) will be used to house switchgears and MCC's and located near process areas not at central location</p>	Yes	

	<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
13.6	Jetty Electrical Substation building	Prefab building. Size 10 ft X 16 ft.	Stand alone building on each berth. No restroom. Contains the following UPS batteries, self contained eye wash near batteries, MCC, I/O cabinet, SIS cabinet, one desk w/ chair, control-console for unloading arms, CRT for display (not control) of process Modular structure. The PCR will divided in rooms. One room to house power equipment and the other room to house controllers and operator control stations. The PCR will be about 14 ft wide and 36 feet long.	Yes	
13.7	- Firewater pump Shelter - Personnel Weather Shelter on Jetties	One 25 ft x 32 ft Two 10 ft X 20 ft	A shelter with open sides with 5 ton gantry crane and personnel shelter has benches only. Firewater pump shelter is pre-engineered (structure) with lapped joinery metal roof panels. Weather shelters are modular structures.	Yes	
13.8	Gate house	20 ft X 20 ft	Stand alone building. Assume two guards will be present. Drive up window and walk-in counter, remote actuated entrance/exit crash gates. Include one unisex toilet facility. Security CCTV camera monitoring, and POB systems monitored by guards at this location. 25ftx25ft (girt lines) pre-engineered structure with standing seam metal roof assembly. Glazed opening to comply with wind borne debris requirements of ASTM E 1996	Yes	
13.9	Customs Building	One 21 ft X 30 ft.	Located near piperack intersect to service USCG, customs, tug and ship captains. One unisex restroom. 20ftx15ft (girt lines) pre-engineered structure with standing seam metal roof assembly. Glazed openings to comply with wind borne debris requirements of ASTM E 1996	Yes	
13.10	Measurement building	Two 12 ft X 16 ft	Custody Master Export Meter Station and Fuel Gas Meter Station Buildings. Modular structures	Yes	
13.11	HVAC	Heat pumps (not Natural Gas)		Yes	

	<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
13.12	Hurricane rollup shutters	Required on windows of control building and administration building	Electric remote activated and 150 MPH rated. 2003 IBC, Chapter 16 – glazed openings located within 30 feet of grade shall meet the requirements of the Large Missile Test of ASTM E 1996	Yes	
14	Export Pipeline				
14.1	Pig receiver/launcher	Not in the Scope of Work	Leave space for others for Export Pipeline installation and construction work space.		Yes
14.2	Odorization	Not required			Yes
14.3	MAOP of Export Pipeline (this is a duplicate of 1.8 for emphasis)	1440 psig	From the booster pumps through SCV up to and including ESD valves the line spec is 900# class. From the ESD valves through the metering skid the line spec is 900 # class. Pipe shall be rated for 2,088 PSIG minimum.		Yes
14.4	Operating pressure of Export Pipeline	1440 psig maximum operating pressure.	MAOP of 1440 psig. Export Pipeline required to provide redundant overpressure protection.		Yes
15	Metering				
15.1	Natural Gas metering	A Master Export Meter Station will monitor total Facility output to Export Pipeline. Fuel Gas Meter Station will provide measurement of internal plant usage.			Yes
15.2	Type of meters for Main Export Meter	Ultrasonic, 0.25% accuracy of meter			Yes
15.3	Number of custody transfer meters	Three metering runs installed (33% each) plus one spare meter element in the warehouse for Export Pipeline and fuel gas. Total metering capacity = 3.0 Bscf/d.	Quantity and sizing are to be confirmed. Three metering runs (33%) plus a warehouse spare. Flow measurement will be corrected by a chromatograph, located near the metering station. Temperature and pressure compensation also provided.		Yes
15.4	Fuel gas meter Station	Ultrasonic, 0.25% accuracy meter	Flow measurement will be corrected by a chromatograph, located near the metering station. And temperature/pressure compensated.	Yes	

	<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQT</u>	<u>RELY UPON</u>
16	Miscellaneous				
16.1	Helipad	Yes		Yes	
16.2	Power Failure	Upon power failure assume the security system stays up, control room is fully functional, ship unloading stops.	If an emergency situation exists where the ship is partially full but it must continue to unload (for what ever reason), assume displaced vapors will be vented. 2.5 MW diesel engine will provide power in case of loss of normal power. The diesel engine generator will be supplied with a day tank that will provide fuel for eight (8) hours	Yes	
16.3	Cryogenic Valve and Pipe Requirements			Yes	
16.3.1	Valves			Yes	
16.3.2		All cryogenic valves will be installed with the stem in the-vertical axis (rising upward). Maximum of forty-five degrees from vertical either way is allowed.		Yes	
16.3.3		All cryogenic valves will have a minimum extension of 18 inches as measured from top of flange.		Yes	
16.3.4		For on/off service, the cryogenic valve of choice is the ball valve or triple offset butterfly valve.		Yes	
16.3.5		Cryogenic gate valves are not acceptable. Use of gate valves of any type must have Owner's prior written approval.		Yes	
16.3.6		Lug body and wafer butterfly valves are not acceptable.		Yes	
16.3.7		Cryogenic ball valves can be of the "floating-ball" or "trunion" design.		Yes	
16.3.8		All cryogenic valves must have a cavity vent (if applicable). All cavity vented valves must have permanent stenciled markings on the vented flange. The P&ID's must indicate the cavity vent side.		Yes	

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQT</u>	<u>RELY UPON</u>
16.3.9	Cryogenic valves shall not be hydrotested. If water touches the graphite seals, the seal shall be replaced (not dried).		Yes	
16.3.10	All cryogenic check valves shall be drilled to allow a small backward flow of LNG. All cryogenic check valves NOT drilled must have Owner's prior written approval. P&ID's must indicate all drilled check valve.		Yes	
16.8	Piping		Yes	
16.8.1	All cryogenic connections will be a minimum of 2" in the vertical (up or down) until the first valve. Sizes can change after the first valve. Side connections are generally not acceptable. Only under very special conditions and only with Owner's prior written approval will other arrangements be allowed.		Yes	
16.8.2	All cryogenic piping and fittings less than 2-inches in diameter shall be schedule 80.	2" is not included	Yes	
16.8.3	Threaded connections are not acceptable for cryogenic fittings and piping.		Yes	
16.8.4	Only dual certified stainless steels (where possible) will be used as piping.	None (PMI is included as part of QC)	Yes	
16.9	Miscellaneous		Yes	
16.9.1	Design pressure of the sendout (booster) pumps and the SCVs must be set considerably higher than the pumps can produce.	Sabine Pass design is used as a go-by	Yes	
16.9.2	High pressure vent to contain only the code required PSV tailpipes for the vaporizers. The low pressure vent to contain all other vents.		Yes	
16.9.3	All vessels shall be rated for full vacuum.	See Equipment List	Yes	Yes
17	Guarantees and Warranties			
17.1	Sendout Rate Performance Guarantee	2000 MMscfd for 24 hours	Yes	

<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQ</u>	<u>RELY UPON</u>
17.2	Turndown	No guarantee.		
17.3	Tank Heat Leak	Tank heat leak = 0.05% per day based on pure methane using approved calculation methodology.	No test	Yes
17.4	Ship Unloading Time Performance Guarantee		Unload 120,000 m3 in 10 hours	Yes
17.5	Warranty		18 Months after Substantial Completion	Yes
18	Engineering Standards			
18.1	Grid Coordinate System	Texas State Plane, South Zone, NAD 1927 horizontal		Yes
18.2	Elevation Reference	NAVD 29 vertical.		Yes
19	Interfaces			
19.1	42" Sendout Pipeline	Pipeline on shoulder of La Quinta Road and will impact access to Site and use of shoulder for other utilities.	Pipeline Contractor will construct the 42" Sendout Pipeline late in the Facility construction schedule and will impact Facility access.	Yes
19.2	Pipeline Pig Trap	Provide turnout and concrete pad for pig trap.	Pipeline Contractor will construct the pig trap.	Yes
19.3	Reroutes of Natural Gas Pipelines			
19.3.1		Existing 10" inch CrossTex gas line and 6" Gulf South gas line relocations are in Contractor's Scope of Work under the Agreement.		
19.3.2			Royal Production pipeline and production equipment will be removed by Royal at Owner's request prior to construction.	Yes
19.4	AEP Power line to Substation	AEP will construct the single mast power line from TX DOT 361 to the AEP substation.		Yes
19.5	AEP Substation	AEP substation per AEP Specifications provided as printed document and electronic file.	Contractor scope AEP Substation not in Scope of Work under the Agreement. Included are: two 138 kV circuit breakers, dead end structure and 138 kV lines to Owner property are included; Two 37.5 MVA transformers, 13.8 kV, 5 kV and 480 V power distribution.	Yes

	<u>Item</u>	<u>Design Basis</u>	<u>Remarks</u>	<u>DESIGN REQT</u>	<u>RELY UPON</u>
19.6	Power Cables to the Facility	Buried Electrical Cables from the AEP substation to the Facility electrical substation will be provided in Contractor's Scope of Work under the Agreement.	Cables shall be installed by direct burial or directional drilling. Cables will be routed overhead	Yes	
19.7	Potable Water Line	A new 8" HDPE water line installed on the east shoulder of La Quinta Road from TX DOT 361 to water storage tanks in the Facility will be provided in Contractor's Scope of Work under the Agreement.	Portions of the 8" line adjacent to the raw water lake may require temporary installation to avoid conflict with power cable installation and 42" Export Pipeline. Water line installed by direct burial or directional drilling 2 mile long X 6" HDPE line is needed for water fill of the Potable Water Tank.	Yes	
19.8	SCV water Overflow Sump, Discharge Pumps, and Transfer line to Raw Water Lake	A below grade water holding sump, discharge pumps, and transfer line north to the raw water lake will be provided in Contractor's Scope of Work under the Agreement for the SCV overflow system. Sump overflow will drain to stormwater drainage collection system when the discharge pumps are not operating.	Transfer line to raw water lake will cross pipeline alley. SCV Overflow is routed to the Fire Water Pond. Overflow from the pond is pumped to SA raw water lake.	Yes	
19.9	Alcoa	Dredge material shall be used for capping of beds in DMPA1 & DMPA2 from material dredged from La Quinta Channel and LNG berth.	Estimated 4.5 million yards of material to be hydraulically placed in accordance with Alcoa agreements.	Yes	
19.10	Sherwin Alumina Dock Road	Construct new road to Sherwin Alumina dock with fence, drainage culverts, remote control gates, swing gates, CCTV, and intercom.	Contractor's Scope of Work under the Agreement	Yes	
19.11	Sherwin Alumina Water Line Relocations.	Relocation of 4 existing Sherwin Alumina 20" water lines will be provided in Contractor's Scope of Work under the Agreement.	Contractor's Scope of Work under the Agreement	Yes	
19.12	Sherwin Alumina Raw Water Lake Electrical Lines.	Existing power poles and electrical wires are to be relocated with new poles and electrical lines from Sherwin Alumina to the raw water lake to avoid conflicts with Facility construction as part of Contractor's Scope of Work under the Agreement.	Existing poles and wires shall be removed and disposed of. Time limitations for the tie-over of service are included in the Project Schedule.		Yes

	Item	Design Basis	Remarks	DESIGN REQT	RELY UPON
19.13	Telephone, Cable, T1	Owner will arrange to install permanent telephone, cable and T1 communications and data lines to the interface in the Facility for permanent operations.	Contractor provides data and communications during construction. Telephone and computer servers are not included. Two (2) 4- inch conduits (with pull string) will be provided from the control room to the West side, 2 feet outside the fence for Telephone and T1 interface. Fiber optic cables from the control room to jetties and administration building are included. Telephone jacks, data ports and copper conductors in each building are included for Owner's use.		Yes
19.14	Construction Parking	The Port of Corpus Christi Authority has up to 46 acres adjacent property available for construction parking. Contractor shall obtain lease, and provide access, surfacing and fencing and restore Site at the end of construction.			Yes
19.15	Site Construction office.	Site construction offices for Contractor and Owner shall be located on the south parcel of the Site near the old Taft Ranch location to avoid congestion in the construction areas.	West of the process area across La Quinta Rd.		Yes
19.16	Abandoned Production Wells	4 abandoned wells are located on the Site and may cause conflicts with some construction activities. These wells have been located and will be exposed by Owner for examination. Contractor shall access and recommend to Owner if these wells create a hardship that requires Abandoned wells that will interfere with construction will be lowered and capped by Owner.	Not in Contractor's Scope of Work under the Agreement		Yes

SCHEDULE A-3

CONTRACTOR'S DELIVERABLES

*Corpus Christi LNG Receiving, Storage and Regasification Terminal
Design Document List*

<u>DRAWING NO</u>	<u>REV</u>	<u>DATE</u>	<u>REQD</u>	<u>STR</u>	<u>TITLE</u>	<u>SCALE</u>
C - Civil						
Specifications						
					Site Access	
151252-CS02102					Clearing and Grubbing	
					Temporary Works (w/CS02102)	
151252-CS02220					Foundation Excavation	
					Subgrade Preparation and Compaction (w/CS02220)	
					Granular Backfill (w/CS02220)	
151252-CS02300					Supply and Installation of Precast Concrete Piles	
					Precast Reinforced Concrete Barriers	
151252-CS02550					Concrete Curb and Gutter and Storm Drainage	
151252-CS03300					Cast-in-Place Concrete	
					Supply and Installation of Trestle Girders	
					Expansion Joints (w/CS03300)	
151252-CS03311					Grout	
					Reinforcing Steel (w/CS03300)	
151252-CS03340					Prestressed Concrete	
					Prestressing Steel (w/CS03340)	
151252-CS05120					Structural Steel	
151252-CS05500					Miscellaneous Metals	
					Anchor bolts (w/CS05500)	
					Bearings	
					Steel Traffic Barriers	
151252-CS09900					Coatings	
					Corrosion Protection (w/CS09900)	
Drawings						
E-151252-CC-CV-0001					GENERAL NOTES AND LEGEND	NONE
E-151252-CC-CV-0400					UNDERGROUND PIPING PLAN - KEY PLAN	1" = 200'
E-151252-CC-CV-0401					UNDERGROUND PIPING PLAN - SHEET 1	1" = 40'
E-151252-CC-CV-0402					UNDERGROUND PIPING PLAN - SHEET 2	1" = 40'
E-151252-CC-CV-0403					UNDERGROUND PIPING PLAN - SHEET 3	1" = 40'

*Corpus Christi LNG Receiving, Storage and Regasification Terminal
Design Document List*

<u>DRAWING NO</u>	<u>REV</u>	<u>DATE</u>	<u>REQD</u>	<u>STR</u>	<u>TITLE</u>	<u>SCALE</u>
E-151252-CC-CV-0404					UNDERGROUND PIPING PLAN - SHEET 4	1" = 40'
E-151252-CC-CV-0405					UNDERGROUND PIPING PLAN - SHEET 5	1" = 40'
E-151252-CC-CV-0406					UNDERGROUND PIPING PLAN - SHEET 6	1" = 40'
E-151252-CC-CV-0413					UNDERGROUND PIPING SECTIONS & DETAILS SHEET 1	
E-151252-CC-CV-0414					UNDERGROUND PIPING SECTIONS & DETAILS SHEET 2	
E-151252-CC-CV-0415					UNDERGROUND PIPING SECTIONS & DETAILS SHEET 3	
E-151252-CC-CV-0150					OVERALL GRADING AND DRAINAGE PLAN	1" = 200'
E-151252-CC-CV-0151					GRADING AND DRAINAGE PLAN - SHEET 1	1" = 40'
E-151252-CC-CV-0152					GRADING AND DRAINAGE PLAN - SHEET 2	1" = 40'
E-151252-CC-CV-0153					GRADING AND DRAINAGE PLAN - SHEET 3	1" = 40'
E-151252-CC-CV-0154					GRADING AND DRAINAGE PLAN - SHEET 4	1" = 40'
E-151252-CC-CV-0155					GRADING AND DRAINAGE PLAN - SHEET 5	1" = 40'
E-151252-CC-CV-0163					GRADING AND DRAINAGE SECTIONS & DETAILS SHEET 1	
E-151252-CC-CV-0164					GRADING AND DRAINAGE SECTIONS & DETAILS SHEET 2	
E-151252-CC-CV-0165					GRADING AND DRAINAGE SECTIONS & DETAILS SHEET 3	
E-151252-CC-CV-0100					OVERALL ROUGH GRADING & EROSION CONTROL PLAN	1" = 200'
E-151252-CC-CV-0101					ROUGH GRADING & EROSION CONTROL PLAN - SHEET 1	1" = 40'
E-151252-CC-CV-0102					ROUGH GRADING & EROSION CONTROL PLAN - SHEET 2	1" = 40'
E-151252-CC-CV-0103					ROUGH GRADING & EROSION CONTROL PLAN - SHEET 3	1" = 40'
E-151252-CC-CV-0104					ROUGH GRADING & EROSION CONTROL PLAN - SHEET 4	1" = 40'
E-151252-CC-CV-0105					ROUGH GRADING & EROSION CONTROL PLAN - SHEET 5	1" = 40'
E-151252-CC-CV-0106					ROUGH GRADING & EROSION CONTROL PLAN - SHEET 6	1" = 40'
E-151252-CC-CV-0107					ROUGH GRADING & EROSION CONTROL PLAN - SHEET 7	1" = 40'
E-151252-CC-CV-0108					ROUGH GRADING & EROSION CONTROL PLAN - SHEET 8	1" = 40'
E-151252-CC-CV-0109					ROUGH GRADING & EROSION CONTROL PLAN - SHEET 9	1" = 40'
E-151252-CC-CV-0110					ROUGH GRADING & EROSION CONTROL PLAN - SHEET 10	1" = 40'
E-151252-CC-CV-0111					ROUGH GRADING & EROSION CONTROL PLAN - SHEET 11	1" = 40'
E-151252-CC-CV-0112					ROUGH GRADING & EROSION CONTROL PLAN - SHEET 12	1" = 40'
E-151252-CC-CV-0113					ROUGH GRADING & EROSION CONTROL SECTIONS & DETAILS - SHEET 1	1" = 40'
E-151252-CC-CV-0114					ROUGH GRADING & EROSION CONTROL SECTIONS & DETAILS - SHEET 2	1" = 40'
E-151252-CC-CV-0115					ROUGH GRADING & EROSION CONTROL SECTIONS & DETAILS - SHEET 3	1" = 40'
E-151252-CC-CV-0420					OUTFALL NO. 5 PLAN	
E-151252-CC-CV-0425					LA QUINTA DITCH EVALUATION	

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					S - Structural	
					Specifications	
					<i>Included in the civil list</i>	
					Drawings	
E-151252-CC-SS-0021					CONCRETE GENERAL NOTES	
E-151252-CC-SS-0022					STRUCTURAL STEEL GENERAL NOTES	
E-151252-CC-SS-0100					FOUNDATION LOCATION PLAN - SHEET 1	
E-151252-CC-SS-0101					FOUNDATION LOCATION PLAN - SHEET 2	
E-151252-CC-SS-0102					FOUNDATION LOCATION PLAN - SHEET 3	
E-151252-CC-SS-0519					PIPERACK C SECTIONS & DETAILS	
E-151252-CC-SS-0520					PIPERACK C SECTIONS & DETAILS	
					V- Vancouver (Marine)	
					Specifications	
					<i>Included in the civil list</i>	
					Drawings	
E-151252-CC-SS-0600					Cover Sheet	
E-151252-CC-SS-0601					Site Plan	
E-151252-CC-SS-0602					General Arrangement	
E-151252-CC-SS-0603					West - Pier Foundation Plan 1	
E-151252-CC-SS-0604					West - Pier Foundation Plan 2	
E-151252-CC-SS-0605					East - Pier Foundation Plan 1	
E-151252-CC-SS-0606					East - Pier Foundation Plan 2	
E-151252-CC-SS-0607					West - Pile Plan	
E-151252-CC-SS-0608					East - Pile Plan	
E-151252-CC-SS-0609					Pile Schedule and Details	
E-151252-CC-SS-0610					West - Foundation Detail 1	
E-151252-CC-SS-0611					West - Foundation Detail 2	
E-151252-CC-SS-0612					West - Foundation Detail 3	
E-151252-CC-SS-0613					West - Abutment 1	
E-151252-CC-SS-0614					West - Abutment 2	
E-151252-CC-SS-0615					West - Pier Detail 1	
E-151252-CC-SS-0616					West - Pier Detail 2	
E-151252-CC-SS-0617					West - Pier Detail 3	
E-151252-CC-SS-0618					East - Foundation Detail 1	
E-151252-CC-SS-0619					East - Foundation Detail 2	
E-151252-CC-SS-0620					East - Foundation Detail 3	
E-151252-CC-SS-0621					East - Abutment 1	

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E-151252-CC-SS-0622					East - Abutment 2	
E-151252-CC-SS-0623					East - Pier Detail 1	
E-151252-CC-SS-0624					East - Pier Detail 2	
E-151252-CC-SS-0625					East - Pier Detail 3	
E-151252-CC-SS-0626					Bearing Details 1	
E-151252-CC-SS-0627					Bearing Details 2	
E-151252-CC-SS-0628					Diaphragms 1	
E-151252-CC-SS-0629					Diaphragms 2	
E-151252-CC-SS-0630					Diaphragms 3	
E-151252-CC-SS-0631					West Girder - Sheet 1	
E-151252-CC-SS-0632					West Girder - Sheet 2	
E-151252-CC-SS-0633					West Girder - Sheet 3	
E-151252-CC-SS-0634					West Girder - Sheet 4	
E-151252-CC-SS-0635					East Girder - Sheet 1	
E-151252-CC-SS-0636					East Girder - Sheet 2	
E-151252-CC-SS-0637					East Girder - Sheet 3	
E-151252-CC-SS-0638					East Girder - Sheet 4	
E-151252-CC-SS-0639					Precast Panels 1	
E-151252-CC-SS-0640					Precast Panels 2	
E-151252-CC-SS-0641					West Deck Plan - Sheet 1	
E-151252-CC-SS-0642					West Deck Plan - Sheet 2	
E-151252-CC-SS-0643					West Deck Plan - Sheet 3	
E-151252-CC-SS-0644					West Deck Plan - Sheet 4	
E-151252-CC-SS-0645					East Deck Plan - Sheet 1	
E-151252-CC-SS-0646					East Deck Plan - Sheet 2	
E-151252-CC-SS-0647					East Deck Plan - Sheet 3	
E-151252-CC-SS-0648					East Deck Plan - Sheet 4	
E-151252-CC-SS-0649					Anchor Detail - Sheet 1	
E-151252-CC-SS-0650					Anchor Detail - Sheet 2	
E-151252-CC-SS-0651					Pile Support Detail - Sheet 1	
E-151252-CC-SS-0652					Pile Support Detail - Sheet 2	
E-151252-CC-SS-0653					Pile Support Detail - Sheet 3	
E-151252-CC-SS-0654					Barrier Details	
E-151252-CC-SS-0655					Expansion Joint	
E-151252-CC-SS-0656					Miscellaneous Details - 1	
E-151252-CC-SS-0657					Miscellaneous Details - 2	

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A - Architectural						
Specifications						
Drawings						
E-151252-CC-AR-0100					CONTROL BUILDING, FLOOR PLAN	
E-151252-CC-AR-0103					ADMINISTRATION BUILDING, FLOOR PLAN	
E-151252-CC-AR-0107					WAREHOUSE/MAINTENANCE, FLOOR PLAN	
E-151252-CC-AR-0108					WAREHOUSE/MAINTENANCE, MEZZANINE PLAN	
H - HVAC						
Specifications						
Drawings						
P - Piping/Layouts						
Specifications						
CC-E-MP-SPC-001					Piping Material Specifications	
CC-E-MP-SPC-002					Manual Valve Specifications	
CC-E-MP-SPC-003					Equipment Insulation	
CC-E-MP-SPC-004					Piping Insulation	
CC-E-MP-SPC-016					Testing of Cryogenic Valves	
Drawings						
E-151252-CC-PP-0101					Corpus Christi LNG Terminal Mechanical Overall Plot Plan	
E-151252-CC-PP-0102					Corpus Christi LNG Terminal Mechanical Process Area Plot Plan	
E-151252-CC-PP-0103					Corpus Christi LNG Terminal Mechanical Jetty Area Plot Plan	
E-151252-CC-PP-0104					Corpus Christi LNG Terminal Mechanical General Arrangement Key Plan	
E-151252-CC-PP-0105					Corpus Christi LNG Terminal West Jetty General Arrangement	
E-151252-CC-PP-0106					Corpus Christi LNG Terminal East Jetty General Arrangement	
E-151252-CC-PP-0109					Corpus Christi LNG Terminal Jetty Impoundment Basin General Arrangement	

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E-151252-CC-PP-0110					Corpus Christi LNG Terminal Tank S-102 General Arrangement	
E-151252-CC-PP-0111					Corpus Christi LNG Terminal Tank S-103 General Arrangement	
E-151252-CC-PP-0112					Corpus Christi LNG Terminal Tank S-102 Storm Water Basin General Arrangement	
E-151252-CC-PP-0113					Corpus Christi LNG Terminal Tank S-103 Storm Water Basin General Arrangement	
E-151252-CC-PP-0118					Corpus Christi LNG Terminal Vapor Return Blower Building General Arrangement	
E-151252-CC-PP-0119					Corpus Christi LNG Terminal BOG Compressor Building General Arrangement	
E-151252-CC-PP-0120					Corpus Christi LNG Terminal Vaporizer Area 1/4 General Arrangement	
E-151252-CC-PP-0121					Corpus Christi LNG Terminal Vaporizer Area 2/4 General Arrangement	
E-151252-CC-PP-0127					Corpus Christi LNG Terminal Substation Pipe Bridge General Arrangement	
E-151252-CC-PP-0128					Corpus Christi LNG Terminal Control Room, Warehouse/Shop General Arrangement	
E-151252-CC-MP-0113					Corpus Christi LNG Terminal Pipe Rack "C" Piping Plan, Sheet 1 of 10	
E-151252-CC-MP-0114					Corpus Christi LNG Terminal Pipe Rack "C" Piping Plan, Sheet 2 of 10	
D - Process Engineering						
Specifications						
151252-PS001					LNG Unloading Arms	
151252-PS002					LNG Cryogenic Pumps	
151252-PS003					Submerged Combustion Vaporizers	
151252-PS004					Vapor Return Blowers	
151252-PS005					Boil Off Gas (BOG) Compressors	
151252-PS006					Master Metering Station	
151252-PS012					BOG Recondenser	
151252-PS013					Air Compressor Package	
151252-PS017					Vertical Electric Driven Firewater Pumps	

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151252-PS018					Vertical Diesel Driven Firewater Pumps	
151252-PS019					Firewater Jockey Pumps	
151252-PS020					Horizontal Electric Driven Firewater Pumps	
151252-PS021					Horizontal Diesel Driven Firewater Pumps	
Drawings						
E-151252-CC-PS-0100					Corpus Christi LNG Terminal P&ID LNG Unloading Arms East Jetty	
E-151252-CC-PS-0101					Corpus Christi LNG Terminal P&ID Jetty Piping East Jetty	
E-151252-CC-PS-0102					Corpus Christi LNG Terminal P&ID LNG Unloading Arms West Jetty	
E-151252-CC-PS-0103					Corpus Christi LNG Terminal P&ID Jetty Piping West Jetty	
E-151252-CC-PS-0104					Corpus Christi LNG Terminal P&ID Interconnection Piping @ Pipe Rack	
E-151252-CC-PS-0105					Corpus Christi LNG Terminal P&ID Interconnection Piping @ LNG Storage Tanks	
E-151252-CC-PS-0106					Corpus Christi LNG Terminal P&ID S-101 LNG Storage Tank (Process Piping)	
E-151252-CC-PS-0107					Corpus Christi LNG Terminal P&ID S-101 LNG Storage Tank (Instruments)	
E-151252-CC-PS-0108					Corpus Christi LNG Terminal P&ID S-102 LNG Storage Tank (Process Piping)	
E-151252-CC-PS-0109					Corpus Christi LNG Terminal P&ID S-102 LNG Storage Tank (Instruments)	
E-151252-CC-PS-0110					Corpus Christi LNG Terminal P&ID S-103 LNG Storage Tank (Process Piping)	
E-151252-CC-PS-0111					Corpus Christi LNG Terminal P&ID S-103 LNG Storage Tank (Instruments)	
E-151252-CC-PS-0112					Corpus Christi LNG Terminal P&ID Tank S-101 LNG Intank Pumps	
E-151252-CC-PS-0113					Corpus Christi LNG Terminal P&ID Tank S-102 LNG Intank Pumps	
E-151252-CC-PS-0114					Corpus Christi LNG Terminal P&ID Tank S-103 LNG Intank Pumps	

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E-151252-CC-PS-0115					Corpus Christi LNG Terminal P&ID LNG Sendout Header	
E-151252-CC-PS-0116					Corpus Christi LNG Terminal P&ID Boil Off Gas Condenser V-111A	
E-151252-CC-PS-0117					Corpus Christi LNG Terminal P&ID Boil Off Gas Condenser V-111B	
E-151252-CC-PS-0118					Corpus Christi LNG Terminal P&ID LNG Sendout Pumps A/B	
E-151252-CC-PS-0119					Corpus Christi LNG Terminal P&ID LNG Sendout Pumps C/D	
E-151252-CC-PS-0120					Corpus Christi LNG Terminal P&ID LNG Sendout Pumps E/F	
E-151252-CC-PS-0121					Corpus Christi LNG Terminal P&ID LNG Sendout Pumps G/H	
E-151252-CC-PS-0122					Corpus Christi LNG Terminal P&ID LNG Sendout Pumps J/K	
E-151252-CC-PS-0123					Corpus Christi LNG Terminal P&ID LNG Sendout Pumps L/M	
E-151252-CC-PS-0124					Corpus Christi LNG Terminal P&ID LNG Sendout Pumps N/P	
E-151252-CC-PS-0125					Corpus Christi LNG Terminal P&ID LNG Sendout Pumps Q/R	
E-151252-CC-PS-0126					Corpus Christi LNG Terminal P&ID LNG Vaporizer A	
E-151252-CC-PS-0127					Corpus Christi LNG Terminal P&ID LNG Vaporizer B	
E-151252-CC-PS-0128					Corpus Christi LNG Terminal P&ID LNG Vaporizer C	
E-151252-CC-PS-0129					Corpus Christi LNG Terminal P&ID LNG Vaporizer D	
E-151252-CC-PS-0130					Corpus Christi LNG Terminal P&ID LNG Vaporizer E	
E-151252-CC-PS-0131					Corpus Christi LNG Terminal P&ID LNG Vaporizer F	
E-151252-CC-PS-0132					Corpus Christi LNG Terminal P&ID LNG Vaporizer G	

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E-151252-CC-PS-0133					Corpus Christi LNG Terminal P&ID LNG Vaporizer H	
E-151252-CC-PS-0134					Corpus Christi LNG Terminal P&ID LNG Vaporizer J	
E-151252-CC-PS-0135					Corpus Christi LNG Terminal P&ID LNG Vaporizer K	
E-151252-CC-PS-0136					Corpus Christi LNG Terminal P&ID LNG Vaporizer L	
E-151252-CC-PS-0137					Corpus Christi LNG Terminal P&ID LNG Vaporizer M	
E-151252-CC-PS-0138					Corpus Christi LNG Terminal P&ID LNG Vaporizer N	
E-151252-CC-PS-0139					Corpus Christi LNG Terminal P&ID LNG Vaporizer P	
E-151252-CC-PS-0140					Corpus Christi LNG Terminal P&ID LNG Vaporizer Q	
E-151252-CC-PS-0141					Corpus Christi LNG Terminal P&ID LNG Vaporizer R	
E-151252-CC-PS-0142					Corpus Christi LNG Terminal P&ID Sendout Gas Header	
E-151252-CC-PS-0143					Corpus Christi LNG Terminal P&ID Sendout Metering	
E-151252-CC-PS-0144					Corpus Christi LNG Terminal P&ID Pipe Line Sendout	
E-151252-CC-PS-0145					Corpus Christi LNG Terminal P&ID Boil Off Gas Header Piping	
E-151252-CC-PS-0146					Corpus Christi LNG Terminal P&ID Vapor Return Blower C-101 A	
E-151252-CC-PS-0147					Corpus Christi LNG Terminal P&ID Vapor Return Blower C-101 B	
E-151252-CC-PS-0148					Corpus Christi LNG Terminal P&ID Boil Off Gas Compressor Suction	
E-151252-CC-PS-0149					Corpus Christi LNG Terminal P&ID Boil Off Gas Compressor A	
E-151252-CC-PS-0150					Corpus Christi LNG Terminal P&ID Boil Off Gas Compressor B	

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E-151252-CC-PS-0151					Corpus Christi LNG Terminal P&ID LNG Drain Pot	
E-151252-CC-PS-0152					Corpus Christi LNG Terminal P&ID Vent System	
E-151252-CC-PS-0153					Corpus Christi LNG Terminal P&ID Nitrogen System	
E-151252-CC-PS-0154					Corpus Christi LNG Terminal P&ID Instrument/Utility Air System	
E-151252-CC-PS-0155					Corpus Christi LNG Terminal P&ID East/West Jetty Instrument/Utility Air System	
E-151252-CC-PS-0156					Corpus Christi LNG Terminal P&ID Fuel Gas	
E-151252-CC-PS-0157					Corpus Christi LNG Terminal P&ID Caustic System	
E-151252-CC-PS-0158					Corpus Christi LNG Terminal P&ID Main/S-101 Impoundment Basin	
E-151252-CC-PS-0159					Corpus Christi LNG Terminal P&ID S-102/S-103 Impoundment Basin	
E-151252-CC-PS-0160					Corpus Christi LNG Terminal P&ID Jetty Impoundment Basin	
E-151252-CC-PS-0161					Corpus Christi LNG Terminal P&ID Firewater System	
E-151252-CC-PS-0162					Corpus Christi LNG Terminal P&ID Firewater Piping 1/2	
E-151252-CC-PS-0163					Corpus Christi LNG Terminal P&ID Firewater Piping 2/2	
E-151252-CC-PS-0164					Corpus Christi LNG Terminal P&ID Potable Water	
E-151252-CC-PS-0165					Corpus Christi LNG Terminal P&ID Diesel Distribution	
					E - Electrical	
					Specifications	
151252-CC-B-EL-SPC-001					Power Control Room	

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151252-CC-B-EL-SPC-002					Switchgear, 15 kV Class Metal-Clad	
151252-CC-B-EL-SPC-003					Switchgear, 5 kV Class Metal-Clad	
151252-CC-B-EL-SPC-004					Switchgear, Low Voltage Metal-Enclosed	
151252-CC-B-EL-SPC-009					Substations, Primary Unit with Liquid Immersed Transformers	
151252-CC-B-EL-SPC-010					Substations, Secondary Unit with Liquid Immersed Transformers	
151252-CC-B-EL-SPC-011					Pad Mount Transformers	
151252-CC-B-EL-SPC-012					Utility Tie Substation Transformer	
151252-CC-B-EL-SPC-013					Utility Tie Substation	
151252-CC-B-EL-SPC-017					5 & 15 kV Bus Duct	
151252-CC-B-EL-SPC-018					600 V Bus Duct	
Drawings						
D-151252-CC-EL-0001					Corpus Christi LNG Terminal Electrical Legend and Notes Sh 1	
D-151252-CC-EL-0002					Corpus Christi LNG Terminal Electrical Legend and Notes Sh 2	
B-151252-CC-EL-0011					Corpus Christi LNG Terminal Electrical Elec Equipment List	
B-151252-CC-EL-0012					Corpus Christi LNG Terminal Electrical Motor & Load List	
D-151252-CC-EL-0041					Corpus Christi LNG Terminal Electrical Site Plan Sh 1	
D-151252-CC-EL-0042					Corpus Christi LNG Terminal Electrical Site Plan Sh 2	
D-151252-CC-EL-0043					Corpus Christi LNG Terminal Electrical Area Classification Plan Sh 1	
D-151252-CC-EL-0044					Corpus Christi LNG Terminal Electrical Area Classification Plan Sh 2	
D-151252-CC-EL-0045					Corpus Christi LNG Terminal Electrical Area Classification Plan Sh 3	

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D-151252-CC-EL-0046					Corpus Christi LNG Terminal Electrical Area Classification Plan Sh 4	
D-151252-CC-EL-0047					Corpus Christi LNG Terminal Electrical Area Classification Plan Sh 5	
D-151252-CC-EL-0048					Corpus Christi LNG Terminal Electrical Area Classification Plan Sh 6	
D-151252-CC-EL-0049					Corpus Christi LNG Terminal Electrical Area Classification Plan Sh 7	
D-151252-CC-EL-0101					Corpus Christi LNG Terminal Electrical Grounding plan sh 1	
D-151252-CC-EL-0102					Corpus Christi LNG Terminal Electrical Grounding plan sh 2	
D-151252-CC-EL-0150					Corpus Christi LNG Terminal Electrical Lighting Fixture Schedule	
D-151252-CC-EL-0151					Corpus Christi LNG Terminal Electrical Lighting Fixture Schedule	
D-151252-CC-EL-0152					Corpus Christi LNG Terminal Electrical Lighting Plan Sh 1	
D-151252-CC-EL-0153					Corpus Christi LNG Terminal Electrical Lighting Plan Sh 2	
D-151252-CC-EL-0154					Corpus Christi LNG Terminal Electrical Lighting Plan Sh 3	
D-151252-CC-EL-0155					Corpus Christi LNG Terminal Electrical Lighting Plan Sh 4	
D-151252-CC-EL-0201					Corpus Christi LNG Terminal Electrical PCR No 1 Layout	
D-151252-CC-EL-0202					Corpus Christi LNG Terminal Electrical PCR No 2 Layout	
D-151252-CC-EL-0209					Corpus Christi LNG Terminal Electrical Electrical Room Layout Warehouse/Control Rm	
D-151252-CC-EL-0210					Corpus Christi LNG Terminal Electrical Electrical Room Admin. Bldg.	
D-151252-CC-EL-0251					Corpus Christi LNG Terminal Electrical Power Plan Sh 1	
D-151252-CC-EL-0252					Corpus Christi LNG Terminal Electrical Power Plan Sh 2	

**Corpus Christi LNG Receiving, Storage and Regasification Terminal
Design Document List**

<u>DRAWING NO</u>	<u>REV</u>	<u>DATE</u>	<u>REQD</u>	<u>STR</u>	<u>TITLE</u>	<u>SCALE</u>
D-151252-CC-EL-0253					Corpus Christi LNG Terminal Electrical Power Plan Sh 3	
D-151252-CC-EL-0254					Corpus Christi LNG Terminal Electrical Power Plan Sh 4	
D-151252-CC-EL-0601					Corpus Christi LNG Terminal Electrical Single Line Diagram Sh 1	
D-151252-CC-EL-0602					Corpus Christi LNG Terminal Electrical Single Line Diagram Sh 2	
D-151252-CC-EL-0603					Corpus Christi LNG Terminal Electrical Single Line Diagram Sh 3	
					L - Control Systems	
					Specifications	
151252-CS-002					Control Valves A-Ball Valves B-Butterfly Valves C-Globe Valves D-Gate Valves	
151252-CS-003					V-Cone Flow Elements	
151252-CS-005					Distributive Control System	
151252-CS-006					Chromatographs	
151252-CS-008					ESD Valves	
151252-CS-015					Ultrasonic Flowmeters	
151252-CS-016					Thermal Mass Flowmeters	
151252-CS-019					SIS System	
151252-CS-020					F&G System	
151252-CS-022					CEMS	
					Drawings	
B-151252-CC-CS-0600					Corpus Christi LNG Terminal Control Systems I/O List	
B-151252-CC-CS-0011					Corpus Christi LNG Terminal Control Systems Instrument Index	
B-151252-CC-CS-0601					Corpus Christi LNG Terminal Control Systems Cable Schedule 1/4	
B-151252-CC-CS-0602					Corpus Christi LNG Terminal Control Systems Cable Schedule 2/4	

*Corpus Christi LNG Receiving, Storage and Regasification Terminal
Design Document List*

<u>DRAWING NO</u>	<u>REV</u>	<u>DATE</u>	<u>REQD</u>	<u>STR</u>	<u>TITLE</u>	<u>SCALE</u>
B-151252-CC-CS-0603					Corpus Christi LNG Terminal Control Systems Cable Schedule 3/4	
B-151252-CC-CS-0604					Corpus Christi LNG Terminal Control Systems Cable Schedule 4/4	
A-151252-CC-CS-2000 thru A-151252-CC-CS-3225					Corpus Christi LNG Terminal Control Systems Instrument Spec Sheets (1,226 ea)	
E-151252-CC-CS-3554					Corpus Christi LNG Terminal Control Systems DCS Control Block Diagram	
E-151252-CC-CS-3555					Corpus Christi LNG Terminal Control Systems SIS Control Block Diagram	

**SCHEDULE B-1
CONTRACTOR PERMITS**

Contractor Permits. Contractor shall be responsible for obtaining all of the following Permits and any and all other Permits not listed below but required for the performance of the Work, except for the Owner Permits set forth in Attachment B, Schedule B-2.

<u>PERMIT OR APPROVAL</u>	<u>REGULATORY REFERENCE</u>	<u>RESPONSIBLE AGENCY</u>	<u>AGENCY CONTACT INFORMATION</u>	<u>REGULATED ACTIVITY</u>	<u>TECHNICAL INFORMATION NEEDED FOR APPLICATION</u>	<u>DATE REQUIRED</u>	<u>COMMENTS /ACTION BY</u>
Construction Permits		San Patricio County Emergency Management Office	Matty Atkinson (361) 364-6156	Construction of buildings and structures	Site layout and facility drawings.	Allow 2 weeks from drawing submittal	No permit required for dirt work. Permits can be obtained at one time or as construction of various structures are anticipated.
Office Trailer Development Permit		San Patricio County Emergency Management Office	Matty Atkinson (361) 364-6156	Installation of Office Trailers	Provide description of trailers, square footage, supplier of trailers, where the trailers are coming from.	1 Day	Cost will be waived. Permit required to get electrical utility hookup. Permits are good for one year and then must be renewed.
Trailer Transport Permit	County Judge	San Patricio County Emergency Management Office	Matty Atkinson (361) 364-6156	Hauling mobile home type trailers on County Roads	Same information as Development Permit above	1 Day Obtain at same time trailer installation Development Permit is obtained.	\$100 fee per trailer. A permit required for each trailer.
Stormwater Pollution Prevention Plan	EPA Storm Water Permit	EPA	USEPA Region VI, 1445 Ross Ave, Suite 1200, Dallas, TX 75202-2733 Phone: (214) 665-8060	Storm water runoff	SWPPP (to be kept on site)	Allow 4 weeks before construction (minimum time is 2 weeks before construction)	This is to be prepared as part of Storm Water Construction permit Contractor to procure.

<u>PERMIT OR APPROVAL</u>	<u>REGULATORY REFERENCE</u>	<u>RESPONSIBLE AGENCY</u>	<u>AGENCY CONTACT INFORMATION</u>	<u>REGULATED ACTIVITY</u>	<u>TECHNICAL INFORMATION NEEDED FOR APPLICATION</u>	<u>DATE REQUIRED</u>	<u>COMMENTS /ACTION BY</u>
TCEQ hazardous waste stream notification	30 TAC 335	TCEQ		Production of any amount hazardous waste on the site.	List of normal hazardous and Class 1 waste.	Takes about 2 weeks. Needed before hazardous wastes are produce.	Not anticipated for this project. The notification is site specific and not company specific. Contractor can obtain at no cost and transfer to Owner when the Work is completed. Suggest waiting to obtain until a determination of what wastes will be produced that may require the number for disposal tracking purposes
Spill Prevention Plan	40 CFR Part 112	TXGLO EPA	Texas General Land Office - Region 2, 11811 North 'D' St., LaPorte, Texas 77571-9135 Phone: (281) 470-6597	Storage of petroleum products in coastal tidal areas.	TXGLO can require that a plan to prevent spills from petroleum product storage tanks be submitted and approved. This is normally not required for small portable tanks used in construction work. However, the GLO must be contacted to determine requirement for the specific site and tank installation. EPA requires plan preparation if more than 24 drums (1,320 gallons) of petroleum products stored at the Site or any portion thereof. No submittal required. Must have Plan before fuel stored.	On or before mobilization at Site	Contractor to determine if needed and inform Owner. Contractor will procure as needed.
Radio License		Federal Communications Commission				Mobilization to Site	Contractor to procure.

<u>PERMIT OR APPROVAL</u>	<u>REGULATORY REFERENCE</u>	<u>RESPONSIBLE AGENCY</u>	<u>AGENCY CONTACT INFORMATION</u>	<u>REGULATED ACTIVITY</u>	<u>TECHNICAL INFORMATION NEEDED FOR APPLICATION</u>	<u>DATE REQUIRED</u>	<u>COMMENTS /ACTION BY</u>
Notice of Proposed Construction or Alteration - FAA Form 7460-1	14 CFR Part 77	Federal Aviation Administration (FAA)	FAA Southwest Regional Office - Air Traffic Airspace Branch, ASW-520, 2601 Meachan Blvd., Fort Worth, TX 76137-4298 Phone: (817) 222-5520	Construction or use of tall structures including cranes	Locations and dimensions of tanks and any other significant structures	Prior to execution of an EPC Agreement (such term being used as subject to Section 3.1C of the Agreement)	Takes about 3 weeks to get after submittal of application
Connection to Public Water & Sewer System	San Patricio/Nueces MWD	County MWD	361 643 6521	Construction Activity	TBD	Mobilization to Site	Contractor to procure.

SCHEDULE B-2
OWNER PERMITS

Owner Permits. Owner shall obtain the Permits listed below.

<u>Pre-EPC (PEPC) Or EPC</u>	<u>Responsible Agency</u>	<u>Permit Or Approval</u>	<u>Regulatory Reference</u>	<u>Agency Contact Information</u>	<u>Regulated Activity</u>	<u>Technical Information Needed For Application</u>	<u>Date Submitted/ Anticipated</u>	<u>Date Permit/ Consultation Received/ Anticipated</u>	<u>Comments</u>
I. FEDERAL PERMITS/APPROVALS									
PEPC	U.S. Federal Energy Regulatory Commission (FERC)	NGA Section 3 Application	NGA Section 3	Magalie R. Salas Federal Energy Regulatory Commission 888 First Street, NE Washington D.C. 20426	LNG Facility	Environmental Resource Reports 1-13 submitted with FERC filing	12/22/2003	4/18/05	Respond to requests for further information as necessary
PEPC	U.S. Army Corps of Engineers (USACE)	Section 10/404 Construction Permit	33 CFR 320 to 330	U.S. Army Corps of Engineers – Galveston District Denise Sloan Planning, Environmental and Regulatory Branch 2000 Fort Point Road Galveston TX 77550 (361) 814-5847	Construction activities in lakes, streams, wetlands	Permit Application	9/9/2004	10/18/2005	Permit 23561 Signed and Approved with special conditions.

Pre-EPC (PEPC) Or EPC	Responsible Agency	Permit Or Approval	Regulatory Reference	Agency Contact Information	Regulated Activity	Technical Information Needed For Application	Date Submitted/ Anticipated	Date Permit/ Consultation Received/ Anticipated	Comments
PEPC	USEPA	Spill Prevention, Control and Countermeasure Plan (SPCC) - construction	40 CFR Part 112	USEPA Region VI 1445 Ross Ave, Suite 1200 Dallas, TX 75202-2733 (214) 665-8060	Onsite storage of petroleum products in aggregate quantities greater than 1320 gallons	<ol style="list-style-type: none"> 1. Oil storage inventory including maximum capacity 2. Description of measures to prevent an oil spill 3. Description of how personnel will respond to an oil spill 	TBD	—	May need for fuel and lube oil storage onsite during construction. Plan is required to be stamped by a Registered Professional Engineer. Technical Services Department has Plan form which requires Work-specific information to be added.
PEPC	USEPA	Confirmation request that EPA is permitting agency	40 CFR Part 122	Environmental Protection Agency- Region 6 Everett Spence 1445 Ross Ave., Suite 1200 Dallas, TX 75202 (214) 665-6444 ext 7518 Brent Larson USEPA Region VI Stormwater Permit Division 1445 Ross Ave, Suite 1200 Dallas, TX 75202-2733 (214) 665-8060	Stormwater	Consultation	6/23/2003	8/21/2003	

Pre-EPC (PEPC) Or EPC	Responsible Agency	Permit Or Approval	Regulatory Reference	Agency Contact Information	Regulated Activity	Technical Information Needed For Application	Date Submitted/ Anticipated	Date Permit/ Consultation Received/ Anticipated	Comments
II. STATE PERMITS/APPROVALS									
PEPC	Texas Commission on Environmental Quality (TCEQ)	New Source Review Permit (Preconstruction Review and Prevention of Significant Deterioration)	30 TAC 116	Jim Linville TCEQ Air Permit Division 12100 Park 35 Circle Austin, TX 78753 (512) 239-1261	Construction of major source of air pollution	1. Air pollution emissions and control equipment data 2. Locations and dimensions of major structures 3. Air quality impact modeling 4. BACT/LAER determinations 5. Identification of emission offsets for non-attainment areas	12/22/2003	11/18/2004	Final combined air permit issued with general and special conditions attached.
1 year prior to operation for wastewater, 401 - RRC - PEPC	TCEQ	Clean Water Act Section 401 Authorization - RRC Permit	CWA Section 401/402	Texas Commission on Environmental Quality Water Permits Division Mr. Sinoel Contreras 6300 Ocean Dr. NRCS Bldg., Ste. 1200 Corpus Christi, TX 78412-5503 (361) 825-3100	Water Quality/ Wastewater Discharge Permit	Initial Consultation	6/23/2003	6/26/03 RRC	EPA will handle Stormwater Permit as Site is greater than 5 acres. (See RRC)
PEPC/EPC if required	TCEQ	RCRA Small Quantity Hazardous Waste Generator Identification Number	40 CFR Part 261	TCEQ Registration and Reporting Section, MC 129 PO Box 13087 Austin, TX 78711-3087 Phone 512/239-6413 FAX 512/239-6410	Onsite presence of hazardous waste in quantities greater than threshold amounts	Expected hazardous waste accumulation	File if necessary, must obtain generator number prior to onsite storage and disposal	—	Required if hazardous waste will exceed the 100 kg/month threshold. Contractor to confirm quantity to determine if needed. Owner to still get generator ID #.

Pre-EPC (PEPC) Or EPC	Responsible Agency	Permit Or Approval	Regulatory Reference	Agency Contact Information	Regulated Activity	Technical Information Needed For Application	Date Submitted/ Anticipated	Date Permit/ Consultation Received/ Anticipated	Comments
PEPC	Texas Coastal Coordination Council	Coastal Consistency Determination Complete	31 TAC 506	William Peacock CCC Chairman P.O. Box 12873 Austin, TX 78711-2873 (512) 463-0928	Review of Work to ensure that it will not conflict with the state coastal management program objectives	USACE will submit material for review by CCC	9/9/04	8/3/2005	Performed as part of the Section 404 Permit by the USACE
PEPC	RRC	Environmental Constraints		Railroad Commission of Texas Stephen J. Seni Oil and Gas Division 1701 North Congress, 11th Floor Austin, TX 78701 (512) 475-4439 Hydrostatic Test (RRC): Kevin McClery Texas Railroad Commission 1701 N Congress Austin, TX 78711-2967 (512) 463-7308	Tier II Water Quality Certification	Initial Consultation	6/23/2003	6/26/2003	RRC has jurisdiction over const. stormwater discharge, but EPA is permitting entity. RRC is over future wastewater and hydrostatic discharge. RRC is 401 certifying agency under USACE 404 permit.
PEPC	Texas Parks and Wildlife Department	Listed Species Clearance (applies to entire site)	31 TAC 69	Celeste Brancel TPWD 4200 Smith School Road Austin, TX 78744 (512-912-7021)	Assessment of Site habitation by listed (threatened or endangered) species	T/E Consultation Revegetation Plan	8/21/2003 4/22/05	9/9/2003 5/24/05	Provided a list of species with potential to occur within the Site TPWD approved revegetation plan for DMPAs.
PEPC	Texas Historical Commission	Historic Preservation Approval (applies to entire site) Complete	13 TAC 26	Debra Beene and James Bruseth Texas Historical Commission 1511 Colorado Austin, TX 78701 (512) 463-5865	Construction of industrial facilities require review of historical archaeological resources	TARL Site Map Review Phase I Cultural Resources Survey Report Addendum 1 to Phase 1 Report	5/7/2004 5/14/04 7/27/04	N/A 8/24/04 8/24/04	Concurrence granted. Concurrence granted.

Pre-EPC (PEPC) Or EPC	Responsible Agency	Permit Or Approval	Regulatory Reference	Agency Contact Information	Regulated Activity	Technical Information Needed For Application	Date Submitted/ Anticipated	Date Permit/ Consultation Received/ Anticipated	Comments
PEPC	Texas Historical Commission	Historic Preservation Approval (applies to entire site) Complete	13 TAC 26	Debra Beene and James Bruseth Texas Historical Commission 1511 Colorado Austin, TX 78701 (512) 463-5865	Construction of industrial facilities require review of historical archaeological resources	Unanticipated Discoveries Plan	9/8/04	10/11/04	Concurrence granted.
						AEP Substation	9/13/05	9/28/05	Concurrence granted.
						46-Acre Tract	10/6/05	10/10/05	Concurrence granted.
III. LOCAL PERMITS/APPROVALS									
PEPC		Transportation Permitting/ Consultation Complete		City of Portland Liz Reining Assistant to City Manager 900 Moore Avenue Portland, TX 78374		Transportation Information	2/28/2005	6/27/2005	
PEPC		Transportation Permitting/ Consultation Complete		City of Gregory Norma Garcia City Secretary P.O. Box 297 Gregory, TX 78359		Transportation Information	2/28/05	6/27/05	No issues relating to the proposed Work. No Work-specific construction transportation permit will be required.

ATTACHMENT C

PAYMENT SCHEDULE

This Attachment C describes the only compensation payable to Contractor under the Agreement. Such compensation shall be the aggregate of the Cost of Work and Fee, as more particularly described in herein.

Cost of Work. The actual cost of work (the "*Cost of Work*") incurred and earned by Contractor in performing Work in accordance with this Agreement shall be determined in accordance with the Summary of Cost Terms and Application and Checklist of Costs (excluding Fee and G&A Charges) within this Attachment C, as supported by the rates, terms and schedules found in the attached Exhibits C.1 through C.14, which are incorporated herein.

Fee. The "*Fee*" earned by Contractor shall be determined in accordance with the Fee and G&A Charges as set forth in the Summary of Cost Terms and Application. A rate of 9.80% shall be applied to the aggregate expenses of labor, Construction Equipment, material, supplies, Subcontracts, services and sundries of each Invoice. For the purposes of clarity, Fee, as defined above and used within this Agreement, shall include both Fee and G&A Charges (as described in the Summary of Cost Terms and Application in this Attachment C).



La Quinta LNG Partners

CHECKLIST OF COSTS

*SUPPORTING EXHIBITS C.1
THROUGH C.14*

SUMMARY OF COST TERMS AND APPLICATION

Section	Abbreviation	Description	Treatment	Exhibit
1.0	ESUP	Engineering Supplies - Home Office Costs (separate from construction related supplies)	Reimbursed by rate	None
1.0	HOME OFFICE TRAVEL AND LIVING EXPENSE	Travel, Living, and Incidentals Expenses	Travel and Living Expense at cost plus \$45 per day per diem for meals and incidentals	C.13
1.0	HOME OFFICE ENGR, SUPPORT, OR OTHER PERSONNEL	Engineering, Administrative, Procurement, and other Salaried Exempt/Non-exempt Personnel working in support of the project in San Antonio, Atlanta, Vancouver, or Houston who are documented to be working in support of the project.	Labor rate plus multiplier	C.10 & C.12
1.0	NON-EXEMPT PERSONNEL Engineering	Premium Portion of Overtime for Non-Exempt Employees	The .5 portion of OT will be billed @ bare labor rate	
2.0	DL	Direct Construction Labor through General Foreman - Non-Exempt	Reimbursable @ Cost	C.3
2.0	EQ	Construction Equipment - Contractor and Third Party plus associated costs	Equipment Rates and associated costs that are reimbursable	C.1 & C.2
2.0	INDL	Field Assigned Salaried Exempt/Non-exempt Personnel assigned to the construction support of the project.	Labor plus Burdens (see PRB)	C.10
2.0	NON-EXEMPT PERSONNEL Construction	Premium Portion of Overtime for Non-Exempt Employees	The .5 portion of OT will be billed with 23.05% PR Burden (Fringe plus Statutories) added	None
2.0	PD - Hourly	Per Diem paid to Construction Direct Labor employees	\$45 per calendar day including weekends (with attendance restrictions)	C.4
2.0	PD - Salaried	Per Diem paid to Construction Salaried Exempt & Non-exempt personnel assigned to the project site.	Base plus PRB on taxable PD	C.4
4.0	ASUP	Allocated Direct Supplies - Major Supply Category (Exam: Welding Rod; Crane Mats; Spreader Bars)	Reimbursable @ Cost	C.7
4.0	BOND	All Non-EPC Bonds	Reimbursable @ Cost	None
4.0	FIELD EXP	Relocation, Temporary Relocation, Travel, Living, and Incidentals Expenses	Reimbursed @ Cost with support	C.4 & C.5
4.0	INS	All premiums related to project specific insurances (transit, railroad, marine, and other)	Reimbursable @ Cost	None
4.0	ISUP	Indirect Supplies - Not meant to be all inclusive, but a representative list of items.	Reimbursed by rate	C.9
4.0	IT	Information Technology - Network, Hardware, Software, and other related computer support	Reimbursed by rate	C.11
4.0	LIC	Project related permits and licenses	Reimbursable @ Cost	None
4.0	MATL	Permanent plant material incorporated into the work	Reimbursable @ Cost	None

SUMMARY OF COST TERMS AND APPLICATION

4.0	OWNER	Costs related to support and administration of owners representatives involved in the project	Reimbursable @ Cost	None
4.0	SAF	Safety related supplies and services. Not all inclusive	Reimbursed by rate	C.9
4.0	SM	Small Tools less than \$1000. Not intended to be an all inclusive list.	Reimbursed by rate	C.8
4.0	SUB	Subcontracts and Services	Reimbursable @ Cost	None
4.0	TAX	All sales, gross receipts, or any other taxes related to the project costs	Reimbursable @ Cost	None
4.0	TB	Teambuilding and Community Relations	Reimbursable @ Cost	None
4.0	TEST	Test Water and Disposal	Reimbursable @ Cost	None
4.0	USUP	Unallocated Direct Supplies - Minor or consumable (Exam: rags, brooms, bulbs, etc.) Not meant to be an all inclusive list	Reimbursed by rate	C.6
1.0 & 2.0	PRB	Payroll Burdens - Taxes, Insurance and Fringe Benefits	Reimbursed by rate or multiplier	None
None	FEE AND G&A CHARGES	A rate of 9.80% applied to the total invoice billing for labor, construction equipment, material, supplies, subcontracts, services, and sundries; after all other factors are applied.	9.80% Applied to total cost basis invoiced to Cheniere	None

CHECKLIST OF EXHIBITS

- C.1 EQUIPMENT RATES
- C.2 REIMBURSABLE EQUIPMENT SUPPLIES
- C.3 DIRECT LABOR RATES/NIGHT SHIFT DIFF/CRAFT PER DIEM
- C.4 PRIORITIZED INITIATIVE NO. 1
- C.5 TRAVEL POLICY
- C.6 UNALLOCATED DIRECT SUPPLIES
- C.7 ALLOCATED (REIM) DIRECT SUPPLIES
- C.8 SMALL TOOLS
- C.9 INDIRECT SUPPLIES
- C.10 CONTRACTOR INDIRECT OCCUP DES AND RANGES
- C.11 INFORMATION TECHNOLOGY
- C.12 CONTRACTOR ENGINEERING OCCUP DESCRIPTIONS, AND RANGES
- C.13 ENGINEERING FIELD ASSIGNMENT GUIDELINE
- C.14 ESTIMATED CASH FLOW

**CHECKLIST OF COSTS
ENGINEERING**

<u>Section Number</u>	<u>Cost Category</u>	<u>Description</u>	<u>Reimbursable at Cost</u>	<u>General & Administrative</u>	<u>Reimbursable @ Rates</u>	<u>EXHIBIT Included</u>
1.1	ESUP	SERVICES TO OWNERS AND CONTRACTORS PERSONNEL (INCLUDES JV PARTNER PERSONNEL) IN CONTRACTOR PARAGON OFFICE AT 10777 CLAY ROAD; HOUSTON, TEXAS, CONTRACTOR AMERICAS; ATLANTA, GEORGIA & VANCOUVER, BC; OFFICE SPACE, FURNITURE, EQUIPMENT, PHONES, REPRODUCTION AND GRAPHIC SERVICES, POSTAGE, COURIER SERVICE, ADMIN AND SECRETARIAL SERVICE, AND GENERAL OFFICE SUPPLIES			\$9.80 PER WORKHOUR OF LABOR BASED IN HOUSTON, ATLANTA OR VANCOUVER (BC) BILLED TO CUSTOMER	
1.2	EXP	RELOCATION, PER DIEM, TRAVEL, LODGING, LIVING EXPENSE, AND ANY PROJECT RELATED TRAVEL OR JOBSITE ASSIGNMENTS PER EXHIBIT C.13 - FIELD ASSIGNMENT GUIDELINE	X Cost Reimbursed for Travel, Lodging, and Living Expense		Per Diem \$45 for Meals and Incidentals	C.13
1.3	G&A	OFFICERS, DEPARTMENT HEADS, LEGAL STAFF, FACILITIES STAFF, ACCOUNTING AND ADMIN (EXCEPT THOSE PERFORMING THE WORK), BUSINESS DEVELOPMENT STAFF, AND ANY OTHER SERVICE RELATED TO REGULARLY ESTABLISHED OFFICES.		X		
1.4	HOME OFFICE ENGINEERING PERSONNEL	SUPPORTED BY WEEKLY ENGINEERING BILLING DETAIL FOR TIME CHARGED TO THE WORK: WAGES AND SALARIES OF PERSONNEL FUNCTIONING IN SUPPORT OF THE WORK PER EXHIBIT C.12 ENGINEERING AND PROCUREMENT LABOR. (INCLUDES JV PARTNER EMPLOYEES AND CONTRACT EMPLOYEES AT THE HOME OFFICE) NOTE: SALARIES WILL BE CONVERTED TO HOURLY RATE BY EITHER DIVIDING MONTHLY SALARY BY 173.33, OR ANNUAL SALARY BY 2080.	X		BILLED @ OVERLAY OF 1.98	C.12
1.5	HOME OFFICE PERSONNEL	A PREMIUM OF 10% OF THE EMPLOYEES SALARY WILL BE PAID FOR ALL HOURS WORKED FOR THE DURATION OF A LONG TERM (GREATER THAN 90 DAYS) FIELD ASSIGNMENT.	X		BILLED @ OVERLAY OF 1.98	C.12 & C.13
1.6	HOME OFFICE PROJECT SUPPORT PERSONNEL	SUPPORTED BY WEEKLY ENGINEERING BILLING DETAIL FOR TIME CHARGED TO THE WORK: WAGES AND SALARIES OF PERSONNEL FUNCTIONING IN SUPPORT OF THE WORK PER EXHIBIT C.12 ENGINEERING AND PROCUREMENT LABOR. (INCLUDES JV PARTNER EMPLOYEES AND CONTRACT EMPLOYEES AT THE HOME OFFICE) NOTE: SALARIES WILL BE CONVERTED TO HOURLY RATE BY EITHER DIVIDING MONTHLY SALARY BY 173.33, OR ANNUAL SALARY BY 2080.	X		BILLED @ OVERLAY OF 1.98	C.12
1.7	NON-EXEMPT PERSONNEL	PREMIUM PORTION OF OVERTIME FOR NON-EXEMPT EMPLOYEES	X		The .5 portion of OT will be billed @ bare labor rate	C.12
1.8	PRB	ALL PAYROLL BURDEN; I.E. TAXES, INS, AND FRINGE BENEFITS ARE INCLUDED IN THE OVERLAY RATE OF 1.98	X			

**CHECKLIST OF COSTS
CONSTRUCTION LABOR ITEMS**

<u>Section Number</u>	<u>Cost Category</u>	<u>Description</u>	<u>Reimbursable at Cost</u>	<u>General & Administrative</u>	<u>Reimbursable @ Rates</u>	<u>EXHIBIT Included</u>
2.1	PD-HRLY	ALL CONSTRUCTION DIRECT HOURLY EMPLOYEES (INCLUDING KEY INDIRECT HOURLY STAFF, FOREMEN AND GENERAL FOREMEN) WILL BE PAID PER DIEM ACCORDING TO REQUIREMENTS IN EXHIBIT C.4	X		\$45 PER CALENDAR DAY INCLUDING WEEKENDS (WITH STIPULATIONS ON ATTENDANCE)	C.4
2.2	PD-SLRY	PER DIEM WILL BE PAID TO FIELD ASSIGNED SALARIED EXEMPT AND NON-EXEMPT EMPLOYEES ACCORDING TO EXHIBIT C.4 (RUNZHEIMER REPORT). PAYROLL BURDEN IS APPLICABLE TO PER DIEMS THAT ARE SUBJECT TO PERSONAL INCOME TAX WITHHOLDINGS.	X		\$1900 PER MONTH	C.4
2.3	DL	ALL DIRECT HOURLY CONSTRUCTION EMPLOYEES (INCLUDING FOREMEN AND GENERAL FOREMEN) WILL BE REIMBURSED ACCORDING TO RATES CONTAINED IN EXHIBIT C.3	X			C.3
2.4	DL	ALL COSTS RELATED TO THE CONSTRUCTION, UTILITIES, AND SET UP OF THE CONSTRUCTION OFFICE COMPLEX.	X			C.3
2.5	DL	SHOW UP PAY FOR DIRECT EMPLOYEES = 2 HOURS PAY AND CALL OUT PAY OF 4 HOURS STRAIGHT TIME FOR THOSE WHO REGISTER THEIR ATTENDANCE THROUGH THE TIME SYSTEM.	X			C.3
2.6	DL	ALL LABOR, OFFICE SUPPLIES, UTILITIES, OFFICE RENT, AND OTHER COSTS TO STAFF & OPERATE THE EMPLOYMENT OFFICE AND WAREHOUSE	X			
2.7	DL	ALL LABOR AND ASSOCIATED COSTS RELATED TO EMERGENCY EVACUATIONS	X			
2.8	DL	ALL LABOR, EQUIPMENT, AND SUPPLIES NECESSARY TO PREPARE, PROTECT, AND RECOVER FROM HURRICANES	X			
2.9	DL	ALL LABOR RELATED TO EMPLOYEE AND CRAFT TRAINING	X			C.3
2.10	HOME OFFICE LABOR	HOME OFFICE (TECHNICAL SERVICE, ZPEPP, PROCUREMENT, ESTIMATING, AND CONTROLS) LABOR (MANAGERS, PROFESSIONAL, AND CLERICAL) WILL BE REIMBURSED FOR TIME SPENT AND DOCUMENTED EXECUTING SPECIFIC WORK ACTIVITIES	X			C.10
2.11	HOME OFFICE LABOR	ANY OTHER HOME OFFICE (MANAGER, PROFESSIONAL) LABOR WILL BE REIMBURSED FOR TIME SPENT, DOCUMENTED, AS APPROVED BY THE OWNER FOR WORK DONE IN SUPPORT OF OR AT THE PROJECT	X			C.10
2.12	INDL	ALL FIELD INDIRECT (SALARIED EXEMPT AND NON-EXEMPT) LABOR WILL BE REIMBURSED ACCORDING TO EXHIBIT C.10	X			C.10
2.13	INDL	ALL SALARIED EXEMPT AND NON-EXEMPT LABOR WILL BE REIMBURSED FOR HOLIDAYS BASED UPON CONTRACTOR PAY POLICY	X			C.10 AND CONTRACTOR PERSONNEL POLICY

CHECKLIST OF COSTS
CONSTRUCTION LABOR ITEMS

<u>Section Number</u>	<u>Cost Category</u>	<u>Description</u>	<u>Reimbursable at Cost</u>	<u>General & Administrative</u>	<u>Reimbursable @ Rates</u>	<u>EXHIBIT Included</u>
2.14	INDL	ALL SALARIED EXEMPT AND NON-EXEMPT LABOR FOR SITE ASSIGNED EMPLOYEES PARTICIPATING IN MANAGEMENT APPROVED ON/OFF SITE TRAINING WILL BE REIMBURSED ACCORDING TO THE RATES CONTAINED IN EXHIBIT C.10.	X			C.10
2.15	PRB	ALL FIELD DIRECT HOURLY, SALARIED EXEMPT, AND NON-EXEMPT LABOR AND TAXABLE PER DIEM PAYMENTS WILL BE SUBJECT TO THE PAYROLL BURDEN RATE. (SAME RECONCILIATION AS STATED BELOW)	X			
2.16	PRB	BURDEN RATE: PAYROLL INSURANCE (WORKERS COMPENSATION, GENERAL LIABILITY) AT 6.83%, PAYROLL TAXES (FUI, SUI, FICA) AT 12.05%, FRINGE BENEFITS AT 11%. THE STATUTORY (TAX/INSURANCE) RATES ARE SUBJECT TO ADJUSTMENT AND WILL BE RECONCILED ACCORDING TO ACTUAL COSTS ANNUALLY IN FEBRUARY OF THE CURRENT YEAR FOR THE PREVIOUS YEAR COSTS. FRINGE BENEFITS PERCENTAGE WILL BE VALIDATED THROUGH AN ANNUAL AUDIT BY ERNST AND YOUNG. THE PERCENTAGE CAN BE ADJUSTED UPON COMPLETION OF THE AUDIT.	X			
2.17	NON-EXEMPT PERSONNEL	PREMIUM PORTION OF OVERTIME	X		The .5 portion of OT will be billed @ 23.05% PR Burden (Fringe plus Statutories)	C.10

CHECKLIST OF COSTS
EQUIPMENT ITEMS

<u>Section Number</u>	<u>Cost Category</u>	<u>Description</u>	<u>Reimbursable at Cost</u>	<u>General & Administrartive</u>	<u>Reimbursable @ Rates</u>	<u>EXHIBIT Included</u>
3.1	EQ	ALL CONTRACTOR OWNED EQUIPMENT WILL BE REIMBURSED ACCORDING TO THE RATES ESTABLISHED IN EXHIBIT C.1. ANY EQUIPMENT THAT IS NOT INCLUDED IN THE RATE EXHIBIT WILL BE SUBMITTED FOR APPROVAL AT TIME OF IDENTIFIED NEED.			X	C.1
3.2	EQ	COMPANY TRUCKS PROVIDED TO SPECIFIC SUPERVISION			X	C.1
3.3	EQ	MOBILIZATION AND DEMOBILIZATION COSTS	X			
3.4	EQ	RADIO COMMUNICATIONS EQUIPMENT	X			
3.5	EQ	ALL THIRD PARTY EQUIPMENT, INCLUDING FREIGHT AND APPLICABLE INSURANCE&TAXES	X			
3.6	EQ	CONSTRUCTION EQUIPMENT SUPPLIES WILL BE REIMBURSED ACCORDING TO THE LIST INCLUDED IN EXHIBIT C.2.	X			C.2
3.7	EQ	REPAIRS	X			C.3
3.8	EQ	ALL LABOR TO FUEL, LUBE, AND MAINTAIN EQUIPMENT INCLUDING MECHANICS, OILERS, AND HELPERS	X			C.3
3.9	EQ	ALL EQUIPMENT OPERATOR LABOR IS REIMBURSABLE PER EXHIBIT C.3	X			C.3
3.10	EQ	ALL FUEL (DIESEL, GASOLINE), AND ALL EQUIPMENT LUBRICANTS	X			
3.11	EQ	ALL OPERATOR, MANLIFT, D.O.T., QUARTERLY (OR OTHER PERIODIC) INSPECTIONS, CERTIFICATIONS AND ANY OTHER TYPE OF EQUIPMENT/EMPLOYEE CERTIFICATION	X			

ATTACHMENT C
CHECKLIST OF COSTS
CONSTRUCTION SUPPLIES, SUBCONTRACTS, MATERIAL, AND SUNDRIES

<u>Section Number</u>	<u>Cost Category</u>	<u>Description</u>	<u>Reimbursable at Cost</u>	<u>General & Administrative</u>	<u>Reimbursable @ Rates</u>	<u>EXHIBIT Included</u>
4.1	ASUP	ALLOCATED DIRECT SUPPLIES UTILIZED TO EXECUTE THE WORK PER EXHIBIT C.7	X			C.7
4.2	BOND	COSTS RELATED TO PERFORMANCE BOND	X			
4.3	BOND	ALL NON-EPC PERFORMANCE, LICENSE, NOTARY PUBLIC, OR ANY OTHER TYPE OF BOND	X			
4.4	EXP	ALL PRECONSTRUCTION EXPENSES RELATED TO TRAVEL, MILEAGE, RENT CAR, LODGING, FOOD, LAUNDRY, AND OTHER TRAVEL RELATED ITEMS SUPPORTED BY DOCUMENTATION, AND ACCORDING TO CONTRACTOR TRAVEL POLICY PER EXHIBIT C.5.	X			C.5
4.5	EXP	ALL EXPENSES (TRAVEL, LODGING, FOOD, LAUNDRY, MILEAGE, RENT CAR, AND OTHER TRAVEL COST) RELATED TO THE PROJECT (TEMPORARY PRIOR TO PER DIEM, FOR APPROVED DIVISION/CORP. MEETINGS, MOBILIZATION, EQUIPMENT MOVE IN/OUT, SETUP, INSPECTION, CERTIFICATION, AND TRAINING) AND APPROVED BY PROJECT MANAGEMENT SUPPORTED BY DOCUMENTATION AND ACCORDING TO CONTRACTOR TRAVEL POLICY PER EXHIBIT C. 5.	X			C.5
4.6	EXP	TEMPORARY RELOCATION COSTS WILL BE REIMBURSED WITH RECEIPTS PER EXHIBIT C.4	X			C.4
4.7	EXP	MOVING EXPENSE TO RELOCATE KEY EMPLOYEES (SALARIED EXEMPT, SALARIED NON-EXEMPT) WITH JOINT VENTURE AND PROJECT MANAGEMENT APPROVAL WILL BE REIMBURSED AT COST WITH SUPPORTING DOCUMENTATION FOR TRAVEL, LODGING, FOOD AND OTHER TRAVEL RELATED COSTS ACCORDING TO CONTRACTOR TRAVEL POLICY, EXHIBIT C.5. CONTRACTOR ARRANGES ALL RELOCATIONS THROUGH THE CONTRACTOR EMPLOYEE RELATIONS DEPARTMENT. MOVING COSTS WILL BE REIMBURSED ACCORDING TO CONTRACTOR (APPROPRIATE) PERSONNEL POLICY MANUAL	X			C.5/ RELOCATION POLICY
4.8	EXP	MILEAGE RATE FOR PERSONAL CAR USE ON BUSINESS TRIPS IS THE CURRENT ALLOWABLE BY THE IRS. THIS RATE IS ADJUSTED ON AN ANNUAL BASIS BASED ON THE IRS ALLOWABLE CAR MILEAGE RATE.	X			C.5
4.9	G&A	JOINT VENTURE EXECUTIVE OFFICERS DIRECTING THE WORK		X		
4.10	G&A	CORPORATE DEPARTMENT HEADS, TREASURER, ASSISTANT TREASURER, AUDITOR, GENERAL FINANCIAL ACCOUNTING, AND AUDIT STAFF		X		

**ATTACHMENT C
CHECKLIST OF COSTS
CONSTRUCTION SUPPLIES, SUBCONTRACTS, MATERIAL, AND SUNDRIES**

<u>Section Number</u>	<u>Cost Category</u>	<u>Description</u>	<u>Reimbursable at Cost</u>	<u>General & Administrative</u>	<u>Reimbursable @ Rates</u>	<u>EXHIBIT Included</u>
4.11	G&A	CORPORATE INSURANCE MANAGER, RISK MANAGER, AND STAFF		X		
4.12	G&A	PROCUREMENT AND FACILITIES (EXCLUDES PROJECT PERSONNEL)		X		
4.13	G&A	BUSINESS DEVELOPMENT STAFF		X		
4.14	G&A	LEGAL PROFESSIONALS AND STAFF		X		
4.15	G&A	CORPORATE INFORMATION SYSTEMS MANAGEMENT AND STAFF		X		
4.16	INS	ALL RISK PREMIUM, ALL RISK DEDUCTIBLE, TRANSIT INSURANCE, RAILROAD LIABILITY, MARINE INSURANCE OR OTHER PREMIUMS	X			
4.17	INT	INTEREST TO BE DETERMINED PER AGREEMENT				
4.18	ISUP	INDIRECT OFFICE SUPPLIES, CONSUMABLES, AND SERVICES TO BE REIMBURSED ACCORDING TO THE RATE EXHIBIT C.9 (LIST NOT MEANT TO BE ALL INCLUSIVE)			X	C.9
4.19	IT	INFORMATION TECHNOLOGY INFRASTRUCTURE, HARDWARE, SOFTWARE, PHONE SYSTEM, CABLE, AND OFFICE EQUIPMENT IS REIMBURSED AT A RATE OF \$0.60 PER WORKHOUR ON ALL DIRECT LABOR COSTS PER EXHIBIT C.11			X	C.11
4.20	LIC	ALL PROJECT RELATED LICENSES AND PERMITS	X			
4.21	MATL	PERMANENT MATERIALS, PLANT EQUIPMENT, REPLACEMENT MATERIALS, AND COSTS FOR VENDOR REPRESENTATIVES AND SUPPORT FOR SAME.	X			
4.22	MATL	ALL MATERIAL RELATED TO THE CONSTRUCTION AND MAINTENANCE OF TEMPORARY FACILITIES, OFFICE COMPLEX, AND UTILITIES	X			
4.23	MATL	ALL SHIPPING/FREIGHT COSTS; CRATING, PACKAGING, ON OR OFF SITE STORAGE; TRANSIT INSURANCE, DEMURRAGE, LOADING OR UNLOADING CHARGES	X			
4.24	OWNER	ALL LABOR, OFFICE SUPPLIES, UTILITIES, OFFICE RENT, AND ANY OTHER COSTS INCURRED TO PROVIDE FIELD SITE SERVICES TO OWNERS REPRESENTATIVES	X			
4.25	SAF	ALL SAFETY SUPPLIES ARE TO BE REIMBURSED AT THE RATE IN EXHIBIT C.9 (LIST NOT MEANT TO BE ALL INCLUSIVE)			X	C.9
4.26	SM	SMALL TOOLS RELATED TO THE WORK ARE TO BE REIMBURSED ACCORDING TO THE RATE IN EXHIBIT C.8.			X	C.8

ATTACHMENT C
CHECKLIST OF COSTS

CONSTRUCTION SUPPLIES, SUBCONTRACTS, MATERIAL, AND SUNDRIES

<u>Section Number</u>	<u>Cost Category</u>	<u>Description</u>	<u>Reimbursable at Cost</u>	<u>General & Administrative</u>	<u>Reimbursable @ Rates</u>	<u>EXHIBIT Included</u>
4.27	SUB	SUBCONTRACTORS WILL BE BONDED ONLY WHEN APPROVED IN WRITING BY OWNER	X			
4.28	SUB	ALL COSTS (TRANSPORTATION, RENTAL, DAMAGE, MISSING ITEMS, AND ANY OTHER COSTS RELATED TO THE WORK) FOR SCAFFOLDING RENTAL	X			
4.29	SUB	ALL SUBCONTRACTS INCLUDING OUTSIDE HAULING, FIELD ENGINEERING, CONCRETE TESTING, SOIL COMPACTION TESTING, STRESS RELIEVING, SECURITY, CONSULTING, STARTUP, GEOTECHNICAL, TOPOGRAPHICAL, OR OTHER DIRECT AND INDIRECT SUB-CONTRACT SERVICES	X			
4.30	TAX	CONTRACTOR SALES/USE TAX	X			
4.31	TAX	GROSS RECEIPTS TAX	X			
4.32	TB	PARTNERING/TEAM BUILDING	X			
4.33	TB	COMMUNITY RELATIONS	X			
4.34	TEST	TEST WATER DISPOSAL	X			
4.35	USUP	UNALLOCATED DIRECT CONSTRUCTION SUPPLIES WILL BE REIMBURSED ACCORDING TO THE RATE IN EXHIBIT C.6			X	C.6
4.36	USUP	WELDER TESTING SUPPLIES	X			
4.37	USUP	WELDER TEST COUPONS	X			



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CONSTRUCTION EQUIPMENT RATES
EXHIBIT C.1

REIMBURSABLE EQUIPMENT RENTAL RATES: (RATES ARE VALID THROUGH 31 DECEMBER, 2006)

ANTICIPATED ESCALATION = 6%—8% PER YEAR

INCLUSIONS

SINGLE SHIFT RATE INCLUDES STATUTORY LIABILITY INSURANCE AND AD-VALOREM TAXES.

EXCLUSIONS

RATE EXCLUDES ALL FIELD LABOR, MINOR MAINTENANCE, SUPPLIES AND CONSUMABLES, FUEL AND LUBE, MOBILIZATION.

DEMobilIZATION, ERECTION, DISASSEMBLY, DECONTAMINATION AND WASHING, OPERATORS' WAGES AND OVERTIME UTILIZATION.

- CONTRACTOR WILL FURNISH EQUIPMENT IF AVAILABLE IN ITS FLEET.
- EQUAL MODELS MAY BE SUBSTITUTED FOR LISTED EQUIPMENT.
- RATES WILL BE NEGOTIATED FOR REQUIRED EQUIPMENT NOT LISTED IN THIS BOOK.
- THIRD PARTY EQUIPMENT RENTALS WILL BE REIMBURSED PER CONTRACT.
- CONTRACTOR MONTHLY RATE IS BASED ON A 30 DAY CYCLE, 173 HOURS PER MONTH.
- CONTRACTOR OVERTIME IS 1/173 OF MONTHLY RATE APPLIED TO EVERY HOUR OVER 173 HOURS EACH MONTH.
- SERVICE TRUCKS, FUEL TRUCKS, & MECHANICS TRUCKS WILL BE BILLED TO THE PROJECT AS ANY OTHER PIECE OF EQP
- ADDITIONAL EQUIPMENT MAY BE ADDED THROUGH A CHANGE REQUEST SUBMITTED TO OWNER FOR APPROVAL.

NOTE: OWNER WILL APPROVE EQUIPMENT SCHEDULE FOR MOBILIZATION AND DEMOBILIZATION

EQ ALPHA CLASS	EQ NUMBER SERIES	DESCRIPTION	DAILY CHARGE	WEEKLY CHARGE	MONTHLY CHARGE
Air Compressors					
AC	02040	10-40 CFM FOR MECH TRUCK	\$ 9	\$ 28	\$ 86
AC	02130	200-300 CFM, ELECT	\$ 94	\$ 286	\$ 867
AC	02323	185 CFM, PORT. DSL	\$ 54	\$ 164	\$ 496
AC	02350	375 CFM, PORT. DSL	\$ 93	\$ 282	\$ 854
AC	02378	750-825 CFM, PORT. DSL	\$ 183	\$ 553	\$ 1,677
AC	99975	AIR RESERVOIR 1,000 GLN	\$ 32	\$ 98	\$ 297
All Terrain Vehicles					
AV	05200	4X4 ATV, ALL SIZES, GAS	\$ 46	\$ 139	\$ 422
AV	05250	4X2 ATV, 2 SEAT, GAS	\$ 40	\$ 122	\$ 370
Automotive: Pickups					
AU/XU	05700	4X2 MID SIZE SUV, GAS	\$ 91	\$ 277	\$ 838
AP	06000	4X4 1/2 TON E.C., GAS	\$ 104	\$ 316	\$ 957
AP	06020	4X2 1/2 TON C.C., GAS	\$ 103	\$ 311	\$ 942
AP	06070	4X2 1/2 TON E.C., GAS	\$ 95	\$ 287	\$ 871
AP	06093	4X2 1/2 TON E.C., GAS	\$ 95	\$ 287	\$ 871
AP	06311	4X2 3/4 TON E.C., GAS	\$ 103	\$ 311	\$ 944
AP	06365	4X2 3/4 TON C.C., GAS	\$ 107	\$ 325	\$ 985
AP	06395	4X4 3/4 TON C.C., GAS	\$ 114	\$ 344	\$ 1,043
AP	06440	4X2 3/4 TON E.C., DSL	\$ 110	\$ 333	\$ 1,008

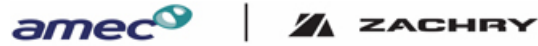


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Automotive: Trucks					
AT	06401	1.0 TON MECHANIC TRUCK W/BED	\$ 194	\$ 589	\$ 1,785
AT	06450	1.5 TON MECHANIC TRUCK W/BED	\$ 316	\$ 957	\$ 2,899
AT	06710	2.0 TON MECHANIC TRUCK W/BED	\$ 351	\$ 1,062	\$ 3,220
AT	07500	GREASE TRUCK, 4X2	\$ 355	\$ 1,077	\$ 3,264
AT	08035	GREASE TRUCK, 6X4	\$ 445	\$ 1,348	\$ 4,084
AT	07600	2000 GLN FUEL TRUCK	\$ 223	\$ 676	\$ 2,047
AT	06400	4X2 1 TON FLATBED, DSL	\$ 125	\$ 377	\$ 1,144
AT	06420	4X2 1 TON FLATBED, GAS	\$ 118	\$ 359	\$ 1,088
AT	06505	4X2 1.5 TON FLATBED, DSL	\$ 139	\$ 422	\$ 1,279
AT	06895	2 TON TRUCK W/ WINCH BED	\$ 197	\$ 598	\$ 1,813
AT	06880	2 TON TRUCK W/ 6CY DUMP BED	\$ 171	\$ 517	\$ 1,566
AT	06895	2 TON TRUCK W/ 1500 GLN TANK	\$ 197	\$ 598	\$ 1,813
AT	07530	5 TON TRUCK W/ 3500 GLN TANK	\$ 322	\$ 977	\$ 2,961
AT	08452	6X4 325HP FLEET HAUL, DSL	\$ 278	\$ 842	\$ 2,552
Brooms					
BR	13077	96" 4X2 ROTARY BROOM	\$ 167	\$ 506	\$ 1,533
LF	13030	BROOM ATT. FOR CAT IT28	\$ 56	\$ 169	\$ 512
Cranes & Attachments					
CA	10000	4'X4' MANBASKET	\$ 29	\$ 88	\$ 266
CA	13905	CONCR. BUCKET 0.5 CY B.D.	\$ 18	\$ 56	\$ 170
CA	13920	CONCR. BUCKET 1 CY B.D.	\$ 19	\$ 57	\$ 174
CA	13935	CONCR. BUCKET 2 CY B.D.	\$ 19	\$ 58	\$ 176
CA	21100	LUFFING JIB FOR MAN. 888	\$ 353	\$ 1,069	\$ 3,241
CA	21174	80TON CRL, L.B. LS138H	\$ 779	\$ 2,359	\$ 7,149
CA	21180	100TON CRL, L.B. LS218	\$ 996	\$ 3,017	\$ 9,143
CA	21187	140TON CRLR, MAN 3900	\$ 1,054	\$ 3,193	\$ 9,675
CA	21292	150 TON CRLR, MAN 555	\$ 1,396	\$ 4,229	\$ 12,816
CA	21195	175 TON CRLR, MAN 777	\$ 1,536	\$ 4,655	\$ 14,105
CA	21205	230TON CRLR, MAN 888	\$ 2,081	\$ 6,306	\$ 19,108
CA	21207	275TON CRLR, MAN 999	\$ 2,296	\$ 6,957	\$ 21,082
CA	21209	300 TON CRLR, MAN2250	\$ 3,107	\$ 9,415	\$ 28,531
CA	21955	18-22 TON DOWNCAB R.T.	\$ 319	\$ 966	\$ 2,926
CA	21970	28-30 TON SWINGER R.T.	\$ 428	\$ 1,296	\$ 3,927
CA	21983	40-45 TON SWINGER R.T.	\$ 619	\$ 1,875	\$ 5,681
CA	21993	60-62 TON SWINGER R.T.	\$ 721	\$ 2,185	\$ 6,620
CA	21997	65-67 TON SWINGER R.T.	\$ 835	\$ 2,531	\$ 7,671
CA	22443	15 TON BOOM TRUCK	\$ 284	\$ 861	\$ 2,608



Excavators and Attachments						
DE	04330	PAV BRKR HOE ATT. 1,500#		\$ 110	\$ 335	\$ 1,014
DE	04340	PAV BRKR HOE ATT. 5,000#		\$ 202	\$ 613	\$ 1,857
CA	21720	JD 200LC 1.1CY, 20MT		\$ 439	\$ 1,329	\$ 4,029
CA	21725	CAT 325BLR 0.9CY, 27MT		\$ 620	\$ 1,878	\$ 5,692
CA	21732	DEERE 330L 2.3CY, 33MT		\$ 697	\$ 2,112	\$ 6,399
CA	21741	DEERE 450LC 2.5CY, 44MT		\$ 894	\$ 2,708	\$ 8,205
CA	21745	DEERE 550LC 3.9CY, 58MT		\$ 1,236	\$ 3,745	\$ 11,349
CA	21815	GRDL 660 TRUCK 0.5CY		\$ 575	\$ 1,743	\$ 5,283
LH	44860	JD410 1.3CYX16', 90HP		\$ 165	\$ 501	\$ 1,519
LH	44875	JD710 1.6CYX18', 115HP		\$ 306	\$ 927	\$ 2,808
Fuel Skids and Tanks						
FS	31600	500-1,000 GLN FUEL SKID		\$ 33	\$ 99	\$ 300
FS	31605	1,001-2,000 GLN FUEL SKID		\$ 37	\$ 112	\$ 340
FS	31610	2,001-3,000 GLN FUEL SKID		\$ 39	\$ 118	\$ 359
FS	31630	5,001-6,000 GLN FUEL SKID		\$ 46	\$ 140	\$ 425
FS	30660	9,001-10,000 GLN FUEL SKID		\$ 50	\$ 152	\$ 462
Forklifts						
FT	30725	2 TON PNEU TIRE, DSL		\$ 87	\$ 264	\$ 799
FT	30840	4 TON EXT. BOOM FORKLIFT		\$ 286	\$ 866	\$ 2,623
Generators						
GN	32150	GEN SET 5KW W/LIGHT TOWER		\$ 64	\$ 194	\$ 587
GN	32450	GEN SET 125 KW, DSL		\$ 116	\$ 351	\$ 1,063
Graders						
GR	33070	CAT 12G 135HP, 12'		\$ 448	\$ 1,358	\$ 4,116
GR	33085	CAT 140H 185HP, 12'		\$ 527	\$ 1,598	\$ 4,841
GR	33090	JD 772 155HP, 12', A.W.D.		\$ 479	\$ 1,451	\$ 4,396
Haul Units: Off Road						
HU	34565	VOLVO A25 6X6, 250HP		\$ 690	\$ 2,092	\$ 6,338
HU	34570	VOLVO A35 6X6, 325HP		\$ 1,045	\$ 3,167	\$ 9,596
Ind./Agr. Tractors and Attachments						
IT	76120	4X2 AGR. TRACTOR 25-44HP		\$ 74	\$ 223	\$ 677
IT	76185	4X4 AGR. TRACTOR 50-70HP		\$ 88	\$ 268	\$ 812
IT	76190	4X2 AGR. TRACTOR 66-90HP		\$ 95	\$ 289	\$ 875
IT	76196	4X4 AGR. TRACTOR 85-110HP		\$ 138	\$ 418	\$ 1,265
Manlifts						
LI	42102	40' MANLIFT, 4X4		\$ 139	\$ 422	\$ 1,280
LI	42105	66' MANLIFT, CRAWLER		\$ 238	\$ 722	\$ 2,187
LI	42130	60' MANLIFT, 4X4		\$ 188	\$ 570	\$ 1,727
LI	42140	80' MANLIFT, 4X4		\$ 384	\$ 1,164	\$ 3,527
LI	42150	120' MANLIFT, 4X4		\$ 658	\$ 1,993	\$ 6,039



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Loaders: Wheel and Crawler			
LF	45100	SKID STEER, 1700#, 0.4 CY	\$ 156 \$ 472 \$ 1,430
LF	45220	DEERE TC54-ITC 2.5 CY 130HP	\$ 285 \$ 863 \$ 2,615
LF	45340	DEERE 644H 3.5CY, 180HP	\$ 423 \$ 1,282 \$ 3,885
LF	45345	DEERE 624H 3.0CY 160HP	\$ 354 \$ 1,071 \$ 3,247
LF	45370	DEERE 744H 5.3CY, 240HP	\$ 560 \$ 1,698 \$ 5,144
LF	45520	CAT 953 2.3CY, 120HP	\$ 583 \$ 1,767 \$ 5,355
LF	45545	CAT 963 2.9CY, 160HP	\$ 743 \$ 2,253 \$ 6,827
LF	45570	CAT 973 3.7CY, 210HP	\$ 1,024 \$ 3,104 \$ 9,405
Rollers and Compactors			
RS	58750	PNEUM,9WL,12 TON	\$ 222 \$ 674 \$ 2,043
RS	59520	CAT 815 TAMP FOOT	\$ 700 \$ 2,121 \$ 6,426
RS	60050	VIBRA,1DR,59"X84"	\$ 270 \$ 818 \$ 2,478
RS	60160	VIBRA,1DR,PAD,48"X69"	\$ 239 \$ 724 \$ 2,193
RS	60170	VIBRA,1DR,PAD,67"X84"	\$ 277 \$ 840 \$ 2,545
Sea Containers			
SC	69250	SEA CONTAINER 8'X8'X20'	\$ 15 \$ 46 \$ 139
SC	69280	SEA CONTAINER 8'X8'X40'	\$ 18 \$ 54 \$ 163
Soil Stabilizers and Mixers			
ST	50200	CMI RS425 96", 425HP	\$ 1,081 \$ 3,275 \$ 9,924
Tractors and Attachments			
TA	73570	JD 450 70HP 155 CWT	\$ 242 \$ 734 \$ 2,225
TA	73580	JD 450-LGP 75HP, 165 CWT	\$ 283 \$ 858 \$ 2,599
TA	73900	DEERE 550H-LT 80HP, 155 CWT	\$ 270 \$ 818 \$ 2,477
TA	73910	CAT D4C-LGP 81HP, 170 CWT	\$ 326 \$ 987 \$ 2,992
TA	73940	DEERE 650H-LT 90HP, 185 CWT	\$ 333 \$ 1,010 \$ 3,061
TA	73950	CAT D5M-LGP 110HP 288 CWT	\$ 456 \$ 1,383 \$ 4,190
TA	73970	CAT D6R-LGP 185HP 452 CWT	\$ 746 \$ 2,261 \$ 6,851
TA	73975	DEERE 850C-LT 180HP 411 CWT	\$ 671 \$ 2,033 \$ 6,161
TA	91080	TOW WINCH FOR D6D-D6H	\$ 60 \$ 182 \$ 551
PD	25500	DISK PLOW, 10-16 DISKS X 32-36"D	\$ 88 \$ 267 \$ 808
Trailers			
TL	78600	LT DUTY ENCLOSED 18CF	\$ 27 \$ 83 \$ 252
TL	78701	GOOSENECK 6-7 TON	\$ 51 \$ 156 \$ 471
TL	78705	GOOSENECK 9-10 TON	\$ 61 \$ 186 \$ 564
TL	78707	GOOSENECK 15-16 TON	\$ 69 \$ 210 \$ 637



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TL	78850	10 TON FARM WAGON	\$ 48	\$ 145	\$ 440
TL	79624	TRAILER DOLLY 2AX LT, OFFROAD	\$ 21	\$ 65	\$ 196
TL	80630	NON-HIGHWAY FLOAT 30TON	\$ 50	\$ 151	\$ 458
TL	81060	LOWBOY 3-AXLE 40TON	\$ 145	\$ 441	\$ 1,335
TL	82305	LUBE STORAGE TRAILER: 40'	\$ 62	\$ 188	\$ 571
TL	82400	40' VAN TRAILER	\$ 20	\$ 61	\$ 184
Trenchers					
TM	83040	CASE 460 4'X6" 33HP, 4WD	\$ 140	\$ 426	\$ 1,290
Welding Machines					
WM	90000	200 A DC GAS	\$ 31	\$ 94	\$ 285
WM	90050	225A DC FOR MECH TRUCK	\$ 9	\$ 28	\$ 86
WM	90140	300 AMP DC DIESEL	\$ 42	\$ 128	\$ 389
WM	90180	400 AMP DC DIESEL	\$ 47	\$ 143	\$ 432
WM	90510	350 AMP DC 4-BANK- MARK IV	\$ 39	\$ 117	\$ 354
WM	90520	350A DC 8-MAN WITH POWER	\$ 55	\$ 165	\$ 501
WM	92050	225A DC FOR MECH TRUCK	\$ 9	\$ 28	\$ 86
Water Wagons					
WW	88540	5000 GLN WAGON- CAT 613	\$ 706	\$ 2,140	\$ 6,485
WW	88605	8000 GLN WAGON- CAT 623	\$ 1,156	\$ 3,502	\$ 10,613

Exhibit C.2 – Construction Equipment Supplies

Owner shall reimburse Contractor for allocated Construction Equipment supplies utilized to execute the Work, as defined by the Agreement, at cost equivalent to that incurred by Contractor.

Construction Equipment supplies shall include, but not be limited to, the following list:

- Acetylene
- Air Conditioner, Window Unit
- Air, Discharge, and Steam Hose, Bulk
- Alarm, (Anti Theft)
- Anti-Freeze, Bulk
- Augers, Bit
- Auto Body Work (Above Normal Wear/Tear)
- Ball Hitch
- Balls, Trailer
- Battery, (Flashlight / Radio /Engineering Eq.)
- Bed Liner, Pick-Up
- Belts, Drive Plant
- Blades, Saw
- Blanket, Fire
- Books, (Parts, Operators, Service)
- Boomers, Chain
- Booster Cables / Accessories
- Boxes, Specialty Tool
- Brake Fluid, Bulk
- Brooms, Refills For Rotary Sweepers
- Bulb, “(Maxi) Lite Plant”
- Bulb, Bulk Light
- Burglar Alarm
- Cable Tips, (Bulk Electrical)
- Cable, Jumper
- Cable, Welding (& Leads)
- Cable, Wire Rope
- Cement (Liquid Gasket) Bulk
- Chains, Boomer / Tail / Tire / Tow
- Chains, Digging
- Cheesecloth
- Chemicals, (Bulk, Sprays)
- Chisels
- Cleaner Bars (Sheep Foot Rollers)
- Cool Cushions
- Crane Mats
- Cruise Control (Not Original Eq.)
- Curbmules (Fabricated To Job Spec’s)

Exhibit C.2 - Construction Equipment Supplies

Cutting (Edges)
Cutting Edges, All
Degreaser
Detail (Automotive)
Digging Chain,
Discs, Plow
(Includes; Cutting Edges, Tips, Teeth, Corners, Bits, Tines, Cleaner Bars, Drill Rod, Scrapers, Plow Disc, Plus Labor And Hardware To Install Same.)
Elements, (Air, Oil, Fuel & Water)
Enamel, Spray Paint Can
Filters
Fire Blanket / Extinguisher / Refills
Fluid, Bulk
Fog Lights
Foot Valves, Suction Hose
Freon Gas, Bulk
Fuel, (All Diesel, Gasoline, Propane)
Fuses, Bulk
Gasket Material, Bulk
Glass, (Windows, Windshields, Etc.)
Glass, Bits (Glass Blasting Machines)
Grease
Ground Engaging Tools Or G.E.T.'S
Gun, Grease
Hitch, Trailer (Automotive)
Honer / Stones
Hub Caps (Missing / Stolen)
Jacks (Hydraulic)
Jaw Teeth, Crusher
Key Stock, Bulk
Kool Cushions
Lights, Fog
Liner, Bed
Modifications, (Job Required, Temporary)
Muleboard (Curbmules Fabricated To spec.'s)
O Ring, Bulk
Oxygen
Padlocks
Padlocks (Heavy Eq. Guards/Enclosures)
Paver Breaker, G.E.T. Points
Permit, Transport (Move In / Move Out)
Plumbing Services (Move In / Out)
Polish / Wax Supplies
Radio, Citizens Ban / Accessories
Rig and Block

Exhibit C.2 - Construction Equipment Supplies

Rod, Welding
Rope, Wire
Sand (Sandblasting)
Screen (Crusher Vibrating)
Speaker, Music (Not Original Eq.)
Speaker, Outside (Not Original Eq.)
Starting Fluid
Steel For Pneumatic Tools
Strainers, Suction Hose, Etc.
Teeth, Cutting
Testing Equipment
Thinner, Paint, Etc. (Bulk)
Tines & Holders
Tinting, Windows
Tires, (Cut / Abused / Road Hazard)
Tool Boxes, Specialty
Tools, All Types
Umbrella
Wash, Car/Truck
Welding Supplies (Rods, Lens, Etc.)
Window (Glass)
Windshield (W/S), Replacement

Exhibit C.3 – Construction Direct Hire Labor Rates

Position	Wage
General Foreman	\$24.00
Foreman	\$22.00
Heavy Equip/Crane Operator	\$18.50 - \$21.00
Combination Welder	\$21.00
Leadman – All Crafts	\$21.00
Welder	\$21.00
Journeyman – All Crafts	\$20.00
Mechanic	\$24.00
Serviceman	\$20.00
Oiler	\$16.00
Light Equipment Operator	\$17.50 - \$20.00
Helper – Type I	\$15.50 - \$17.00
Helper – Type II	\$13.50 - \$15.00
Helper – Type III	\$12.50 - \$13.00
Laborer – All Crafts	\$10.00 - \$12.00

- The preceding schedule of labor rates are valid under the following conditions:
 - The rates do not include escalation. If work extends into 2007, an escalation rate of 4% will be applied.
 - The rates do not include payroll burden. All Changes in Law that effect burden rates will be adjusted and billed at cost.
 - A rate differential per hour will be paid for night shift to all hourly direct employees assigned.
 - Direct hourly employees will be paid Per Diem of \$45 per calendar day, including weekends. (This payment is subject to the requirements in Exhibit C.4 and attendance restrictions.)

Exhibit C.4 – Prioritized Initiative #1

This Exhibit is intended to provide clarification to items of cost related to Owner. The specific practices addressed include the following:

OCRP-1	Contractor Vehicles
OCRP-2	Relocation Costs
OCRP-3	Per Diem
OCRP-4	Cost of Living Allowance (COLA)
OCRP-5	Supplemental Pay Practices for extended Work Schedules

OCRP-1 Contractor Vehicles

1. Contractor pickup trucks will be provided to the following classifications

- Project Manager
- General Field Superintendent
- Craft Superintendent
- Project Safety Manager

Cost of these vehicles is reimbursable as part of the Work.

OCRP-2 RELOCATION COSTS

1. Reimbursement of reasonable temporary relocation expense is paid, with receipts, for salaried project staff. This reimbursement is intended to provide for the cost of transporting personal effects and household items to temporary jobsites. Payment descriptions on expense reports for the cost of transporting personal effects to temporary job sites should be “reimbursement of temporary relocation expenses”, and must be supported by mileage logs, meals, lodging and moving trailer rental receipts. Hired moves will be arranged by Contractor Employee Relations Dept. The employee may be eligible for per diem if he or she meets all the requirements described in OCPR-3 “Per Diem”.
2. General Foreman and Business Unit approved Pay Code 2 (SALARIED NON-EXEMPT) support will receive a \$1,500 maximum travel allowance. See item 1 for the requirements for reimbursement application.
3. Foreman will receive a \$500 maximum travel allowance. See item 1 for the requirements for reimbursement application.

OCPR-3 Per Diem

1. Per Diems are paid to salaried staff if the employee meets the eligibility requirements of the "Assignment Status Questionnaire" (Attachment 1)
2. Per Diem eligibility for claiming duplicating expenses must be supported by providing 2 of the following documents establishing the location of the permanent residence:
 - a. Mortgage documents
 - b. Electricity bill
 - c. Water bill
 - d. Gas bill
 - e. Property Tax statement
 - f. Lease documents
 - g. Other-no more than 1 of the proofs can be from this category.
3. Per Diems are paid to General Foreman and Foreman if the employee meets the eligibility requirements of the "Assignment Status Questionnaire" (Attachment 1), and the specific project has established that Per Diem will be paid to journeyman level craftspeople.
4. Per Diem may be either taxable or non-taxable. This determination is made based upon the answers provided by the employee on the "Assignment Status Questionnaire" (Attachment 1).
5. The amount of the Per Diem for any project is as specified by the Business Unit based an analysis by Runzheimer. (EXHIBIT C.9).
6. Payment of Per Diem to salaried staff requires prior approval of the Project Director.
7. Per Diems are established as being on a monthly or daily basis only.
8. Per Diems in lieu of moving expenses are not allowed if the employee has moved his permanent residence.
9. All Per Diem payments are taxable wages to all eligible employees when it is reasonably expected that the employees' job at a particular location will extend beyond one year.
10. At a minimum, the Project Manager, General Field Superintendent, Project Administrator, Business Manager, Project Controls Manager, MMS Manager and Project Construction Coordinator are expected to have assignments lasting more than one year on a project with duration longer than one year.

-
11. Copies of the "Assignment Status Questionnaire" form (Attachment 1) can be obtained from the Business Unit Business Manager or the CONTRACTOR Intranet (ARM forms bank)

OCRP-4 COST OF LIVING ALLOWANCES (COLAS)

1. In general, a COLA may be provided to a salaried employee that has relocated to their job assignment.
2. The COLA amount is intended to provide employees with additional compensation to help offset the anticipated higher costs of living based on that assignment.
3. COLA is always determined by the BU Management and may include amounts for State Income Taxes and other costs associated with their assignment.
4. The COLA amount, if applied, may vary by project site.
5. The COLA amount is in addition to Per Diem. When working on a project outside of Texas, some employees may receive Per Diem and COLA, while others will receive only COLA. The eligibility of each of these elements is determined irrespective of the qualification of the other element.
6. Business Unit Management must approve payment of a COLA to any salaried staff employee.
7. The COLA amount is always taxable wages.

OCPR-5 Supplemental Pay practices for Salaried Employees

1. It is recognized that salaried supervisors may be eligible for supplemental compensation when working extended schedules. This compensation will be presented upon recognition of impact.

	Per Diem & COLA-Long Term Assignments			
	TEXAS		OUTSIDE TEXAS	
	<u>Per Diem</u>	<u>COLA</u>	<u>Per Diem</u>	<u>COLA</u>
<u>Construction Operations Supervision</u>				
Project Manager, Project Director, Project Construction Coord., Project Administrator	Runzheimer x 110%	0	Runzheimer x 110%	TBD
Project Supt. & Gen Field Supt.	Runzheimer x 105%	0	Runzheimer x 105%	TBD
Craft Superintendents	Runzheimer x 100%	0	Runzheimer x 100%	TBD

Per Diem & COLA-Long Term Assignments-Other Salaried Staff

<u>Supervisory Support Staff</u>	Runzheimer x 105%	0	Runzheimer x 105%	TBD
Project Controls Mgr				
Business Manager				
Safety Manager				
QA/QC Manager				
Personnel Manager				
MMS Manager or Procurement Coordinator*****See Note				
Others in similar roles/grades				
<u>Non-Supervisory Support Staff</u>	Runzheimer x 100%	0	Runzheimer x 100%	TBD
Project Construction Reps				
Document Control Mgr/Reps				
MMS Coordinators				
Subcontract Coordinators				
MMS Manager or Procurement Coordinator*****See Note				
Others in similar roles/grades				

NOTE: See below for definition of Runzheimer. See OCP-4 for the definition of COLA. Either one or the other of MMS Manager or Procurement Coordinator will be assigned as Supervisory Support Staff or Non-Supervisory Support Staff, not 2 in same category.



RUNZHEIMER'S INTERNATIONAL SHORT AND LONG TERM PER DIEMS

Runzheimer's International Short-Term Per Diem Allowance Programs, for assignments of 30 days to five months, and Long-Term Per Diem Allowance Program, for assignments lasting six month up to one year, help companies identify and budget for these anticipated costs.

Both reports are designed to achieve a "home-away-from-home" atmosphere for the employee. Runzheimer customizes reports to Contractor specifications. Multiple combinations are possible, based on information that you supply: work site, family size, type of accommodation (furnished or unfurnished), length of stay, and personal expenses.

RESEARCH:

Runzheimer researches costs for a multitude of items such as:

- Housing
- Meals (food away from home)
- Furniture rental
- Recurring services for utilities such as gas, electric, basic telephone.

The Per Diem report provides recommended allowances for each of these items. It may be ordered for all standard U.S. locations, and nonstandard locations can be costed based on availability of data.

RUNZHEIMER, MANAGEMENT CONSULTANTS SINCE 1933

Since 1933, Runzheimer International has provided management consulting services in the fields of domestic and international compensation and relocation, business travel, and business vehicle services. Its more than 3,000 business and government clients worldwide include more than 60 percent of Fortune 500 companies.

Runzheimer International
Temporary Assignment Report
Corpus Christi LNG

Prepared for:
Contractor

Report 1189
Location: PORTLAND, TX

Length of 6-12 Months
Profile: Unfurnished Apt 6 mo lease

Date: 5/3/2005
1 Bedroom(s)

	<u>Month</u>	<u>Week</u>	<u>Day</u>	<u>GSA Per Diem</u>
HOUSING				
Rental	\$ 660.00	\$ 152.42	\$ 22.00	
Furniture	\$ 446.00	\$ 103.00	\$ 14.87	
Utilities	\$ 42.42	\$ 9.80	\$ 1.41	
Telephone	\$ 19.21	\$ 4.44	\$ 0.64	
Housing Sub-Total	\$ 1,167.62	\$ 269.66	\$ 38.92	\$ 76.00
FOOD				
40% Meals At Home	\$ 151.00	\$ 34.87	\$ 5.03	
60% Meals In Restaurants	\$ 590.00	\$ 136.26	\$ 19.67	
Food Sub-Total	\$ 741.00	\$ 171.13	\$ 24.70	\$ 43.00
TOTAL LIVING EXPENSES	\$ 1,908.62	\$ 440.79	\$ 63.62	\$ 119.00

ASSIGNMENT STATUS QUESTIONNAIRE

JOB NAME _____ JOB NO. _____

JOB ADDRESS _____
STREET

CITY STATE ZIP

PLEASE COMPLETE THE FOLLOWING FORM TO DETERMINE YOUR ELIGIBILITY FOR PER DIEM PAYMENTS. IF ELIGIBLE, THE PER DIEM PAYMENTS MAY BE EITHER TAXABLE OR NONTAXABLE.

EMPLOYEE NAME _____

PLEASE PRINT

EMPLOYEE JOB TITLE _____

CURRENT ADDRESS _____

(LIVING LOCATION WHILE WORKING ON THIS JOB) STREET

CITY STATE ZIP

PERMANENT *PHYSICAL* ADDRESS _____

(RESIDENCE - NO P.O. Boxes) STREET

YES NO CITY STATE ZIP

- 1. IS YOUR PERMANENT ADDRESS (RESIDENCE) 50 MILES OR MORE FROM THE JOBSITE?
- 2. IS YOUR ASSIGNMENT EXPECTED TO LAST LESS THAN ONE YEAR?
- 3. WILL YOUR LIVING EXPENSES BE DUPLICATED BECAUSE YOU ARE AWAY FROM YOUR PERMANENT ADDRESS (RESIDENCE) WHILE WORKING ON THIS JOB?

A NEW FORM MUST BE COMPLETED FOR EACH PROJECT FOR WHICH A PER DIEM PAYMENT IS MADE AND EACH TIME THE ABOVE INFORMATION CHANGES. ANY TAXES DUE ON YOUR PER DIEM PAYMENTS ARE YOUR RESPONSIBILITY.

I certify that the information I have provided is true and accurate, that I realize the penalties for not being accurate could include having my Per Diem revoked, that I may be subject to additional taxes and penalty due the IRS, and I understand that if the information provided is not true I may be subject to disciplinary action, up to and including termination.

EMPLOYEE SIGNATURE _____

DATE _____

SOCIAL SECURITY NUMBER _____

EMPLOYEE SHOULD COMPLETE PAGE 1 ONLY

****EMPLOYEE SHOULD COMPLETE PAGE 1 ONLY****

****FIELD ACCOUNTING DEPARTMENT USE ONLY****

Permanent Physical Address Support Documents Observed (salaried employees only-2 items must be observed):

- Mortgage document _____
- Electric bill _____
- Gas bill _____
- Water bill _____
- Property Tax Statement _____
- Lease document _____
- Other: (description) _____

1. EMPLOYEE QUALIFIES FOR NONTAXABLE PER DIEM

YES NO

• CRITERIA TO QUALIFY FOR A NON TAXABLE PER DIEM:

- THE EMPLOYEE'S CURRENT PHYSICAL ADDRESS MUST BE DIFFERENT FROM THEIR PERMANENT PHYSICAL ADDRESS.
- THE ANSWERS TO QUESTIONS 1, 2, AND 3 MUST BE "YES".

2. EMPLOYEE QUALIFIES FOR TAXABLE PER DIEM

YES NO

• CRITERIA TO QUALIFY FOR A TAXABLE PER DIEM:

- THE EMPLOYEE'S CURRENT PHYSICAL ADDRESS MUST BE DIFFERENT FROM THEIR PERMANENT PHYSICAL ADDRESS.
- THE ANSWERS TO QUESTIONS 1 AND 3 MUST BE "YES".

NOTE: IF THE CURRENT PHYSICAL ADDRESS IS NOT DIFFERENT FROM THE PERMANENT PHYSICAL ADDRESS OR THE ANSWER TO EITHER 1 OR 3 IS "NO", **THE EMPLOYEE DOES NOT QUALIFY FOR A PER DIEM PAYMENT**

PER DIEM AMOUNT \$ _____

DAY
PER WEEK TO BE PAID WEEKLY EFFECTIVE
MONTH MONTHLY DATE
CIRCLE ONE CIRCLE ONE

APPROVED BY

PLEASE FORWARD A COPY OF THE COMPLETED FORM TO THE HOME OFFICE PAYROLL DEPARTMENT

Exhibit C.5 – Travel Policy for Construction

TRAVEL ARRANGEMENTS

All Contractor travel arrangements (air, car and hotel) must be made through Contractor Travel either with an on-site agent, Orbitz for Business - the Contractor web based travel-booking product or the Contractor SWABIZ site (available via the Orbitz for Business web site).

- Contractor Travel is described as one of the following:
 - **Orbitz for Business** is the Contractor interactive web-based travel-booking product to be used for all domestic travel. You may access the site 24 hours a day at www.orbitzforbusiness.com. Travel may be booked, changed or canceled through the site or via Orbitz's business line at 877-672-4891.

There is a **\$5** transaction fee for each airline ticket that is issued through this service. There are no transaction fees for hotel or car rental reservations. This transaction fee will be charged to the traveler's credit card. If the traveler elects to use the Orbitz 800# service center to book travel there will be a \$15 per itinerary transaction fee in addition to the \$5 booking transaction fee for a maximum total of **\$20 per itinerary**.

Contractor SWABIZ is the Southwest Airlines web-based travel-booking service for Southwest Airline reservations only. You may access this account through the Contractor Orbitz for Business site: www.orbitzforbusiness.com Hotel and car reservations should be made through Orbitz.
 - **Travel Agents** are available for International travel and complicated domestic travel from 8:00 am to 5:00 pm Monday through Friday at (210) 475-8075. The after hours emergency hotline number is (800) 847-0242 within the US and Canada or (313) 271-7887 outside the US. It is \$17.00 per call to the hotline number.

There is a **\$35** transaction fee for each airline ticket that is issued through the travel agent. Hotel or car rental reservations not booked with an air ticket will be accessed a **\$10** transaction fee.

CORPORATE CHARGE CARD

- The Contractor Corporate Card must be used for all major travel related expenses. In the event a traveling employee does not possess a Contractor Corporate charge card, the Contractor Travel Agent or the designated person at each site/department will make the necessary arrangements. Travelers will be reimbursed for incidental out of pocket expenses through the online expense management system (Captura). The timely review and submission of travel expenses is the responsibility of the employee.
- Corporate charge card applications may be obtained by contacting Corporate Services at the Corporate Office or the Contractor Intranet/Forms.

Exhibit C.5 – Travel Policy for Construction**EXPENSE REPORTS**

- Expenses should be submitted in a timely manner through Captura. The review and submission process must be completed within three weeks of the date of expense to avoid email notification to both submitter and manager.
- The submission must include the Contractor Travel Itinerary, air travel receipts, mileage logs, and all other expense documentation.
 - Original receipts must support all reimbursement requests greater than \$10.
 - It is the responsibility of the employee to submit original receipts. The expense report and receipts must be packaged in the specially designed yellow envelopes, and received by the Corporate Office General Accounting department within 10 days of the approved expense date. Every effort must be made to obtain an original receipt. A hand written explanation will be required for missing receipts. **Do not** use a universal receipt form to “simulate” a receipt. During the post audit check, any expense submissions without proper support will be noted. The employee will be notified. If proper support is not received, an adjusting entry will be made and the amount deducted from the employee’s check.
 - Tips must be added to meals (on the receipt) or to the expense item to which they relate. Please limit tips to 15%.
 - Expense claims should be supported by the detailed sales receipt, rather than the summarized credit card charge slip.
 - Exceptions for items outside this policy will require an explanation and the approving manager must seek corporate officer approval. These requests should be made in advance when possible.
 - Exceptions to items defined in this policy require an explanation and can be approved by the approving manager.
 - If the approving manager is uncertain about an exception, they should seek corporate officer approval.
- Any corporate credit card expense item that is identified as personal will be deducted from the employee’s check up to \$400 per week.

Exhibit C.5 – Travel Policy for Construction**ADVANCES**

- Travel advances must be limited to occasions such as overseas travel or when the employee does not have a company-sponsored charge card. Travel advances should be requested at least 48 hours in advance and be limited to excessive cash expenses. These anticipated expenses should not include travel expenses such as air, car and hotel. Check with the division/department/site for travel approval and arrangements.
- All travel advances will be charged to the employee's travel advance account (136.01). Travel advances must be deducted from the employee's expense submission for that trip. Any excess not collected from the expense submission will be payroll deducted or can be paid by the employee with a money order or personal check. If the expenses are not reconciled and deducted from the employee's 136 account within three weeks of the trip completion date, the employee will be notified. If the balance is not cleared in a timely manner after notification, the 136 balance will be deducted from the employee's payroll check.

TRANSPORTATION**Commercial Air**

- Do not book travel on-line directly with an airline, hotel or car rental company.
- All arrangements for airline travel are to be made either through Orbitz for Business (domestic travel) or through Contractor Travel onsite agent (international). Also, the use of SWABIZ is available via the Contractor link on the Contractor's group Orbitz home page or you may go directly to the Contractor SWABIZ page at <http://www.swabiz.com/cgi-bin/buildItinerary2?cid=99881202>.
- All air travel should be booked as far in advance as possible to take advantage of available discounts.
- Domestic air travel will be booked at coach fare.
- For international travel to an existing project or related to an approved project pursuit, written approval of the appropriate Division Vice President is required in advance of travel. Additional requirements, such as written trip reports, may be implemented by the appropriate Division.
- For international travel not related to an existing project or an approved project pursuit, written approval of the President is required.
- Business class travel will be considered only for international flights of over four hours and only for management personnel. Business class travel must be approved in advance, and in writing, by the appropriate Division Vice President.

Exhibit C.5 – Travel Policy for Construction

- The traveler must arrange mileage upgrade awards. Do not contact Contractor Travel onsite agents.
- Upgrades will not be reimbursed.
- Unused airline tickets must be applied to future Business travel via the Orbitz for Business site or the onsite Contractor Travel Department depending on how the tickets were booked.
- E-ticket travel requires proper support, including receipts obtained at the airline ticket gate.
- Contractor Travel onsite agents and Orbitz for Business will search for the lowest airfare available within one hour before and after the requested departure time as well as considering alternative airports for substantial cost savings.

Corporate Air

- Contact the Contractor Hangar for authorized use and guidelines.
- Commercial travel should be the first consideration for short trips.
- Corporate air should only be used when it is economically advantageous.

Personal Vehicle Use

- When employees use their personal vehicles for authorized business trips, they will be reimbursed based on the current IRS mileage rate for business miles driven (the rate is maintained in Captura).
- An appropriate mileage log, MapQuest, YahooMaps, etc. mileage documentation for the trip, or use of the comments field on the expense submission is required.
- The employee will not be reimbursed for fuel, oil changes, or any other vehicle maintenance item.

Car Rental

- All arrangements for car rentals are to be made through Orbitz for Business or the Contractor Travel onsite agent.
- Full size (Enterprise) or Intermediate size (Hertz) cars should be rented when four people or fewer are traveling. Groups larger than four should use the most economical class of car available that can accommodate the group.

Exhibit C.5 – Travel Policy for Construction

- Upgrades will not be reimbursed.
- Enterprise Rent-A-Car is the primary car rental supplier for Contractor, Hertz is the secondary carrier. The Corporate Discount Rate includes required insurance coverage in the continental United States. One way rentals are not covered by our contract and require insurance. Collision and loss damage waiver should be denied when renting from Enterprise or Hertz in the continental United States, unless renting a one way rental. When traveling outside the United States or renting from another carrier other than Enterprise or Hertz, the loss damage waivers must be accepted.
- If renting from any supplier other than Enterprise or Hertz, accept insurance coverage.
- Employees should replenish gasoline in rental cars prior to turning them in to avoid excessive refueling charges by the rental companies.

Miscellaneous Transportation

- Parking, shuttle service and taxis will be reimbursed with receipts.

Contractor owned vehicles

- Under no circumstances will Contractor-owned vehicles be taken outside the United States.

HOTEL/MOTEL ACCOMMODATIONS

- All hotel/motel reservations are made through Orbitz for Business or the Contractor Travel onsite agent.
- There is a \$120 daily room rate limit (plus tax). Any amount higher than \$120 will be noted as an exception on a report from Captura. This limit does not include taxes. An explanation is required for charges over the limit due to travel to a higher cost locale.
- Promptly notify either the hotel/motel or Contractor Travel of cancellations to avoid “no show” charges. “No show” charges are not reimbursable except under special circumstances and with the approval of an appropriate Corporate Officer.

MEALS/ENTERTAINMENT**Business Meals**

- The Contractor will reimburse necessary and reasonable business meals.

Exhibit C.5 – Travel Policy for Construction

- When dining with others, it is necessary to detail in the expense report each person's name and company affiliation and a statement of the specific business purpose. These entertainment provisions apply to all business guests, Contractor employees and Contractor employee spouses/guests, etc.

Personal Meals

- Meal expenses while traveling should not exceed \$35 per day per employee, unless authorized by an appropriate Corporate Officer. Please refer to the IRS guidelines for the meal allowance rate for large city rates.
- Please limit tips to 15%.

MISCELLANEOUS

- Reasonable laundry expenses incurred for daily wear are only reimbursable on trips longer than five days.
- Personal phone calls are reimbursable up to two (2) 10-minute calls per day.
- Passport/visa applications are reimbursable at cost for business travel.
- Travel expenses for a spouse are not reimbursable as a business expense unless it can be shown that the spouse's presence was both essential and directly related to the effective accomplishment of Contractor business. In these limited instances, the employee must obtain written approval in advance from their immediate supervisor, and from the next level higher of management. Unapproved spouse travel expenses are to be indicated on the expense report and labeled as personal expenses for deduction out of the employees next paycheck.
- Childcare, pet care and/or house sitting expenses are **not** reimbursable.
- Locksmith fees, traffic and/or parking tickets are **not** reimbursable.
- Incidental expenses for personal use such as tobacco, reading material, medical supplies and personal hygiene products are **not** reimbursable.
- The Contractor will **not** reimburse hotel movie purchases/rentals.
- Incidental personal expenses incurred for personal benefit, spouses, or other family members during business travel are **not** reimbursable.
- Unsupported business expenses such as, pay telephone calls and vending machine purchases, for which no receipts can be obtained, will be approved on a case-by-case basis. Expense submission must include an explanation of these expenses as support for reimbursement.
- For business related calls, refer to the Corporate Cell Phone Policy for additional information.



La Quinta LNG Partners

Exhibit C.6 – Unallocated Direct Supplies

Owner shall reimburse Contractor for unallocated direct supplies utilized to execute the Work, as defined by the Agreement, at cost equivalent to 7% of the unburdened wages paid to direct-hire employees up to, and including, general foreman.

Unallocated direct supplies shall include, but not be limited to, the following list:

- Abrasives (Emery Cloth, Sandpaper, Paper & Cloth, Disk, Grinding, Rubbing, etc.)
- Acid filled solder
- Adhesive - All Types (normal - Including insulation adhesives)
- Air tool attachments (Bits, blades, etc.)
- Alcohol (Cleaning, etc.)
- Alemite Fittings
- Awls
- Bags (Paper, Water, Cloth, Canvas, Burlap, Plastic, etc.)
- Bailing Wire
- Banding Material (Insulation)
- Barrel - Trash
- Bees Wax
- Belt Dressing
- Belt Fasteners
- Belt Lacing
- Belting - Miscellaneous
- Binder - Steel Strapping, Rod, Load Boomer
- Bins - Trash
- Bits - Drill, auger, reamers, jackhammer
- Blades - Saw, Scraper, Knife, etc.
- Bolsters - Straddle Buggy
- Bolt cutter jaws
- Boot - Rubber
- Boots - PPE
- Bottles - Prestolite, sample
- Brads
- Brazing - Flux
- Bricks - Cement Rubbing
- Brinell Test Bars
- Brooms, Hand (All Types)
- Brushes, (All Types)
- Buckets (Metal/Plastic, Paint, Water)
- Bulbs -Flashlight
- Burlap
- Burning and Cutting Tips, Tip Cleaners and Tip Drills
- Bushings
- Butane (Except Heating Building)
- Buzzer Test-Sets, Phone Sets

Exhibit C.6 – Unallocated Direct Supplies
Direct Supplies (Unallocated) - EXHIBIT C.6

Cable – Wire, Clamps, Grips (Temporary Facility)
Cable Clips (Clamps), Ties
Cad Weld Changers
Cad Weld Kits
Cans - Gas, Oil, Measuring, Spray, Water, etc.
Cap – Porcelain, Heliarc
Carbide
Carbon Tetrachloride
Carborundum, blocks, wheels, stones, blades
Card – Recording (for Portable Instruments)
Cartridges - Power Activated (Hilti), for fire extinguishers
Casters
Ceramic Cups
Chalk, Marking, Crayon, Soapstone, Keil
Chalk Line & Bunting Tape
Chamois
Charcoal
Charts – Recording & Potentiometer
Chisel Blanks
Clamps (Cable, Temporary, Ground, Welding, Hose)
Cleaners, Tip, Cleaning Fluids and Powders
Cleaning - Supplies (not for site office facilities)
Cleaning Compound & Supplies, Powder and Soap
Clips (Wire Rope)
Cloth – Drop, Painters, Emery, Straining, Wiping
Cloth Tape
Coal and Coke (for Construction)
Compounds (Pipe Joint, Roofing, Caulking, Threading, etc.)
Connections - Hose, Cable
Connectors, Welding Cable, Lead
Contact Cleaner - Spray Can (CRC)
Cord – Extension, Lighting, Tool, etc.
Corks (All types)
Cotter Keys
Couplings (Hose, Air, Water, etc.)
Covers, Electrode Holder
Crayons (Lumber, Marking)
Cups (Dope, Ceramic)
Cutting oil
Cylinders for concrete samples
Cylinders - Jetline, Propane
Demoisturant - spray (CRC)
Demolition points

Exhibit C.6 – Unallocated Direct Supplies
Direct Supplies (Unallocated) - EXHIBIT C.6

Dies and Taps - Replacement for Power and Hand Threading Devices, bolt, pipe, conduit
Dippers
Discs (Cutting, Abrasive, Grinding, etc.)
Dope - Pipe, Chain, All
Dowel Pins
Dresser, Grinding Wheel
Drift Pins
Drill Bits, All
Drop cloths
Drum Faucets
Drums (Gas, Oil, etc)
Dye - concrete (red)
East-Cuts, Screw Extractions-Sets
Electrode Holders
Embossers - Label Lettering – All
Emery Cloth
Extension cords, lighting, tool
Extractors, Packing, Piping, Screw, Bolt
Fasteners - Cartridge Actuated
Felt, Asphalt
Files and Rasps - Metal, Wood
Respirator cartridges
Fittings, hose
Flares
Flashlights & Lanterns
Flint - Torch Lighter
Flux (All Types)
Fly Spray
Fork, Stone
Funnels (All Sizes)
Fuse Plugs
Fuse Links
Fuses
Gas Masks
Gauges (Test)
Glass Cutter
Globes - Lantern, Light
Gloves - all kinds
Glue
Glycerin
Glyptal (electric sealing compound)

Exhibit C.6 – Unallocated Direct Supplies
Direct Supplies (Unallocated) - EXHIBIT C.6

Goggles (All Types)
Graphite
Grinding and Wire Wheels
Grinding Compound
Grinding Wheels and Discs
Guard - Steel Toe, Rubber Knee
Guy Wire
Hacksaw Blades
Hand Cleaner - GoJo
Handle – Wood, All Hand Tools
Hardware Cloth
Hasps and Staples
Heating elements
Heli-Arc Parts - TIG, MIG (Not Major Parts)
Heliarc Accessories
Helmets (All types)
Hinges
Hoes
Holders (Electrode, Rubbing Brick, Sandpaper, etc.)
Hole Saw Blades - Arbors
Hood – Sandblast, Grinding, Welders
Hook - Eye, Round and Chain, Grab, Sling Attachment, Hoists, Cant, Timber, Material Handling, Sorting, Screw, Pipe, Structural Steel
Hose Fittings - Air, Pump, Welding (for Construction only)
Inks (for construction)
Insect Spray and Gun - Wasp Stopper
Insecticides
Jaws - Bolt Cutter, Pipe Wrench, Vises, Cutting, Replacement, Chuck
Jumper - Cables
Jute Packing
Keel (Lumber Crayon)
Kegs
Kerosene (except as fuel)
Key Paste, Pipe-Dope
Keys - Allen, Bottle, Duplicate, Chuck
Kit - Hose Repair, Tape Repair, etc.
Knives, draw, putty, all
Labeling Tape
Lamps (Electric), Flashlight
Lanterns
Lapping Compound

Exhibit C.6 – Unallocated Direct Supplies
Direct Supplies (Unallocated) - EXHIBIT C.6

Lead, rod, white
Lens (Goggle, Hood, Flashlight, Helmets, etc.)
Letters and Numerals - Steel
Light Bulbs - Construction Facility Only
Lighter, Welding Flint
Lime – Disinfectant, Mason, Chalk
Links – Chain
Litharge
Locks (Temporary Construction)
Lubricant – Conduit & Cable, all
Lugs – Welding Lead, Cable
Magnafluxing Supplies
Magnets
Mandrels – Hole, Saw
Mantles
Markers – Paint, Ink, Lumber, Soapstone, etc.
Mask – Particle, Gas, etc.
Masking Tape/Paper
Masonry blades
Matches
Mops - head, bucket, handle, wringer
Nails (Temporary)
Nozzle – Paint Spray, Water Hose, Sand Blasting
Oakum
Oil - - for pneumatic tools, cutting, penetrating, forms
Oil Cans
Oil Filters
Oilers – Airline, Rigid, Pump Type for Pneumatic Tools
Overshoes
Packing Materials (For shipping - Not for Valves & Plant Equip.)
Pads, Cleaner, Sander
Pails (All Types)
Paint and Dope - Buckets, Pots
Paint (Rollers, Brushes, pails, Scrapers)
Paint Remover
Paint - spray can - Only for marking and identification
Paint Stick
Pallets
Paper - Sisal Kraft, Building Felt, Other than for permanent work
Paper - Towels, wrapping, stencil
Paste - Soldering
Patterns - Pipe Layout
Pawler, roll-on

Exhibit C.6 – Unallocated Direct Supplies
Direct Supplies (Unallocated) - EXHIBIT C.6

Penetrant, oil, zyglol
Pentetrox
Permatex
Pine, drift
Pins - Barrel, Drift, Marlin-spikes bull, Line up Dowell
Pipe - Tap
Pipe dope
Plaster
Plug - Test, Water Pressure, Wing Nut, Twist-Lock
Plumb Bob - Tips, Brass, Steel, Mercury Filled
Plumber's Friend
Plumber's Test Plugs
Plywood - Shoring, Storage
Points - Bull, Peg, Gads, Moll
Points (Chipping Hammer, Jackhammer, Moil)
Poles, Range
Polyethylene film, used under concrete (Visqueen)
Powder - Cleaning
Preservatives (Rust Prevention, Ban)
Prest-o-lite Burners
Prestolite
Protectors, pipe end
Pulling compound
Pumice
Putty, Paste, Plastic-Wood, Putty Knives
Rags, Waste
Rainwear - Coats, hats, pants, jackets
Rasps
Razor Blade - utility knife, scrapers
Reamers, Bridge, Burring, Pipe, Tubing
Reels, Chalk Line, Tie Wire
Reflectors, Lantern
Retainer parts for pneumatic tools
Rivets - Pop, Set
Rock salt and Deicing Compounds
Rollers - Wood or Pipe
Rope - Manila, Sisal, Nylon, Wire, Polypropylene
Runners, Lead joint
Salt (Rock, Tablets, etc.)
Sandblasting Nozzles
Sand Paper
Sanding Discs
Saw, blades

Exhibit C.6 – Unallocated Direct Supplies
Direct Supplies (Unallocated) - EXHIBIT C.6

Scraper - Hand, Blades, etc.
Screws (All sizes), temporary
Scrub Brushes
Sealants and adhesives - RTV silastic, temporary facilities
Sharpen Tools
Sharpening Stones
Sheaths
Shims and Shim Stock
Signs
Sleeves, Drill
Snapties
Soap
Soapstone
Sockets and Plugs
Solder - Bar & String, Flux
Solvents (for Cleaning Tools, etc.)
Spigots
Splice Kits
Sponges
Sprays, insect
Squeegee
Stakes
Staples
Steel Wool
Stencils - Interlocking, Adhesive Steel
Stick - Paint, Ink
Stinger - Welding W/Holder and Conn.
Stocks - Pipe
Stones (Sharpening, Rubbing)
Stove Pipe (All Sizes)
Straw
Stretcher, Canvas
Sweeping Compound
Switches, Electric (for Temporary Wiring)
Tacks
Tags (Material, Tool, Shipping, Temporary)
Tape (Friction, Insulation, Masking, Measuring, Plastic, Threading, Steel)
Taps - Bolt & Pipe
Targets
Tarpaulin
Temperature - Sticks or Pellets
Tempilsticks
Test Gauges

Exhibit C.6 – Unallocated Direct Supplies
Direct Supplies (Unallocated) - EXHIBIT C.6

Tester – Hydrometer
Thermometers
Thimbles (Manila, Wire Rope, etc.)
Thinners
Thread protective compounds
Tie wraps - electrical
Tie Wire, #9, etc.
Tip - Cleaners
Tips (Welding, Cutting, Heating)
Tool Steel
Turpentine
Twine (All Types)
Varnish
Wall ties - snap or twist
Warning Lights
Washers (Hose, Cut, Lock)
Washing powder
Wax
Wedge - Steel, Wood
Welding Caddy (Hand Carries) Electrodes
Welding Cable
Well Wheels
Wheels - Grinding, Wire Brush, Emery, Cutter
Whetstones
Wing Nuts - temporary
Wire - Piano, Tie
Wire rope clamp
Wool – Steel

Exhibit C.7 – Allocated Direct Supplies

Owner shall reimburse Contractor for allocated direct supplies utilized to execute the Work, as defined by the Agreement, at cost equivalent to that incurred by Contractor.

Allocated direct supplies shall include, but not be limited to, the following list:

Site Preparation

- Burning
- Demolition
- Erosion Control – Silt fences, slope protection, storm water control, retention ponds

Temporary Shoring

- Shoring – piles and timber
- Sheet Piling – tie backs
- Trench Protection

Supportive Grout

Dust Abatement Chemicals

Blasting

- Explosives and Supplies
- Mats

Dewatering

- Well Points and Piping (System)
- Trenching
- Pumping
- Maintenance

Construction Water

Construction Equipment Wear Parts (SCHEDULE “D”)

Crane Mats

Temporary Staging Structures

Concrete

- Engineered forms, form lumber, form release agent, bracing, falsework, stiffeners, hardware, chemicals
- Special access, stairs, ladders
- Concrete pumping (If not treated as a s/c)

Rigging

- Spreader Bars

Purge/Blanket Gases (non-welding)

- Equipment and Piping – Installation, testing, storage

Welding Rod

Welding Gases

Cylinder Rental

Fire Blankets

Welding Enclosures

Hydrotesting

- Water, Chemicals, Treatment (demin)

Exhibit C.7 – Allocated Direct Supplies

Electrical Equipment

Testing Supplies (If not treated as a s/c)

Oil and oil flushing for transformers (If not treated as a s/c)

Sandblasting Media

Scaffolding (Pick/Scaffold Boards, etc.)

Scaffolding Material Hardware

Pick/Scaffold Boards

Exhibit C.8 – Small Tools

Owner shall reimburse Contractor for small tools utilized to execute the Work, as defined by the Agreement, at cost equivalent to 4% of the unburdened wages paid to direct-hire employees up to, and including, general foreman.

Small tools shall be defined as any tool with an assigned purchase value of **\$1000** or less and shall include, but not be limited to, the following list:

- Adapter (Socket Drive)
- Adapters (Blade, Chuck, Hose, Die, Acetylene, Socket, etc.)
- Adzes
- Air operated tools of all kinds
- Alarm, Burglar
- Allen Wrenches
- Ammeter – Electricians
- Arbors (Taper, Wheel, etc.)
- Augers (Ship, Drain, etc.)
- Axes
- Banding Crimpers for Steel Strapping Tools
- Banding Machine - Hand Type
- Band-It, Hose Clamping Tool
- Bars (Crow, Digging, Nail, Pinch, Pry Wrecking, Tamping)
- Battery Charger
- Bench Oilers
- Benches (Portable)
- Benders - Tube, Conduit, Pipe (Hydraulic and Hand)
- Beveling Machine (Pipe)
- Blocks - Snatch, Tackle, Wire Rope
- Blow Pipes
- Blower, Manhole, Air Movers
- Bolt Cutter 36"
- Bottle Wrench (Acetylene/Oxygen)
- Box (Weld Rod-Portable, Electric)
- Brace
- Brushes and Rollers (Paint and Dope)
- Buffing Wheels
- Buggies (Push Type - Georgia)
- Bull Floats
- Burner, Lead Melting
- Cable Splicing Tools (Wire Rope)
- Calipers (Inside and Outside - all sizes)
- Camera
- Carriage for Rigid Power Drive
- Carriers (Brick and Timbers)
- Cart (Welding and Cylinder Trucks)
- Carts - Concrete, Welding, Warehouse, Shop

Exhibit C.8 – Small Tools

Caulking Irons
Center Punches
Chain - for material tie down or securing with hooks and boomers
Chain Hoists
Chain Tongs
Chainsaws - Gas, Electric
Chaser Die Nuts
Chipping Gun Bits
Chisels (Hand and Power Tool)
Chuck Keys (Drill)
Chucks (all kinds and sizes)
Chute (Concrete)
Clamps (Cabinet Maker "C", Pipe Lineup, Steel Lifting - all sizes)
Cleaner (Vacuum Wet/Dry)
Climbers (Pole - Linemen)
Collets, Collet Bodies
Come-A-Longs
Concrete Finishing Tools
Conduit Pulls
Cone, Slump Test
Controller, Amperage
Countersinks
Creeper
Crimping Tool for Steel Strapping
Cut Off Saw (Chop Saw)
Cutters (Bar, Bolt, Knockout, Cable, Gasket, Cutter-Beveler Transite Conduit, Wire, End Nipper, Pipe-Hand, Hydraulic and Geared, Tubing, Shape Attachment)
Cutting Attachments and Wheels (all sizes)
Cutting Rig Complete (Cart, Regulator, Hose, Torch)
Cylinders (Insto-Gas to 35 pounds)
Dial Indicators
Diamond Blades
Diggers (Post Hole)
Dividers
Dollies - Pipe
Drill Motors (Air and Electric)
Drill Sleeves
Drills - Electric, Pneumatic, Hand, Press (Stand, Magnetic Base), Hammer
Drive-It Tools, Cartridge Load
Driver (Power/Stud)
Drop Lights
Dry Wall Tools
Electric Lock Out Sets

Exhibit C.8 – Small Tools

Electric Operated Tools of all kinds
Erasers - Electric
Etcher - Metal, Electric
Extension Bars, Ratchet Wrench (all sizes)
Fan (Air and Exhaust) - temporary use
Figures, Steel Marking - Hand Cut Grade
Finishing Blades
Firepot - Plumber's
Fish Tapes (Electric Wiring Systems)
Flaring Tools
Floats - Concrete Finishing
Flowmeters (Welding)
Fuel Cans (5 Gallon)
Furnaces (Tinner, Lead Melting, Butane, Propane Gasoline)
Gauges (Pressure, Paint Thickness, Testing – all types)
Grease Gun – Hand
Grinder - Portable, Hand, Bench, Pneumatic, Electric, Air
Grip Hoist
Grips (Cable, All)
Gun - Jet Line, Soldering, Caulking, Grease, Concrete Fastener, Paint Spray, Rivet
Hacksaw Frames
Hammer Slag Welder
Hammers (Claw, Ball Peen, Brass, Sledge, Stone, Brick, Sheet Metal, Chipping, Rubber, Surveyor, Electric and Air)
Hand Hoists
Hand Trucks
Handle (Ratchet)
Hatchets
Heater (Salamander)
Heaters (Lead Melting)
Hilti Gun
Hods, Mortar - Steel
Hoist - Come-Along, Chain Fall, Hand, Electric, Pneumatic
Hopper (Concrete 3/8 cu. yd)
Horns
Hydrometer
Irons, Caulking, Soldering
Jack (Porta Power - All)
Jackhammer Bits
Jacks (Flange, Ladder, Reel, Bridge, Journal Ratchet Lever, Stop, Trench Brace, Scissors, Welder Lineup, Floor, Hand and Hydraulic)
Jitter Bug (Hand, Concrete)
Knives (Linoleum, Putty, Wall Scraping)

Exhibit C.8 – Small Tools

Knockout Set (2" to 3" Hand Operated)
Ladders - All Types (Wood and Metal)
Ladles (Lead)
Lead Meting Pots
Lead Pouring Pots, Ladles, Burners
Letters, Steel Markings (Hand Cut Grade)
Level, Machinists, Surveyor Rod, Wood Steel Mason, Carpenter, Welder, Aluminum, all types
Linemen
Lubricators (Air Line)
Manometers
Masonry Drills
Mattocks – Cutter, Pack Mops, Pick
Mauls
Meters and Measurement Devices of all kinds (For Construction Use)
Moisture Registers
Mortar Bed
Nail Pullers
Nibbler (Sheet Metal, Electric)
Oil Saver
Oven - Weld Rod
Paint Spray Tools, Guns, Tanks - Pressure Feed, Cups Extractors - Oil and Water
Paint Sprayer - Air, Electrical
Paving Breaker Bits
Peaveys
Picks
Pipe Benders
Pipe Cutters
Pipe Dollies
Pipe Jacks
Pipe Reamer
Pipe Rollers
Pipe Stands
Pipe Supports
Pipe Threading Machine
Pipe Tools
Pipe Vises
Pipe Wrench
Planes, Wood - Hand
Pliers, Sidecutters - Linemen, Channel Lock, Vise Grip, Long Nose, Needle Nose, Slip Joint (All Types)
Port-A-Pony
Pots and Ladles

Exhibit C.8 – Small Tools

Power Drives, Electric Thread
Protractor - Pipe
Puller - Gear
Puller - Wire Lightweight
Pullers
Pulley
Pump Suction and Discharge Hoses
Pumps, Barrel Test - hand, Sump - Electric, Tire - Hand
Punch - Center Automatic, Sheet Metal, Hand, Knockout
Rakes
Ram - - Hydraulic (Porta-Power)
Rams, Hydraulic
Ramset Guns
Ratchet - Wrenches Open End
Regulators (Acetylene, Argon, Oxygen, Fuel Gas)
Rivet Hammers
Riveting Tools
Rollers, Tube (Expanders) Movement of Equipment by Rolling
Rope Falls
Rotohammer - Drill
Rules, Folding, Tape, Circumference, 6' Wood
Salamanders
Sand Blast Hose & Nozzles
Sandblasting Equipment - Hose, Nozzle, etc.
Sanders, Hand, Electric, Pneumatic
Saws, Wood and Metal Cross Cut, Hack, Band, Sabre, Carpenter Keyhole, Compass, Hand & Electric
Screeds
Screw Plate Set
Screwdrivers
Shackles, Anchor, Screw and Round Pin - (Crosby-Laughlin Load Rated)
Shears Bar, Tin Snips, Electric
Sheaves, Manhole
Sheeting Drivers
Ship Carts - Hand
Shovels, Linemen, Scoops, SHRP, SHSP, LHRP, LHSP, All Types (Manual)
Simpson Meter
Sirens
Skids - Steel and Wood
Slings (Wire)
Small Pullers
Snips - Tin
Socket Wrenches

Exhibit C.8 – Small Tools

Sockets, Ratchet (All Sizes) Impact & Adapters, Extensions
Spades (All Types, Manual)
Spikes
Sprayers
Springs, Bending
Spud Wrenches
Square, Combination (Comb. with Protractor and C.H.)
Stand (Chain, Pipe Vise)
Star Drills
Steel Wedges
Stick - Hot, Linemen
Straight Edge and Protectors
Strainers - Suction Hose
Strainers Air Line
Stud – Gun Percussion
Supports, Pipe
Tachometers, Hand, Portable
Tampers – Hand, Pneumatic
Tamps Iron Dirt Concrete (Jitterbug)
Tank, Pressure Paint
Tanks – Butane, etc.
Tap Wrenches – Bolt, Pipe
Tape Machines, Marking (Dymo)
Tar Pots
Telephone, Hand Set
Terminating Tools Indenter, Crimpers Hand and Hydraulic
Tester, Hardness & etc.
Threaders Pipe
Tire Wire Reels
Tongs (Brick, Pipe Chain) Ice, Chain
Tool - Hand Crimping
Tool Handles
Torch - Component Parts (not Cups, Valves, Tips)
Torch - Cutting, Welding, Prestolite, Heli-arc (inc. Kits)
Torches, Blow, Soldering
Torpedo Levels
Trammels and Points
Transformers Dry Type - Construction Only
Trolley Beam
Trowel (Hand)
Truck - Platform (Four Wheel)
Truck - Platform (Two Wheel)
Truck, Acetylene-Oxygen Cylinder (2-Cylinder Type)
Tube Rollers (Expanders)

Exhibit C.8 – Small Tools

Turnbuckles

Universal Drive Shaft (for Threading Machines)

Vacuum Cleaner

Valve, Shutoff (Argon)

Vibrator – Concrete

Vises (Chain, Long Jaw Pipe, Speed, Gravity Pipe, Pipe with Stand, Machinist, Open Side and Side Diameter Pipe)

Voltmeters Volt-Ampmeter, Combinations Ohmmeters, Volt Testers

Welding Carts

Welding Equipment (Adapters, Cable Bottle Carts, Cutting Attachments, Electrode Holders, Electrode Holders with Ships Multi-Flame, Nozzles, Regulators, Slag Hammers,

Welding Nozzles, Wrenches, Ground Clamps, Torch Butts, Cylinder Keys, Test Jogs W/8 Ton Hydraulic Jack, Arcair Cutting Torches, Welding Hoods and Replacement

Lenses, Welding Leads (Electric Cable) and Electrode Holders)

Wheelbarrow

Winch, Scaffold (Manual)

Wrenches (Open End-Single and Double Combination, Open End and Hex Box, Single Open End and Hex Box, Spud, Double Hex Box, Striking, Torque, Flare Nut, Strap, Pipe, Clamp, Chain Pipe, Adjustable, Impact-Electric and Air, Allen)

Exhibit C.9 – Indirect Supplies

Owner shall reimburse Contractor for indirect supplies utilized to execute the Work, as defined by the Agreement, at cost equivalent to \$4.20 per direct workhour of employees up to, and including general foreman.

Indirect supplies, consumables, and services shall include, but are not be limited to, the following list: (This list is not meant to be all inclusive)

- General Office Supplies**
- Weather protection material and systems**
- Craft training supplies**
- Orientation supplies**
- Warehouse supplies**
- Bins, shelves, and dunnage**
- Computer and information technology supplies (paper, ink cartridges, etc.)**
- Unscheduled overtime meal expenses**
- Job specific recruitment advertising**
- Field survey supplies**
- Water/Ice supplies**
- Bottled Water**
- Coffee and coffee supplies for office complex**
- Sanitary supplies**
- All chemical toilets or office septic systems plus servicing**
- Janitorial supplies**
- All utilities required**
- All commercial trash storage and removal**
- All hazardous waste removal**
- Detours and barricades**
- Flag and lifeline supply**
- Site reproduction equipment and supplies**
- All 3rd party data processing, reproduction, and other services that exceed normal project requirements**
- All office furniture**
- All project photo processing**
- Facilities for web camera locations onsite**
- Postage/Fedex/UPS or any other provider of transport**
- Individual monthly cell phone and land based cell phone bills (as approved by Project Manager and Owner Rep)**
- Local community organization dues and related subscriptions**
- Hard hats**
- Safety glasses**
- Harnesses and belts**
- All other personal protective equipment**
- All pre-employment physicals**
- All pre-employment, random, or safety related drug and alcohol testing regardless of provider**

Exhibit C.9 – Indirect Supplies

Special safety equipment and harnesses
Fire Extinguishers
Offsite safety training and supplies
HSE clinic and first aid supplies

EXHIBIT C.10

EXEMPT AND NON-EXEMPT INDIRECT OCCUPATION/RATES
 RATE REVISION APPROVED JULY 21, 2005
 SALARIED EXEMPT CLASSES AND RANGES

==> If work extends into 2007, an escalation rate of 4% will be applied.

==> The rates do not include payroll burden. All Changes in Law that effect burden rates will be adjusted and billed at cost.

TITLE	GRADE	EXEMPT NONEXEMPT	RANGE		
			MINIMUM	TO	MAXIMUM
CONSTRUCTION OPS SUP MGR	2	Exempt	\$ 8,718	TO	\$ 15,017
DIRECTOR PROJECT CONTROLS	2	Exempt	\$ 8,718	TO	\$ 15,017
GENERAL MGR EMP. RELATIONS	2	Exempt	\$ 8,718	TO	\$ 15,017
GENERAL MGR-PROJECT SUPPORT	2	Exempt	\$ 8,718	TO	\$ 15,017
MANAGER OF EPC PROJECTS	2	Exempt	\$ 8,718	TO	\$ 15,017
OPERATIONS MANAGER	2	Exempt	\$ 8,718	TO	\$ 15,017
OPERATIONS SUPPORT MANAGER	2	Exempt	\$ 8,718	TO	\$ 15,017
ACCOUNT MANAGER	3	Exempt	\$ 7,770	TO	\$ 13,385
GENERAL MANAGER/JV ADMIN	3	Exempt	\$ 7,770	TO	\$ 13,385
GROUP BUSINESS MANAGER	3	Exempt	\$ 7,770	TO	\$ 13,385
MANAGER ESTIMATING	3	Exempt	\$ 7,770	TO	\$ 13,385
MANAGER CORPORATE REPORTING	3	Exempt	\$ 7,770	TO	\$ 13,385
MANAGER DIVISION BUSINESS	3	Exempt	\$ 7,770	TO	\$ 13,385
MGR PLANNING & PROJ EXECUTION	3	Exempt	\$ 7,770	TO	\$ 13,385
PROJECT DIRECTOR	3	Exempt	\$ 7,770	TO	\$ 13,385
PROJECT EXECUTIVE	3	Exempt	\$ 7,770	TO	\$ 13,385
BUSINESS UNIT MGR - PROJ CNTRL	4	Exempt	\$ 6,925	TO	\$ 11,929
MGR STRATEGIC BUSINESS PLANNIN	4	Exempt	\$ 6,925	TO	\$ 11,929
PROJECT MANAGER II - HEAVY	4	Exempt	\$ 6,925	TO	\$ 11,929
PROJECT MANAGER II -INDUSTRIAL	4	Exempt	\$ 6,925	TO	\$ 11,929
PROJECT OPERATIONS SUPPORT MGR	4	Exempt	\$ 6,925	TO	\$ 11,929
SERVICES MGR -PROJECT CONTROLS	4	Exempt	\$ 6,925	TO	\$ 11,929
SPECIAL PROJ/RES. MGR	4	Exempt	\$ 6,925	TO	\$ 11,929
TURNAROUND MGR	4	Exempt	\$ 6,925	TO	\$ 11,929
AUDIT MANAGER	5	Exempt	\$ 6,172	TO	\$ 10,632
CONSTRUCTION MANAGER - II	5	Exempt	\$ 6,172	TO	\$ 10,632
CORP SAFETY SUPPORT MGR	5	Exempt	\$ 6,172	TO	\$ 10,632
CORPORATE IT SYSTEMS MANAGER	5	Exempt	\$ 6,172	TO	\$ 10,632
ESTIMATOR IV	5	Exempt	\$ 6,172	TO	\$ 10,632
MANAGER ENVIRONMENTAL SVCS	5	Exempt	\$ 6,172	TO	\$ 10,632
MANAGER SENIOR	5	Exempt	\$ 6,172	TO	\$ 10,632
MANAGER SYSTEMS ANALYST	5	Exempt	\$ 6,172	TO	\$ 10,632
MANAGER EQUIPMENT OPERATIONS	5	Exempt	\$ 6,172	TO	\$ 10,632
MANAGER II PROCUREMENT	5	Exempt	\$ 6,172	TO	\$ 10,632
MANAGER SYSTEMS PROGRAMMING	5	Exempt	\$ 6,172	TO	\$ 10,632

EXHIBIT C.10

EXEMPT AND NON-EXEMPT INDIRECT OCCUPATION/RATES
RATE REVISION APPROVED JULY 21, 2005

MGR QUALITY CONTROL HEAVY DIV	5	Exempt	\$ 6,172	TO	\$ 10,632
MGR COST RESEARCH & APPLICATIO	5	Exempt	\$ 6,172	TO	\$ 10,632
MGR TECHNICAL SUPP-PROCUREMENT	5	Exempt	\$ 6,172	TO	\$ 10,632
MGR. ENTERPRISE APPLICATION EMP	5	Exempt	\$ 6,172	TO	\$ 10,632
OPERATIONS ENGINEER	5	Exempt	\$ 6,172	TO	\$ 10,632
ORACLE APPLICATION SPECIALIST	5	Exempt	\$ 6,172	TO	\$ 10,632
ORACLE DATABASE ADMINISTRATOR	5	Exempt	\$ 6,172	TO	\$ 10,632
PROJECT MANAGER I - HEAVY	5	Exempt	\$ 6,172	TO	\$ 10,632
PROJECT MANAGER I - INDUSTRIAL	5	Exempt	\$ 6,172	TO	\$ 10,632
QUALITY ASSURANCE MANAGER	5	Exempt	\$ 6,172	TO	\$ 10,632
ASST MGR FIELD ACCOUNTING	6	Exempt	\$ 5,501	TO	\$ 9,476
CHIEF OF MAINTENANCE	6	Exempt	\$ 5,501	TO	\$ 9,476
CONSTRUCTION MANAGER I	6	Exempt	\$ 5,501	TO	\$ 9,476
DIRECTOR FACILITIES	6	Exempt	\$ 5,501	TO	\$ 9,476
DIVISION SAFETY MANAGER	6	Exempt	\$ 5,501	TO	\$ 9,476
ENGINEER CIVIL	6	Exempt	\$ 5,501	TO	\$ 9,476
ENGINEER WELDING	6	Exempt	\$ 5,501	TO	\$ 9,476
ER DIVISION MANAGER	6	Exempt	\$ 5,501	TO	\$ 9,476
GEN SUPT. FIELD	6	Exempt	\$ 5,501	TO	\$ 9,476
GEN. SUPT. CIVIL	6	Exempt	\$ 5,501	TO	\$ 9,476
GENERAL MANAGER SUNSET STATION	6	Exempt	\$ 5,501	TO	\$ 9,476
MANAGER AREA BUSINESS	6	Exempt	\$ 5,501	TO	\$ 9,476
MANAGER BUS DEVELOPMENT	6	Exempt	\$ 5,501	TO	\$ 9,476
MANAGER PROGRAM BUSINESS	6	Exempt	\$ 5,501	TO	\$ 9,476
MANAGER CONTRACT ADMIN	6	Exempt	\$ 5,501	TO	\$ 9,476
MANAGER COST AND CONT AD	6	Exempt	\$ 5,501	TO	\$ 9,476
MANAGER EMPLOYEE DEVELOPMENT	6	Exempt	\$ 5,501	TO	\$ 9,476
MANAGER ER COMPLIANCE	6	Exempt	\$ 5,501	TO	\$ 9,476
MANAGER RISK MANAGEMENT	6	Exempt	\$ 5,501	TO	\$ 9,476
MANAGER START UP	6	Exempt	\$ 5,501	TO	\$ 9,476
MANAGER WELDING ENGINEERING	6	Exempt	\$ 5,501	TO	\$ 9,476
ORACLE DATABASE PROG. ANALYST3	6	Exempt	\$ 5,501	TO	\$ 9,476
PLANNING & PERFORMANCE MGR.	6	Exempt	\$ 5,501	TO	\$ 9,476
PROJECT CONTROLS MANAGER II	6	Exempt	\$ 5,501	TO	\$ 9,476
PROJECT ENGINEER (P.E.)	6	Exempt	\$ 5,501	TO	\$ 9,476
SITE SUPT	6	Exempt	\$ 5,501	TO	\$ 9,476
SR MANAGER ADMINISTRATIVE SVCS	6	Exempt	\$ 5,501	TO	\$ 9,476
SUPT. PROJ - HVY	6	Exempt	\$ 5,501	TO	\$ 9,476
SUPT. PROJECT -IND	6	Exempt	\$ 5,501	TO	\$ 9,476
TURNAROUND COORDINATOR	6	Exempt	\$ 5,501	TO	\$ 9,476
TURNAROUND SUPT	6	Exempt	\$ 5,501	TO	\$ 9,476
AREA SAFETY MANAGER	7	Exempt	\$ 4,903	TO	\$ 8,446
BUSINESS SYSTEMS ANALYST	7	Exempt	\$ 4,903	TO	\$ 8,446
CMIS SYSTEM ADMINISTRATOR	7	Exempt	\$ 4,903	TO	\$ 8,446
CMIS TECHNICAL ADMINISTRATOR	7	Exempt	\$ 4,903	TO	\$ 8,446

EXHIBIT C.10

EXEMPT AND NON-EXEMPT INDIRECT OCCUPATION/RATES
RATE REVISION APPROVED JULY 21, 2005

COMMUNITY RELATIONS MANAGER	7	Exempt	\$ 4,903	TO	\$ 8,446
EAP MANAGER	7	Exempt	\$ 4,903	TO	\$ 8,446
ESTIMATOR III	7	Exempt	\$ 4,903	TO	\$ 8,446
FACILITIES MANAGER	7	Exempt	\$ 4,903	TO	\$ 8,446
FIELD QUALITY CONTROL MANAGER	7	Exempt	\$ 4,903	TO	\$ 8,446
LEAD WEB DESIGNER	7	Exempt	\$ 4,903	TO	\$ 8,446
LITIGATION & CLAIMS MANAGER	7	Exempt	\$ 4,903	TO	\$ 8,446
MANAGER BENEFITS	7	Exempt	\$ 4,903	TO	\$ 8,446
MANAGER CRAFT EMPLOYMENT	7	Exempt	\$ 4,903	TO	\$ 8,446
MANAGER EMPLOYMENT	7	Exempt	\$ 4,903	TO	\$ 8,446
MANAGER MATERIAL MANAGEMENT	7	Exempt	\$ 4,903	TO	\$ 8,446
MANAGER BUSINESS	7	Exempt	\$ 4,903	TO	\$ 8,445
MANAGER CRAFT TRAINING	7	Exempt	\$ 4,903	TO	\$ 8,446
MANAGER EQUIPMENT	7	Exempt	\$ 4,903	TO	\$ 8,446
MANAGER FINANCIAL ACCOUNTING	7	Exempt	\$ 4,903	TO	\$ 8,446
MANAGER I EQUIPMENT PARTS	7	Exempt	\$ 4,903	TO	\$ 8,446
MANAGER I PROCUREMENT	7	Exempt	\$ 4,903	TO	\$ 8,446
MANAGER IT APPLICATIONS ADMIN	7	Exempt	\$ 4,903	TO	\$ 8,446
MANAGER LABOR RELATIONS	7	Exempt	\$ 4,903	TO	\$ 8,446
MANAGER SYSTEMS TRAINING	7	Exempt	\$ 4,903	TO	\$ 8,446
MGR. BUSINESS ADMINISTRATION	7	Exempt	\$ 4,903	TO	\$ 8,446
NETWORK APPLICATIONS COORD.SR.	7	Exempt	\$ 4,903	TO	\$ 8,446
PROD/CST AYST 3	7	Exempt	\$ 4,903	TO	\$ 8,446
PROJ. CONSTRUCTIBILITY COORD	7	Exempt	\$ 4,903	TO	\$ 8,446
PROJECT CONSTRUCTION COORD	7	Exempt	\$ 4,903	TO	\$ 8,446
PROJECT CONTROLS MANAGER I	7	Exempt	\$ 4,903	TO	\$ 8,446
REGIONAL EMPLOYMENT MANAGER	7	Exempt	\$ 4,903	TO	\$ 8,446
SENIOR SYSTEMS PROJECT LEADER	7	Exempt	\$ 4,903	TO	\$ 8,446
SR SUPT ELEC/POWER	7	Exempt	\$ 4,903	TO	\$ 8,446
SUPT. AREA	7	Exempt	\$ 4,903	TO	\$ 8,446
SUPT. FIELD	7	Exempt	\$ 4,903	TO	\$ 8,446
SYSTEMS ANALYST/PROGRAMMER II	7	Exempt	\$ 4,903	TO	\$ 8,446
TAX ANALYST	7	Exempt	\$ 4,903	TO	\$ 8,446
ACCOUNTING MGR GENERAL ACCT	8	Exempt	\$ 4,370	TO	\$ 7,527
CONTRACT/SUB ADMINISTRATOR	8	Exempt	\$ 4,370	TO	\$ 7,527
CONTRACT/SUB ADMINISTRATOR 2	8	Exempt	\$ 4,370	TO	\$ 7,527
CRAFT SUPT	8	Exempt	\$ 4,370	TO	\$ 7,527
EMPLOYEE BENEFITS SUPERVISOR	8	Exempt	\$ 4,370	TO	\$ 7,527
INST. TECH SUPT	8	Exempt	\$ 4,370	TO	\$ 7,527
INTERNATIONAL SECURITY MGR	8	Exempt	\$ 4,370	TO	\$ 7,527
KINGAIR PILOT	8	Exempt	\$ 4,370	TO	\$ 7,527
MANAGER CORPORATE PAYROLL	8	Exempt	\$ 4,370	TO	\$ 7,527
MANAGER BUSINESS/JV ADMIN	8	Exempt	\$ 4,370	TO	\$ 7,527
MANAGER ELECTRICAL SERVICES	8	Exempt	\$ 4,370	TO	\$ 7,527
MANAGER FIELD EMPLOYMENT	8	Exempt	\$ 4,370	TO	\$ 7,527

EXHIBIT C.10

EXEMPT AND NON-EXEMPT INDIRECT OCCUPATION/RATES
RATE REVISION APPROVED JULY 21, 2005

MANAGER II MATERIAL	8	Exempt	\$ 4,370	TO	\$ 7,527
MANAGER SUPPORT SERVICES	8	Exempt	\$ 4,370	TO	\$ 7,527
PETROLEUM LANDMAN	8	Exempt	\$ 4,370	TO	\$ 7,527
PROCUREMENT COORDINATOR III	8	Exempt	\$ 4,370	TO	\$ 7,527
PROJECT CONTROLS REP. III	8	Exempt	\$ 4,370	TO	\$ 7,527
PROJECT SAFETY SUPPORT MANAGER	8	Exempt	\$ 4,370	TO	\$ 7,527
START-UP COORDINATOR	8	Exempt	\$ 4,370	TO	\$ 7,527
STR STL/RIGGING SUPT	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPERVISOR QC	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPERVISOR AUDIT	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT INSL/PAINT-POWER	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. BOILER	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. CIVIL	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. CONC PAVING	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. CONCRETE	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. ELECTRICAL	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. EQUIP. - HVY	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. FIELD EQUIP	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. INSTRUMENT	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. INSULATION	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. MAINTENANCE	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. MECHANICAL	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. MILLWRIGHT	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. PAINT	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. PIPE	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. PLANT	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. RIGGING	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. SHOP	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. STRUCT. STEEL	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. TELEPHONE OPR	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. TRANSP	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. DIRT	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPT. SHOP-AUTO	8	Exempt	\$ 4,370	TO	\$ 7,527
SUPVR. NETWORK APPL. COORD.	8	Exempt	\$ 4,370	TO	\$ 7,527
SYSTEMS PROGRAMMER II	8	Exempt	\$ 4,370	TO	\$ 7,527
TURNAROUND FACILITATOR	8	Exempt	\$ 4,370	TO	\$ 7,527
TURNOVER COORDINATOR	8	Exempt	\$ 4,370	TO	\$ 7,527
WORKERS COMPENSATION MANAGER	8	Exempt	\$ 4,370	TO	\$ 7,527
BUSINESS DEVELOPMENT SUPP MGR	9	Exempt	\$ 3,900	TO	\$ 6,703
CLIENT SYSTEMS SPEC	9	Exempt	\$ 3,900	TO	\$ 6,703
CONSTRUCTIBILITY MGR. CRAFT	9	Exempt	\$ 3,900	TO	\$ 6,703
CONSTRUCTION REPRESENTATIVE II	9	Exempt	\$ 3,900	TO	\$ 6,703
ER COMPLIANCE COORDINATOR	9	Exempt	\$ 3,900	TO	\$ 6,703
ESTIMATOR II	9	Exempt	\$ 3,900	TO	\$ 6,703
FACILITY SECURITY OFFICER III	9	Exempt	\$ 3,900	TO	\$ 6,703

EXHIBIT C.10

EXEMPT AND NON-EXEMPT INDIRECT OCCUPATION/RATES
RATE REVISION APPROVED JULY 21, 2005

FINANCE ANLYST	9	Exempt	\$ 3,900	TO	\$ 6,703
GEN FRMN ELECTRICAL I	9	Exempt	\$ 3,900	TO	\$ 6,703
I.T. ASSET RESOURCE MANAGER	9	Exempt	\$ 3,900	TO	\$ 6,703
INFORMATION SYSTEMS AUDITOR	9	Exempt	\$ 3,900	TO	\$ 6,703
INSTRUMENT SPECIALIST	9	Exempt	\$ 3,900	TO	\$ 6,703
LABOR RELATIONS REPRESENTATIVE	9	Exempt	\$ 3,900	TO	\$ 6,703
MANAGER FIELD SURVEY	9	Exempt	\$ 3,900	TO	\$ 6,703
MANAGER ACCOUNTS PAYABLE ACCT	9	Exempt	\$ 3,900	TO	\$ 6,703
MANAGER PUBLIC AFFAIRS	9	Exempt	\$ 3,900	TO	\$ 6,703
MANAGER WELD TESTING	9	Exempt	\$ 3,900	TO	\$ 6,703
MANAGER. SITE SECURITY	9	Exempt	\$ 3,900	TO	\$ 6,703
MEETING PLANNER	9	Exempt	\$ 3,900	TO	\$ 6,703
PLNR/SCHEDULER III	9	Exempt	\$ 3,900	TO	\$ 6,703
PROD/CST AYST 2	9	Exempt	\$ 3,900	TO	\$ 6,703
SENIOR AUDITOR-Finance & OPER.	9	Exempt	\$ 3,900	TO	\$ 6,703
SENIOR RECRUITER	9	Exempt	\$ 3,900	TO	\$ 6,703
SR. SALES & MARKETING COORD	9	Exempt	\$ 3,900	TO	\$ 6,703
STATISTICIAN	9	Exempt	\$ 3,900	TO	\$ 6,703
SUPERVISOR SKETCH	9	Exempt	\$ 3,900	TO	\$ 6,703
SUPERVISOR TELECOMMUNICATIONS	9	Exempt	\$ 3,900	TO	\$ 6,703
SUPERVISOR EQUIPMENT - CRANE	9	Exempt	\$ 3,900	TO	\$ 6,703
SYSTEMS ANALYST/PROGRAMMER I	9	Exempt	\$ 3,900	TO	\$ 6,703
TURNAROUND SCHEDULER	9	Exempt	\$ 3,900	TO	\$ 6,703
AREA LEAD SKETCHER	10	Exempt	\$ 3,487	TO	\$ 5,962
ASST GEN MGR SUNSET STATION	10	Exempt	\$ 3,487	TO	\$ 5,962
ASST SUPT	10	Exempt	\$ 3,487	TO	\$ 5,962
ASST SUPT. SHOP	10	Exempt	\$ 3,487	TO	\$ 5,962
CRAFT FACILITATOR	10	Exempt	\$ 3,487	TO	\$ 5,962
CRAFT SUPERVISOR	10	Exempt	\$ 3,487	TO	\$ 5,962
DIVISION ADMIN. SERVICES MGR	10	Exempt	\$ 3,487	TO	\$ 5,962
EAP COORDINATOR	10	Exempt	\$ 3,487	TO	\$ 5,962
EQUIPMENT ANALYST III	10	Exempt	\$ 3,487	TO	\$ 5,962
EQUIPMENT COORD. PROC/SALES	10	Exempt	\$ 3,487	TO	\$ 5,962
EQUIPMENT COORDINATOR III	10	Exempt	\$ 3,487	TO	\$ 5,962
FACILITY SECURITY OFFICER II	10	Exempt	\$ 3,487	TO	\$ 5,962
FIELD SURVEY SUPERVISOR	10	Exempt	\$ 3,487	TO	\$ 5,962
GRAPHIC SUPERVISOR	10	Exempt	\$ 3,487	TO	\$ 5,962
INSTRUMENT SPECIALIST	10	Exempt	\$ 3,487	TO	\$ 5,962
MANAGER I MATERIAL	10	Exempt	\$ 3,487	TO	\$ 5,962
MANAGER WAREHOUSE	10	Exempt	\$ 3,487	TO	\$ 5,962
MG OF MARKETING SUNSET STATION	10	Exempt	\$ 3,487	TO	\$ 5,962
MGR ENTERTAINMENT/PROMOTIONS	10	Exempt	\$ 3,487	TO	\$ 5,962
MGR FIELD ADMIN SERVICES II	10	Exempt	\$ 3,487	TO	\$ 5,962
NETWORK APPLICATIONS COORD.	10	Exempt	\$ 3,487	TO	\$ 5,962
PLNR/SCHEDULER II	10	Exempt	\$ 3,487	TO	\$ 5,962

EXHIBIT C.10

EXEMPT AND NON-EXEMPT INDIRECT OCCUPATION/RATES
RATE REVISION APPROVED JULY 21, 2005

PROCUREMENT COORDINATOR II	10	Exempt	\$ 3,487	TO	\$ 5,962
PROGRAMMER	10	Exempt	\$ 3,487	TO	\$ 5,962
PROJECT CONTROLS REP II	10	Exempt	\$ 3,487	TO	\$ 5,962
PROJECT SAFETY COORDINATOR	10	Exempt	\$ 3,487	TO	\$ 5,962
SR APPLICATION/TRAINING SPEC	10	Exempt	\$ 3,487	TO	\$ 5,962
SUPERINTENDENT LABOR	10	Exempt	\$ 3,487	TO	\$ 5,962
SUPERVISOR ACCOUNTING	10	Exempt	\$ 3,487	TO	\$ 5,962
TURNAROUND PLANNER	10	Exempt	\$ 3,487	TO	\$ 5,962
ACCOUNTANT II	11	Exempt	\$ 3,119	TO	\$ 5,301
APPLICATION SECURITY SPEC	11	Exempt	\$ 3,119	TO	\$ 5,301
APPLICATIONS/TRAINING SPEC	11	Exempt	\$ 3,119	TO	\$ 5,301
CATERING MANAGER	11	Exempt	\$ 3,119	TO	\$ 5,301
CONSTRUCTION REPRESENTATIVE I	11	Exempt	\$ 3,119	TO	\$ 5,301
CRANE INSPECTOR	11	Exempt	\$ 3,119	TO	\$ 5,301
DATA COMM SPEC	11	Exempt	\$ 3,119	TO	\$ 5,301
EMPLOYEE BENEFITS COORDINATOR	11	Exempt	\$ 3,119	TO	\$ 5,301
ESTIMATOR I	11	Exempt	\$ 3,119	TO	\$ 5,301
FACILITY SECURITY OFFICER I	11	Exempt	\$ 3,119	TO	\$ 5,301
FRMN CABLE PULLER	11	Exempt	\$ 3,119	TO	\$ 5,301
GENERAL MANAGER RESTAURANT	11	Exempt	\$ 3,119	TO	\$ 5,301
INDUSTRIAL HYGIENIST - FIELD	11	Exempt	\$ 3,119	TO	\$ 5,301
PARALEGAL	11	Exempt	\$ 3,119	TO	\$ 5,301
PLNR/SCHEDULER I	11	Exempt	\$ 3,119	TO	\$ 5,301
PROD/CST AYST I	11	Exempt	\$ 3,119	TO	\$ 5,301
PROJECT CONTROLS REP I	11	Exempt	\$ 3,119	TO	\$ 5,301
SENIOR DESKTOP TECH. ADMINIST.	11	Exempt	\$ 3,119	TO	\$ 5,301
SUPERVISOR ELECTRICAL SERVICE	11	Exempt	\$ 3,119	TO	\$ 5,301
SUPERVISOR ELECTRICAL SHOP	11	Exempt	\$ 3,119	TO	\$ 5,301
SUPERVISOR MAINT.	11	Exempt	\$ 3,119	TO	\$ 5,301
SUPERVISOR PAYROLL	11	Exempt	\$ 3,119	TO	\$ 5,301
SUPERVISOR TRAINING	11	Exempt	\$ 3,119	TO	\$ 5,301
SUPERVISOR YARD	11	Exempt	\$ 3,119	TO	\$ 5,301
TRAFFIC CONTROL COORDINATOR	11	Exempt	\$ 3,119	TO	\$ 5,301
ACCOUNTANT FIELD	12	Exempt	\$ 2,789	TO	\$ 4,714
DIVISION ADMINISTRATIVE COORD	12	Exempt	\$ 2,789	TO	\$ 4,714
EQUIPMENT ANALYST II	12	Exempt	\$ 2,789	TO	\$ 4,714
EQUIPMENT COORDINATOR II	12	Exempt	\$ 2,789	TO	\$ 4,714
GRAPHIC DESIGN SPECIALIST	12	Exempt	\$ 2,789	TO	\$ 4,714
MANAGER FIELD ADMIN SERVICES	12	Exempt	\$ 2,789	TO	\$ 4,714
MASTER MECHANIC	12	Exempt	\$ 2,789	TO	\$ 4,714
PUBLIC AFFAIRS COORDINATOR	12	Exempt	\$ 2,789	TO	\$ 4,714
RECRUITER	12	Exempt	\$ 2,789	TO	\$ 4,714
SALES MANAGER	12	Exempt	\$ 2,789	TO	\$ 4,714
STAFF AUDITOR-Finance & OPER.	12	Exempt	\$ 2,789	TO	\$ 4,714
SUPERVISOR DATA ENTRY	12	Exempt	\$ 2,789	TO	\$ 4,714

EXHIBIT C.10

**EXEMPT AND NON-EXEMPT INDIRECT OCCUPATION/RATES
RATE REVISION APPROVED JULY 21, 2005**

SUPERVISOR PROJ DOCUMENT CTRL	12	Exempt	\$ 2,789	TO	\$ 4,714
ACCOUNTANT I	13	Exempt	\$ 2,494	TO	\$ 4,192
CENTRAL RECORDS SUPERVISOR	13	Exempt	\$ 2,494	TO	\$ 4,192
CHEF	13	Exempt	\$ 2,494	TO	\$ 4,192
CLERICAL ACCOUNTING SUPERVISOR	13	Exempt	\$ 2,494	TO	\$ 4,192
FACILITIES COORDINATOR	13	Exempt	\$ 2,494	TO	\$ 4,192
PERSONNEL RECORDS SUPERVISOR	13	Exempt	\$ 2,494	TO	\$ 4,192
PROCUREMENT COORDINATOR I	13	Exempt	\$ 2,494	TO	\$ 4,192
SUPERVISOR OFFICE SUPPLY	13	Exempt	\$ 2,494	TO	\$ 4,192
WAREHOUSE ADMINISTRATOR I	13	Exempt	\$ 2,494	TO	\$ 4,192
CLERICAL SUPERVISOR	14	Exempt	\$ 2,232	TO	\$ 3,727
EQUIPMENT ANALYST I	14	Exempt	\$ 2,232	TO	\$ 3,727
EQUIPMENT COORDINATOR I	14	Exempt	\$ 2,232	TO	\$ 3,727
MAIL ROOM SUPERVISOR	14	Exempt	\$ 2,232	TO	\$ 3,727
SUPERVISOR SECURITY	14	Exempt	\$ 2,232	TO	\$ 3,727
ASSISTANT CLUB MANAGER	15	Exempt	\$ 1,997	TO	\$ 3,312
EQUIPMENT SALES ADMINISTRATOR	15	Exempt	\$ 1,997	TO	\$ 3,312
LAB MANAGER	15	Exempt	\$ 1,997	TO	\$ 3,312
SUPERVISOR - OIL LAB	15	Exempt	\$ 1,997	TO	\$ 3,312
IT INVENTORY CONTROL SPEC.	16	Exempt	\$ 1,786	TO	\$ 2,945

SALARY NON-EXEMPT CLASS AND RANGES

GEOLOGIST	8	Non-exempt	\$ 4,370	TO	\$ 7,667
CONTRACT ANALYST	9	Non-exempt	\$ 3,900	TO	\$ 6,827
DESIGN TECH	10	Non-exempt	\$ 3,487	TO	\$ 6,072
NURSE	11	Non-exempt	\$ 3,119	TO	\$ 5,400
PROJECT SAFETY FACILITATOR	11	Non-exempt	\$ 3,119	TO	\$ 5,400
CRANE INSPECTOR	11	Non-exempt	\$ 3,119	TO	\$ 5,400
QC INSP	11	Non-exempt	\$ 3,119	TO	\$ 5,400
CONTRACTOR INSP	11	Non-exempt	\$ 3,119	TO	\$ 5,400
PARTY CHIEF	11	Non-exempt	\$ 3,119	TO	\$ 5,400
SUPERVISOR WAREHOUSE	12	Non-exempt	\$ 2,789	TO	\$ 4,801
PROPOSAL COORDINATOR	12	Non-exempt	\$ 2,789	TO	\$ 4,801
SKETCH TECHNICIAN	12	Non-exempt	\$ 2,789	TO	\$ 4,801
MICRO SUPPORT SPEC	12	Non-exempt	\$ 2,789	TO	\$ 4,801
CONTRACT/SUB COORD	12	Non-exempt	\$ 2,789	TO	\$ 4,801
SAFETY INSPECTOR	12	Non-exempt	\$ 2,789	TO	\$ 4,801
SUPERVISOR I COATINGS	12	Non-exempt	\$ 2,789	TO	\$ 4,801
SUPERVISOR II COATINGS	12	Non-exempt	\$ 2,789	TO	\$ 4,801
ENVIRONMENT COORDINATOR I	13	Non-exempt	\$ 2,494	TO	\$ 4,270
DISTRIBUTION COORDINATOR	13	Non-exempt	\$ 2,494	TO	\$ 4,270

EXHIBIT C.10

EXEMPT AND NON-EXEMPT INDIRECT OCCUPATION/RATES
RATE REVISION APPROVED JULY 21, 2005

TRAINING COORDINATOR	13	Non-exempt	\$ 2,494	TO	\$ 4,270
PLANNER	13	Non-exempt	\$ 2,494	TO	\$ 4,270
MEDIC	13	Non-exempt	\$ 2,494	TO	\$ 4,270
PROJ SAF ASST	13	Non-exempt	\$ 2,494	TO	\$ 4,270
TELEPHONE TECH	13	Non-exempt	\$ 2,494	TO	\$ 4,270
TRAVEL COORDINATOR	13	Non-exempt	\$ 2,494	TO	\$ 4,270
EXECUTIVE SECRETARY	13	Non-exempt	\$ 2,494	TO	\$ 4,270
LEGAL SECRETARY II	13	Non-exempt	\$ 2,494	TO	\$ 4,270
LEAD MAINT WORKER	13	Non-exempt	\$ 2,494	TO	\$ 4,270
MAINT ASST AIRCRAFT	13	Non-exempt	\$ 2,494	TO	\$ 4,270
AC TECH LEAD	13	Non-exempt	\$ 2,494	TO	\$ 4,270
HVAC TECHNICIAN	13	Non-exempt	\$ 2,494	TO	\$ 4,270
EXPEDITER FIELD SUPPLY	14	Non-exempt	\$ 2,232	TO	\$ 3,796
EMPLOYEE BENEFITS SPECIALIST	14	Non-exempt	\$ 2,232	TO	\$ 3,796
COOP/INTERN	14	Non-exempt	\$ 2,232	TO	\$ 3,796
DRAFT/SKETCHER I	14	Non-exempt	\$ 2,232	TO	\$ 3,796
MICROSUPPORT ASSISTANT	14	Non-exempt	\$ 2,232	TO	\$ 3,796
HELP DESK COORDINATOR	14	Non-exempt	\$ 2,232	TO	\$ 3,796
AUDIO VISUAL TECH.	14	Non-exempt	\$ 2,232	TO	\$ 3,796
PROPOSAL TECH	14	Non-exempt	\$ 2,232	TO	\$ 3,796
RETIREMENT PLAN SPECIALIST	14	Non-exempt	\$ 2,232	TO	\$ 3,796
ACCOUNTING SERVICES REP.	14	Non-exempt	\$ 2,232	TO	\$ 3,796
ADMIN FIELD SVCS REP	14	Non-exempt	\$ 2,232	TO	\$ 3,796
CORP SAF ADMIN	14	Non-exempt	\$ 2,232	TO	\$ 3,796
IT LEASE COORDINATOR	14	Non-exempt	\$ 2,232	TO	\$ 3,796
LICENSING SPEC.	14	Non-exempt	\$ 2,232	TO	\$ 3,796
SECRETARY III	14	Non-exempt	\$ 2,232	TO	\$ 3,796
FACILITY SECURITY ASSISTANT	14	Non-exempt	\$ 2,232	TO	\$ 3,796
LEGAL SECRETARY I	14	Non-exempt	\$ 2,232	TO	\$ 3,796
ADMINISTRATIVE COORDINATOR	14	Non-exempt	\$ 2,232	TO	\$ 3,796
MARKETING COORDINATOR	14	Non-exempt	\$ 2,232	TO	\$ 3,796
SUP/PROD TEC COORD	14	Non-exempt	\$ 2,232	TO	\$ 3,796
EMPLOYMENT REPRESENTATIVE	15	Non-exempt	\$ 1,997	TO	\$ 3,374
CLERK ACCOUNTING III	15	Non-exempt	\$ 1,997	TO	\$ 3,374
CLK ACCT IV	15	Non-exempt	\$ 1,997	TO	\$ 3,374
CLERK RISK MGT/INS	15	Non-exempt	\$ 1,997	TO	\$ 3,374
FLD SAF ADMIN	15	Non-exempt	\$ 1,997	TO	\$ 3,374
SECRETARY II	15	Non-exempt	\$ 1,997	TO	\$ 3,374
COMPUTER OPERATOR	15	Non-exempt	\$ 1,997	TO	\$ 3,374
LEAD OIL LAB TECH	15	Non-exempt	\$ 1,997	TO	\$ 3,374
SALES COORDINATOR	16	Non-exempt	\$ 1,786	TO	\$ 3,000
LAB TECH III	16	Non-exempt	\$ 1,786	TO	\$ 3,000
CLK ACCT II	16	Non-exempt	\$ 1,786	TO	\$ 3,000
CLERK PAYROLL	16	Non-exempt	\$ 1,786	TO	\$ 3,000
CLERK PAYROLL II	16	Non-exempt	\$ 1,786	TO	\$ 3,000

EXHIBIT C.10

EXEMPT AND NON-EXEMPT INDIRECT OCCUPATION/RATES
RATE REVISION APPROVED JULY 21, 2005

CLERK FLD OFF II	16	Non-exempt	\$ 1,786	TO	\$ 3,000
SUPPLY CHAIN SUPPORT SPEC	16	Non-exempt	\$ 1,786	TO	\$ 3,000
IT BILLING COORDINATOR	16	Non-exempt	\$ 1,786	TO	\$ 3,000
CLERK INSUR	16	Non-exempt	\$ 1,786	TO	\$ 3,000
SECURITY OFFICER II	16	Non-exempt	\$ 1,786	TO	\$ 3,000
LAB TECH II	17	Non-exempt	\$ 1,597	TO	\$ 2,668
LAB TECH MATERIALS	17	Non-exempt	\$ 1,597	TO	\$ 2,668
CLK ACCT I	17	Non-exempt	\$ 1,597	TO	\$ 2,668
ACCTG/SECR CLK	17	Non-exempt	\$ 1,597	TO	\$ 2,668
ACCTS PAY CLK III	17	Non-exempt	\$ 1,597	TO	\$ 2,668
CLERK FIELD OFFICE I	17	Non-exempt	\$ 1,597	TO	\$ 2,668
OFF SUPPLY CLK SR	17	Non-exempt	\$ 1,597	TO	\$ 2,668
PERSONNEL RCDS CLK	17	Non-exempt	\$ 1,597	TO	\$ 2,668
CLERK III	17	Non-exempt	\$ 1,597	TO	\$ 2,668
DOC CONT CLK-LEAD	17	Non-exempt	\$ 1,597	TO	\$ 2,668
SECRETARY I	17	Non-exempt	\$ 1,597	TO	\$ 2,668
MTL SPEC WAREHOUSE	17	Non-exempt	\$ 1,597	TO	\$ 2,668
MATERIAL HANDLER 3	17	Non-exempt	\$ 1,597	TO	\$ 2,668
LAB TECH	18	Non-exempt	\$ 1,429	TO	\$ 2,372
CLK EQ RECORDS	18	Non-exempt	\$ 1,429	TO	\$ 2,372
CLERK TOOLROOM	18	Non-exempt	\$ 1,429	TO	\$ 2,372
CLERK PURCHASING	18	Non-exempt	\$ 1,429	TO	\$ 2,372
DATA ENTRY CLK I	18	Non-exempt	\$ 1,429	TO	\$ 2,372
CLERK OFFICE SUPPLY	18	Non-exempt	\$ 1,429	TO	\$ 2,372
REPRODUCTION OPER.	18	Non-exempt	\$ 1,429	TO	\$ 2,372
CLERK MAIL/MESSNGR	18	Non-exempt	\$ 1,429	TO	\$ 2,372
OPR PBX	18	Non-exempt	\$ 1,429	TO	\$ 2,372
CLERK I	18	Non-exempt	\$ 1,429	TO	\$ 2,372
CLERK II	18	Non-exempt	\$ 1,429	TO	\$ 2,372
DOCUMENT CONTROL CLERK	18	Non-exempt	\$ 1,429	TO	\$ 2,372
CLERK RECORDS II	18	Non-exempt	\$ 1,429	TO	\$ 2,372
RECEPTIONIST	18	Non-exempt	\$ 1,429	TO	\$ 2,372
MATERIAL HANDLER 2	18	Non-exempt	\$ 1,429	TO	\$ 2,372
SERVICE ATTENDANT	18	Non-exempt	\$ 1,429	TO	\$ 2,372
SECURITY OFFICER 1	18	Non-exempt	\$ 1,429	TO	\$ 2,372
JANITOR	18	Non-exempt	\$ 1,429	TO	\$ 2,372
JANITOR MAINTENANCE	18	Non-exempt	\$ 1,429	TO	\$ 2,372
TRUCK DRIVER CHAUFFEUR	18	Non-exempt	\$ 1,429	TO	\$ 2,372
CLERK PART TIME	19	Non-exempt	\$ 1,278	TO	\$ 2,108
CLERK STUDENT	19	Non-exempt	\$ 1,278	TO	\$ 2,108
CLERK TOOLROOM	19	Non-exempt	\$ 1,278	TO	\$ 2,108
COOK	19	Non-exempt	\$ 1,278	TO	\$ 2,108
CLERK RECORDS I	19	Non-exempt	\$ 1,278	TO	\$ 2,108
MATERIAL HANDLER 1	19	Non-exempt	\$ 1,278	TO	\$ 2,108

Exhibit C.11 – Information Technology

Owner shall reimburse Contractor for information technology utilized to execute the Work, as defined by the Agreement, at cost equivalent to \$.60 per direct workhour expended, up to and including general foreman.

The following is a representative list and not meant to be all inclusive:

Hardware

- Personnel Computers
- Laptop Computers
- Monitors
- Keyboards
- Mouse
- Printers
- Plotters
- Ethernet or Modems
- Drives
- Servers
- Routers
- Switches
- UPS

Software

- Microsoft Office
- AutoCAD
- Primavera
- Commonpoint
- Oracle
- Expedition
- CMIS
- QTRAX
- Licensing Fees

Voice Communications

- Digital Phones
- Analog Phones
- Voice Mail
- Lines

Installation Expenses**Miscellaneous Supplies**

- Cables
- Disks
- Adapters

Exhibit C.11 - Information Technology

Power Strips

Usage and Transmitting Costs

T-1 Line

Time & Attendance

Monthly service charges

EXHIBIT C.12

**HOME OFFICE ENGINEERING AND PROCUREMENT
EXEMPT AND NON-EXEMPT INDIRECT OCCUPATION/RATES
AND DESCRIPTIONS**

For determining the billable portion of premium time for Non-Exempt employees, it is allocated by project on a proportional basis on hours and projects worked per week. Example: Employee works 50 hours @ \$12 per WH on 4 projects. The total Premium of \$60 (10 WH's x \$6) will be divided proportionally among the projects based on the total hours charged. Please see Section 1.8 of Checklist of costs for Payroll Burden.

==> If work extends into 2007, an escalation rate of 4% will be applied.

TITLE	GRADE	EXEMPT NONEXEMPT	RANGE		
			MINIMUM	TO	MAXIMUM
Trainee Draftsperson	TES1	Non-exempt	\$ 3,460	TO	\$ 5,138
Draftsperson		Non-exempt	\$ 3,460	TO	\$ 5,138
Advanced Draftsperson		Non-exempt	\$ 3,460	TO	\$ 5,138
Senior Draftsperson	TES2	Non-exempt	\$ 4,325	TO	\$ 6,851
Associate Designer		Non-exempt	\$ 4,325	TO	\$ 6,851
Assoc. Engineering Technician		Non-exempt	\$ 4,325	TO	\$ 6,851
Assoc. Architectural Technician		Non-exempt	\$ 4,325	TO	\$ 6,851
Model Builder Trainee		Non-exempt	\$ 4,325	TO	\$ 6,851
Support Technician		Non-exempt	\$ 4,325	TO	\$ 6,851
Designer	TES3	Non-exempt	\$ 5,190	TO	\$ 8,927
Engineering Technician		Non-exempt	\$ 5,190	TO	\$ 8,927
Architectural Technician		Non-exempt	\$ 5,190	TO	\$ 8,927
Model Builder		Non-exempt	\$ 5,190	TO	\$ 8,927
Inspector		Non-exempt	\$ 5,190	TO	\$ 8,927
Advance Support Technician		Non-exempt	\$ 5,190	TO	\$ 8,927
Senior Designer	TES4-7	Non-exempt	\$ 6,055	TO	\$ 9,757
Sr. Engineering Technician		Non-exempt	\$ 6,055	TO	\$ 9,757
Sr. Architectural Technician		Non-exempt	\$ 6,055	TO	\$ 9,757
Senior Model Builder		Non-exempt	\$ 6,055	TO	\$ 9,757
Senior Inspector		Non-exempt	\$ 6,055	TO	\$ 9,757
Senior Support Technician		Non-exempt	\$ 6,055	TO	\$ 9,757
Project Group Leader	TES4-5	Exempt	\$ 6,920	TO	\$ 10,380
Design Group Leader		Exempt	\$ 6,920	TO	\$ 10,380
Support Group Leader		Exempt	\$ 6,920	TO	\$ 10,380
Technical Specialist		Exempt	\$ 6,920	TO	\$ 10,380
Field Specialist		Exempt	\$ 6,920	TO	\$ 10,380
Model Builder Specialist		Exempt	\$ 6,920	TO	\$ 10,380
Area Project Leader	TES6-7	Exempt	\$ 7,439	TO	\$ 11,003
Staff Specialist		Exempt	\$ 7,439	TO	\$ 11,003
Sr. Project Group Leader		Exempt	\$ 7,439	TO	\$ 11,003
Sr. Design Group Leader		Exempt	\$ 7,439	TO	\$ 11,003
Sr. Support Group Leader		Exempt	\$ 7,439	TO	\$ 11,003
Sr. Technical Specialist		Exempt	\$ 7,439	TO	\$ 11,003

EXHIBIT C.12

HOME OFFICE ENGINEERING AND PROCUREMENT
EXEMPT AND NON-EXEMPT INDIRECT OCCUPATION/RATES
AND DESCRIPTIONS

For determining the billable portion of premium time for Non-Exempt employees, it is allocated by project on a proportional basis on hours and projects worked per week. Example: Employee works 50 hours @ \$12 per WH on 4 projects. The total Premium of \$60 (10 WH's x \$6) will be divided proportionally among the projects based on the total hours charged. Please see Section 1.8 of Checklist of costs for Payroll Burden.

==> If work extends into 2007, an escalation rate of 4% will be applied.

TITLE	GRADE	EXEMPT NONEXEMPT	RANGE		
			MINIMUM	TO	MAXIMUM
Sr. Field Specialist		Exempt	\$ 7,439	TO	\$ 11,003
Sr. Model Builder Specialist		Exempt	\$ 7,439	TO	\$ 11,003
Assoc. Engineer/Architect	ENG 1	Non-exempt	\$ 5,190	TO	\$ 8,096
Assoc. Design Engr./Arch.		Non-exempt	\$ 5,190	TO	\$ 8,096
Assoc. Field Engineer		Non-exempt	\$ 5,190	TO	\$ 8,096
Assoc. Industrial Specialist		Non-exempt	\$ 5,190	TO	\$ 8,096
Assoc. Support Engineer		Non-exempt	\$ 5,190	TO	\$ 8,096
Design Engineer/Architect	ENG2	Non-exempt	\$ 6,055	TO	\$ 9,757
Field Engineer		Non-exempt	\$ 6,055	TO	\$ 9,757
Field Admin. Engineer		Non-exempt	\$ 6,055	TO	\$ 9,757
Industrial Specialist		Non-exempt	\$ 6,055	TO	\$ 9,757
Support Engineer		Non-exempt	\$ 6,055	TO	\$ 9,757
Adv. Design Engineer/Architect	ENG3	Exempt	\$ 6,055	TO	\$ 9,757
Adv. Field Engineer		Exempt	\$ 6,055	TO	\$ 9,757
Adv. Industrial Specialist		Exempt	\$ 6,055	TO	\$ 9,757
Adv. Support Engineer		Exempt	\$ 6,055	TO	\$ 9,757
Asst. Project Engineer		Exempt	\$ 6,055	TO	\$ 9,757
Staff Engineer/Architect	ENG4	Exempt	\$ 6,920	TO	\$ 11,003
Lead Engineer/Architect		Exempt	\$ 6,920	TO	\$ 11,003
Project Engineer/Architect		Exempt	\$ 6,920	TO	\$ 11,003
Asst. Resident Engineer		Exempt	\$ 6,920	TO	\$ 11,003
Senior Engineer/Architect		Exempt	\$ 6,920	TO	\$ 11,003
Senior Field Engineer		Exempt	\$ 6,920	TO	\$ 11,003
Senior Support Engineer		Exempt	\$ 6,920	TO	\$ 11,003
Staff Specialist		Exempt	\$ 6,920	TO	\$ 11,003
Sr. Lead Engineer/Architect	ENG5	Exempt	\$ 8,650	TO	\$ 12,871
Sr. Project Engineer		Exempt	\$ 8,650	TO	\$ 12,871
Resident Engineer		Exempt	\$ 8,650	TO	\$ 12,871
Sr. Staff Engineer/Architect		Exempt	\$ 8,650	TO	\$ 12,871
Sr. Staff Specialist		Exempt	\$ 8,650	TO	\$ 12,871
Consulting Engineer	ENG-6&7	Exempt	\$ 9,515	TO	\$ 14,117
Staff Consultant		Exempt	\$ 9,515	TO	\$ 14,117
Construction Manager		Exempt	\$ 9,515	TO	\$ 14,117

EXHIBIT C.12

HOME OFFICE ENGINEERING AND PROCUREMENT
EXEMPT AND NON-EXEMPT INDIRECT OCCUPATION/RATES
AND DESCRIPTIONS

For determining the billable portion of premium time for Non-Exempt employees, it is allocated by project on a proportional basis on hours and projects worked per week. Example: Employee works 50 hours @ \$12 per WH on 4 projects. The total Premium of \$60 (10 WH's x \$6) will be divided proportionally among the projects based on the total hours charged. Please see Section 1.8 of Checklist of costs for Payroll Burden.

==> If work extends into 2007, an escalation rate of 4% will be applied.

TITLE	GRADE	EXEMPT NONEXEMPT	RANGE		
			MINIMUM	TO	MAXIMUM
Department Manager	PR -1&2,	Exempt	\$ 9,515	TO	\$ 15,570
Project Manager	MP-4&5	Exempt	\$ 9,515	TO	\$ 15,570
Buyer	PC2 & MM2	Exempt	\$ 6,055	TO	\$ 10,172
Estimator		Exempt	\$ 6,055	TO	\$ 10,172
Scheduler		Exempt	\$ 6,055	TO	\$ 10,172
Field Technician		Exempt	\$ 6,055	TO	\$ 10,588
Senior Capital Accountant		Exempt	\$ 6,055	TO	\$ 11,003
Project Administrator		Exempt	\$ 6,055	TO	\$ 11,003
Staff Project Administrator	PC3-5, MM3-5 & CON 1-3	Exempt	\$ 6,920	TO	\$ 12,248
Lead Estimator		Exempt	\$ 6,920	TO	\$ 12,248
Senior Field Specialist		Exempt	\$ 6,920	TO	\$ 12,248
Secretary, Clerk	PS1- PS4 & AD 1-4	Non-exempt	\$ 2,249	TO	\$ 5,190

EXHIBIT C.13 – FIELD ASSIGNMENT GUIDELINE

TITLE: FIELD ASSIGNMENT AND INTEROFFICE LOANS

DOC. NO.: **G 0111 010**
 REVISION NO.: 02 (24.May.99)
 PROJECT NO.: **151252**
 DISCIPLINE: Human Resources
 BUSINESS UNIT: General Usage
 OFFICE: Atlanta

CONTRACTOR (TITLE): US Human Resources Manager
 PROJ. MGR. APPROVAL: Hosny Mohamed
 CONTRACTOR APPROVAL: Mary Arnold

1 GENERAL

The following guidelines apply to all employees except those hired locally at the site for a project:

- 1.1 The purpose of this guideline is to establish provisions for consistent handling of field assignments and interoffice loans. It does not apply to field visits to gather design information.
- 1.2 The intent of this guideline applies to all employees without reference to the terms and conditions which may exist between the Contractor and the Owner or between Contractor offices.
- 1.3 Arrangements such as reporting date, location of assignment, reporting relationships, scope of work, nature of responsibility, duration of assignment and other general conditions must be coordinated between the Site/Project Manager and the employee’s supervisor. The employee’s supervisor is responsible for assisting the employee in understanding the assignment and resolving any confusion.
- 1.4 The Site/Project Manager is responsible for the coordination and execution of all field assignments and will confirm assignments by copy of the Human Resources Action Form.
- 1.5 All field assignments are subject to approval by the appropriate Project Manager or the JV Project Executive.
- 1.6 Travel time will be paid for initial trip to site and return from site after completion of assignment. Time will not be paid for home visitations during assignment.
- 1.7 Employee will not be paid for working more than 12 hours in one day without prior approval of the Site/Project Manager.

2 SHORT TERM ASSIGNMENTS (Duration 3 Months or less)

Short term assignments are normally projected for three months or less, but longer than a routine project visit. A routine project visit is four weeks or less.

All staff members are responsible for ensuring that they are using the correct revision of this document.

- 2.1 Employees on short term assignments are paid for their lodging, transportation from the office to the site and an agreed upon per diem rate for meals, laundry, phone calls, parking and site transportation costs. An appropriate mode of transportation at the site will be determined by the Site/Project Manager. Human Resources will review these arrangements with employees prior to departure for the site. Home visits will be allowed as required but not more frequently than once every two weeks. Travel time will not be paid for home visits.
- 2.2 All time worked is paid at the employee's regular rate.
- 2.3 This guideline applies for interoffice loans as well as field assignments.
- 2.4 Tax withholding will remain as is at home office.
- 2.5 Sixty (60) days after the assignment begins the Project Manager must review the assignment designation to determine the end date for the assignment or to re-designate it as an extended assignment.

3 EXTENDED ASSIGNMENT (Duration greater than three months but nine months or less)

- 3.1 Employees on an extended assignment will be paid an agreed upon per diem, which is project/site sensitive, for meals and incidentals. All employees assigned to the project will receive the same per diem. An appropriate mode of transportation at the site will be determined by the Site/Project Manager.
- 3.2 A premium of 10% of the employee's salary will be paid for all hours worked for the duration of the field assignment. (However, employees on an extended assignment as an interoffice loan will be paid at their regular rate.) Employees who earn time and one half for overtime at their home office will continue to receive that rate for overtime hours.
- 3.3 Weekly time/billing sheets are to be filled out and approved weekly by the Site/Project Manager and submitted to the employee's supervisor for submittal to Accounting.
- 3.4 Taxes will be withheld in the state of assignment. Employees assigned to a higher tax state will be given a 2% salary adjustment to defray the additional tax expense.
- 3.5 Frequency of home visits will be based upon the employee's work schedule and personal preference, and as approved by the project manager or the JV executive manager.
- 3.6 In the event a "short term" assignment is re-designated an "extended" assignment, the terms and conditions of the extended assignment become effective on the date determined by the Project Manager. The terms and conditions of the extended assignment are not made retroactively.

4 HOLIDAY PREMIUM

Employees on field assignment are subject to the holiday schedule of the Owner. The Owner's holiday schedule replaces the Contractor holiday schedule. If job requirements

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dictate working, employees will receive their normal scheduled hours for the holiday plus regular rate for hours worked.

5 COMPLETION OF ASSIGNMENT

When an employee completes his assignment in a particular location, the Site/Project Manager shall coordinate his return to the home office or reassignment to a new project site. If an employee leaves the Contractor's employ during the assignment, or is terminated for cause, the Contractor will not be responsible for any additional expenses.

6 WORK SCHEDULE

In the interest of personnel safety, productivity and work quality, the maximum allowable work hours for personnel on field assignments is as follows:

- 20 hours in one 24-hour period or in conformance with the project site's policy, if less.
- 12 hours/day for a maximum of twenty (20) consecutive days.

7 Reimbursement details

Travel – including airfare, airport parking, auto mileage to the airport

Pass-thru cost

Transportation – including car rental, gas, toll road fee, and parking

Pass-thru cost

Lodging – including hotels or corporate apartment

Pass-thru cost

Food and incidentals

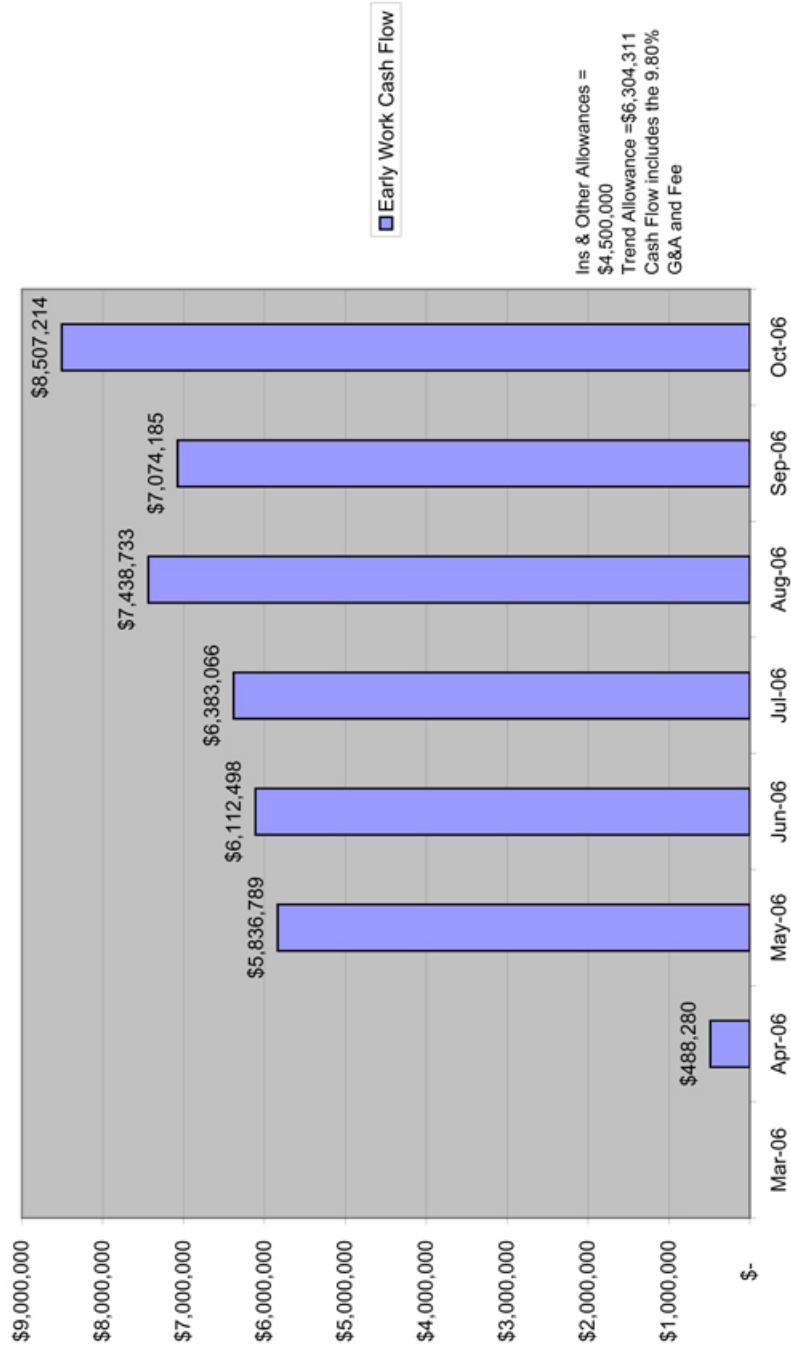
Per diem

*per government guidelines
[see www.gsa.gov] or \$45 a day as
established by the Owner.*

Note: Above work schedule hours and consecutive days must comply with local project and/or other applicable safety regulations.

All staff members are responsible for ensuring that they are using the correct revision of this document.

**Exhibit C.14
Estimated Cash Flow**



ATTACHMENT D

FORM OF CHANGE ORDER

PROJECT NAME: Engineering, Procurement and Construction Services Agreement for Preliminary Work for the Corpus Christi LNG Receiving, Storage and Regasification Terminal

WORK ORDER NUMBER: _____

OWNER: Corpus Christi LNG, LLC

CHANGE ORDER NUMBER: _____

CONTRACTOR: La Quinta LNG Partners, LP

DATE OF CHANGE ORDER: _____

DATE OF AGREEMENT: April 13, 2006

The Work Order between the Parties listed above is changed as follows:*(attach additional documentation if necessary)*

(Attached to this Change Order is a breakdown of the Cost of Work between Tax Exempt Equipment, Taxable Equipment & Services and all other Work.)

Adjustment to dates in Work Schedule for Work Order

The following dates are modified (list all dates modified; insert N/A if no dates modified):

Impact to other Changed Criteria *(insert N/A if no changes or impact; attach additional documentation if necessary)*

Impact on Payment Schedule:

Other Impacts under the Agreement:

Upon execution of this Change Order by Owner and Contractor, the above-referenced change shall become a valid and binding part of the original Work Order without exception or qualification, unless noted in this Change Order. Except as modified by this and any previously issued Change Orders, all other terms and conditions of the Work Order listed above shall remain in full force and effect. This Change Order is executed by each of the Parties' duly authorized representatives.

Owner

Contractor

Name

Name

Title

Title

Date of Signing

Date of Signing

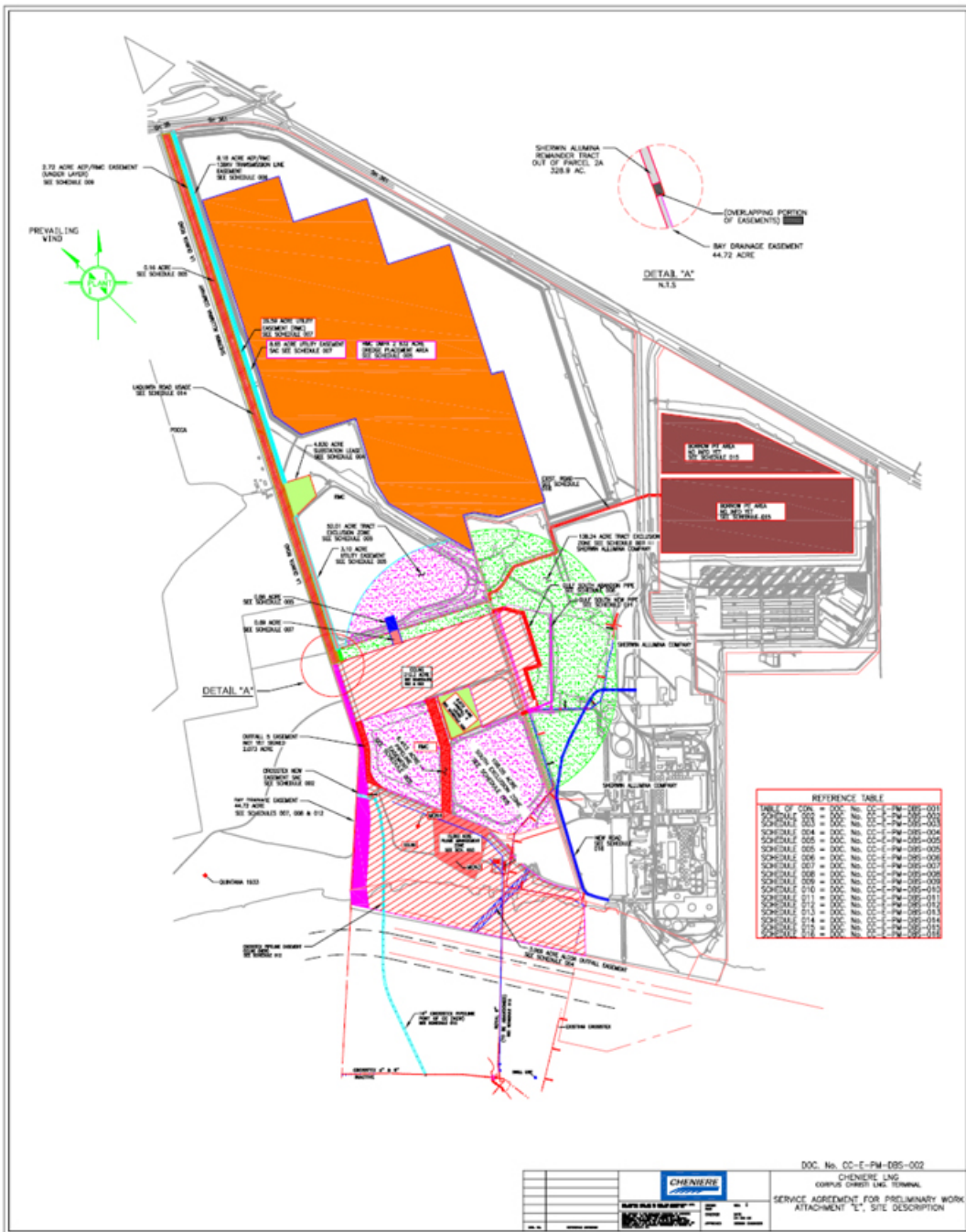
ATTACHMENT E

SITE DESCRIPTION

Site. The Site map attached to this Attachment E indicates the Owner lands and various Rights of Way and Easements which comprise the Site. Such lands, Rights of Way and Easements are identified through the color-shaded areas on the Site map as well as the Schedule labels and corresponding Schedule numbers. The Schedules indicated in the Reference Table of the Site map refer to documents which contain the Rights of Way and Easement Agreements, which are incorporated herein by way of such Reference Table. Owner may, from time to time, update, delete or add to such Rights of Way and Easements, including by issuing new or revised Schedules via project document transmittal procedures.

Site Interfaces. Unless otherwise revised by any Work Order, the Parties agree that the Landowners are the following and their affiliates:

- (i) Reynolds Metal Company;
- (ii) Sherwin Alumina L.P.;
- (iii) CrossTex Energy, LP;
- (iv) Gulf South Pipeline Company;
- (v) Royal Production Company;
- (vi) AEP Texas Central Company; and
- (vii) Port of Corpus Christi Authority.



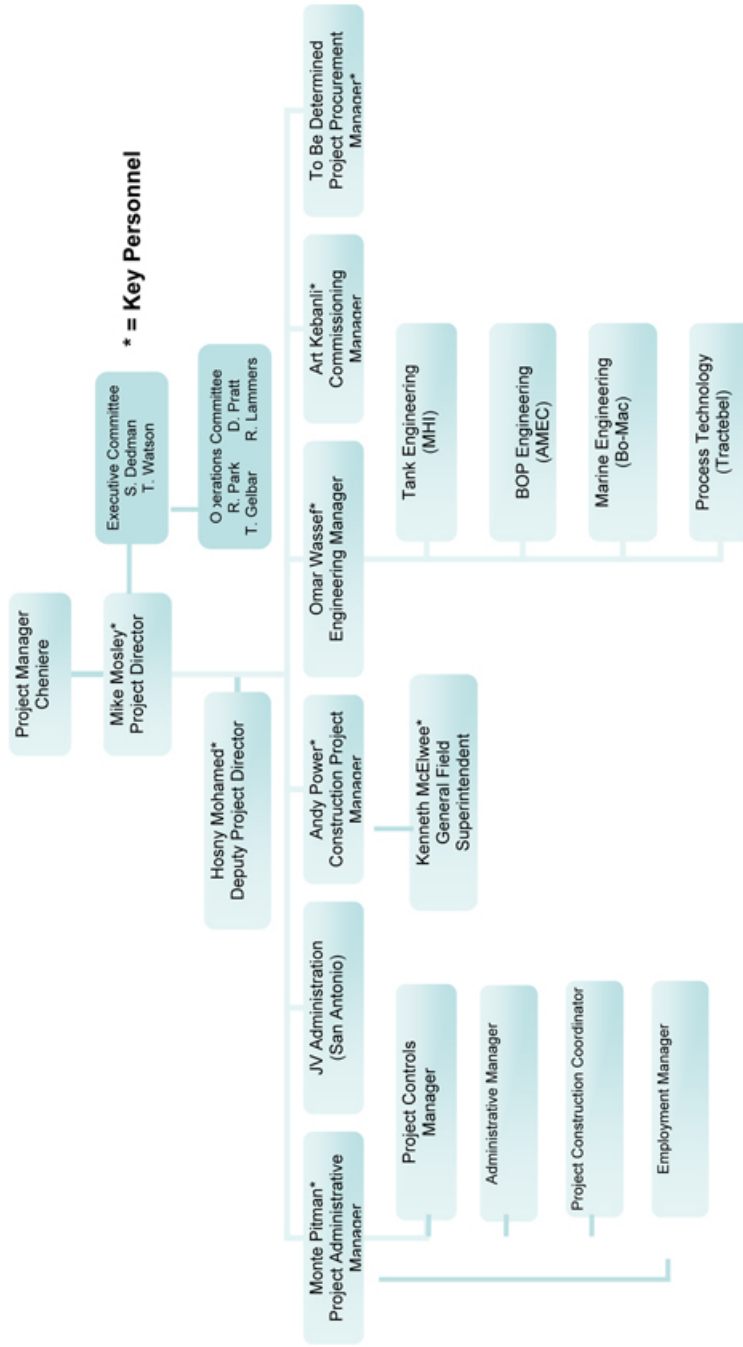
ATTACHMENT F**KEY PERSONNEL AND CONTRACTOR'S ORGANIZATION**

The following individuals are Key Personnel. Key Personnel shall, unless otherwise listed in this Attachment F or agreed in writing by Owner, be devoted full time to the Work for the entire duration of the Work.

<u>Name</u>	<u>Position</u>	<u>Mobilization¹</u>	<u>Demobilization¹</u>
Kebanli, Art	Commissioning Manager		
McElwee, Kenneth	General Field Superintendent	4/25/06	10/31/06
Mohamed, Hosny	Deputy Project Director	4/25/06	10/31/06
Mosley, Mike	Project Director	4/25/06	10/31/06
Pitman, Monte	Project Administration Manager	4/25/06	10/31/06
Power, Andy	Construction Project Manager	4/25/06	10/31/06
Wassef, Omar	Engineering Manager	4/25/06	10/31/06
To Be Determined	Procurement Manager	4/25/06	10/31/06

¹ The stated durations are an estimate only and such Key Persons shall be dedicated full time to the Work for a longer period, if necessary, for such Key Person to perform his or her tasks for the completion of the Work.

Contractor's Organization Chart



ATTACHMENT G

APPROVED SUBCONTRACTORS

1.1 Introduction

Subject to the provisions of Sections 2.3 and 2.4 of the Agreement and the terms and conditions of the applicable Work Order, this Attachment G provides a list of approved Subcontractors in Section 1.3 which may perform identified portions of Work.

1.2 Local Content

Contractor shall consider local Subcontractors in accordance with Section 2.4B of the Agreement.

1.3 List of Approved Subcontractors

Subject to Owner's right to approve certain Subcontracts pursuant to Section 2.4C of the Agreement, Contractor shall use those Subcontractors listed below for the specified items of Work (including the procurement of the specified pieces of Equipment). Any deviation from this list or requests to use other Subcontractors must be approved in writing in advance by Owner in accordance with Section 2.4B of the Agreement.

Legend:

*Single Source – Yellow**

*Preferred Vendor – Blue***

No Stated Preference – No Color

Chromatographs

ABB Analytics (Bendix) - USA

Applied Automation – USA

Yokagawa – Japan

Emerson (Rosemont)/ Daniel – USA

Compressors, Plant and Instrument Air (Rotory)

Atlas Copco - USA

Sullair

Compressors, Boil Off Gas

IHI – Japan *

Custody Transfer Metering System

Daniel Industries – USA

Instromet, Inc. – USA

FMC Measurement Solutions - USA

En-Fab, Inc. – USA

Design Engineers/Consultants

Tractebel Gas Engineering - Belgium*

Distributed Control Systems (DCS)

Invensys – Foxboro USA

Yokogawa – USA

Electric Motors (NEMA Frame)

General Electric - USA

Reliance – USA/Mexico

Westinghouse - USA

Siemens – USA/Mexico

Toshiba – USA

ABB – International

LNG Tanks

MHI – USA/Japan *

LNG Pumps

Ebara International – USA *

LNG Vapor Blowers *

Atlas Copco *

Marine Facilities and Dredging

Bo-Mac – USA*

Great Lakes Dredge –USA*

Monitors, Displacement, Vibration, Speed (Machine Protection Systems)

Bently Nevada – International *

Motor Control Centers/Switchgear

Powell Electrical Manufacturing Company - USA

General Electric - USA

Square “D” Company - USA

Cutler Hammer (Eaton) – USA

Motor Operated Valve Assemblers and Manufacturers of Valves

AVSI - USA

Baro Controls - USA

Valve Systems & Controls - USA

Tyco/Keystone - USA

Puffer Sweiven - USA

R. J. Gallagher - USA

Raimondi - USA

McJunkin – USA
Sunbelt Supply – USA
Velan – Canada/USA
Bernard Controls – USA
EIM – USA
Envalco – USA
FlowServe Valtek
MOV Controls
Bettis
Rotork

Overhead Cranes – Air Powered

PCT – UK **
American Crane & Hoist Corp. - USA
P&H Morris
Kone Cranes
Columbus McKinnon Corp (Gaffey)- USA

Relief Valves - Conventional

Dresser Industrial Valve & Instruments Division (Consolidated) - USA
Anderson-Greenwood /Crosby - USA
Farris USA
Groth - USA

Relief Valves - Pilot Operated

Anderson Greenwood/ Crosby – USA
Dresser Industrial Valve & Instruments Division (Consolidated) - USA

Process Gas Chromatograph

Elsag Bailey - International
Hartman & Braun - International
Applied Automation – International
ABB Process Analytics - International
Foxboro - International
Kinetic VP - International
Rotork - International
Precision Scientific – International
Daniel – USA
Yokagawa – Japan
Emerson (Rosemont) – USA

Programmable Logic Controllers (PLC)

Allen Bradley – ControlLogix Platform * (Includes 3rd Party Package Units provided with PLC)

Ultrasonic Flow meter

Controlotron - International

Panametrics - International
Krone Altometer – International
Instromet – US
Daniel – International
ABB – International

Natural Gas Pipeline Ball Valve

Grove – USA**
WKM Cameron - USA
KF -Italy
Perrar - Italy
Petrolvalve -Italy
PBV –USA
FlowServe

Nitrogen Storage and Vaporization Package

Air Products – USA
Air Liquide – USA
Lotepro – USA
Praxair - USA

Cryogenic and Severe Service Valves

FlowServe Valtek - USA
Masoncelian - USA
Fisher - USA
CCI USA
Severn Glocon – UK
Linde MAPAG
Velan – Canada/USA

Submerged Combustion Vaporizers

T-Thermal – USA*

Tank Gauges (LNG Tanks)

Radar Gauge (Saab) - International
Whessoe- Varic International

Unloading Arms

SVT Connex – Germany **
FMC

Valves, Cryogenic Ball

Perar – Italy
Poyam – Spain
TBV - USA
Petrolrtorvalve - Italy

Tong Yung –Korea
OMB – Italy
Hindle- Great Britain
Orbit – USA
Valve Technologies
Pibivessa, Italy
Velan
FlowServe

Valves, Cryogenic Butterfly

Neles Inc. – USA
Royal – USA
Amri Inc. – USA
Velan – USA
Vanessa (Tyco) – USA
Adams – Germany
Orton – Italy
Linde MPAG- Germany

Valves, Cryogenic Globe & Check Valves

Velan – Canada/USA
Tong Yung – Korea
OMB- Italy
FlowServe

Valves, Non-Return

Vanessa - USA
Rockwell - USA
Newco - USA
Shoritsu - Japan
Fasani - Italy
Kitz – Japan

Vent System

John Zink - USA
Kaldair - USA
Flaregas - USA
MRW Technologies – USA
Tornado

ATTACHMENT H

FORM OF PARENT COMPANY GUARANTEE

A GUARANTEE made the _____ day of _____, 2006

BETWEEN

AMEC plc, Sandiway House, Hartford, Northwich, Cheshire, CW8 2YA (hereinafter called "the Guarantor") and Corpus Christi LNG, LLC, 717 Texas Avenue, Suite 3100, Houston, Texas, U.S.A. 77002 (hereinafter called "the Beneficiary").

WHEREAS

- (1) The Beneficiary has entered into a Services Agreement with La Quinta LNG Partners, LP, a Texas limited partnership (hereinafter called "the Contractor") for Preliminary Work (hereinafter called "the Contract") for the Corpus Christi LNG Receiving, Storage and Regasification Terminal at Corpus Christi, Texas, U.S.A. (hereinafter called "the Project").
- (2) The Contractor is a limited partnership, whose general partners are AMEC E&C Services, Inc. ("AMEC E&C") and Zachry Construction Corporation.
- (3) The Guarantor is the ultimate holding company of AMEC E&C.

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. Subject to the terms and conditions contained herein, in consideration of the Beneficiary having entered into the Contract with the Contractor, the Guarantor irrevocably guarantees to the Beneficiary that the Contractor shall properly perform the Contract and shall comply with all of the terms and conditions thereof according to their true purport, intent and meaning (including, without limitation, the full and punctual performance and payment, as and when each such performance or payment becomes due under the terms of the Contract of any and all obligations or amounts owed by the Contractor in connection with and to the extent provided for in the Contract), *provided always* that if there is any failure of performance or payment by the Contractor, the Beneficiary will notify the Guarantor in writing providing details of such failure and the Guarantor will either itself or through others perform the Contract upon the same terms and conditions as are set out in the Contract and make good all loss, damage, cost and expense occasioned by such failure for which the Contractor is legally liable pursuant to the terms of the Contract. Delay in giving notice as provided in this paragraph 1 shall not in any way relieve or diminish the Guarantor's obligations under this Guarantee.
2. The Guarantor shall not by virtue of this Guarantee acquire any liability to the Beneficiary which is greater than it would have owed had the Guarantor been a party to the Contract in substitution for the Contractor.

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3. Any claim, dispute or controversy arising out of or relating to this Guarantee (including the breach, termination or invalidity thereof, and whether arising out of tort or contract) ("Dispute") shall be resolved in accordance with the dispute resolution procedures of Article 17 of the Contract, including without limitation, the arbitration provisions in Section 17.3 of the Contract. These dispute resolution procedures are binding upon the Beneficiary and the Guarantor and the successor and permitted assigns of any of them. At Beneficiary's option, the Guarantor may be joined as an additional party to any arbitration conducted under Contract.
 4. The Guarantor agrees that the obligations of Guarantor set forth in this Guarantee shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected or impaired by: (i) any amendment or modification of or supplement to or other change in the Contract in accordance with its terms and conditions, including, without limitation, any renewal, extension, acceleration or other changes to payment terms thereunder; (ii) any relief given by Beneficiary to Contractor or AMEC E&C not in accordance with the Contract terms and conditions, including, without limitation, granting extensions of time or the payment of money not due and owing under the terms of the Contract; (iii) any waiver, consent, extension, indulgence, compromise or release under or in respect of the Contract, except to the extent of such waiver, consent, extension, indulgence, compromise or release; (iv) any bankruptcy, insolvency, reorganization, arrangement, readjustment, liquidation, or similar proceeding with respect to the Beneficiary, the Contractor or AMEC E&C; (v) any merger or consolidation of the Guarantor, the Contractor or AMEC E&C into or with any other person or entity or any sale, lease, or transfer of all or any of the assets of the Guarantor, the Contractor or AMEC E&C; (vi) any change in the ownership of the Guarantor, the Contractor or AMEC E&C; or (vii) any winding up or dissolution of the Contractor or AMEC E&C.
 5. The Guarantor hereby unconditionally waives, to the extent permitted by applicable law: (i) notice of any of the matters referred to in paragraph 4 hereof; and (ii) any requirement to exhaust any remedies against Contractor, AMEC E&C or Zachry Construction Corporation resulting from failure of performance or payment by the Contractor under the Contract or by any other person under the terms of the Contract.
 6. This Guarantee is personal to the Beneficiary and the Guarantor and neither this Guarantee nor any of the benefits or interests arising hereunder may be assigned by the Beneficiary or the Guarantor in any manner whatsoever either in whole or in part, except that the Beneficiary may assign this Guarantee (including, without limitation, all benefits, interests and obligations) to any of Beneficiary's affiliates by providing notice to the Guarantor; provided that any assignment of this Guarantee shall not relieve the Guarantor or the Beneficiary (as applicable) of any of its obligations or liabilities under this Guarantee. The Beneficiary may also assign, pledge and/or grant a security interest in this Guarantee to any of the Beneficiary's lenders by giving written notice to the Guarantor, provided that such assignment, pledge and/or grant is in accordance with the terms of the Contract.

7. No provision of this Guarantee is intended to or does confer upon any third party any benefit or right enforceable at the option of that third party or any liability whatsoever on any third party.
8. This Guarantee is subject to and shall be governed by and construed in accordance with the law of Texas, United States of America, without giving effects to the principles thereof relating to conflicts of law.
9. This Guarantee contains the entire understanding of the parties with respect to the subject matter hereof and incorporates any and all prior agreements and commitments with respect thereto. No change, amendment or modification of the terms of this Guarantee shall be valid or binding upon the parties hereto unless such change, amendment or modification is in writing and duly executed by both parties hereto in the form of an amendment. This Guarantee shall be binding upon the successor and permitted assigns of the Beneficiary and the Guarantor. The Guarantor shall not issue any press release, advertisement, publicity material, financial document or similar matter or participate in a media interview that mentions or refers to the Project without the prior written consent of the Beneficiary, except to the extent required by the Securities and Exchange Commission governing the Guarantor's securities and in accordance with applicable securities laws but only after first giving Beneficiary written notice regarding same. The Guarantor acknowledges and agrees that the Beneficiary shall be required, from time to time, to make disclosures and press releases and applicable filings with the Securities and Exchange Commission in accordance with applicable securities laws, including a copy of this Guarantee.

IN WITNESS whereof the parties have through their authorized representatives caused this Guarantee to be executed on the day and year first before written.

AMEC plc

Signature

Name

Title

Corpus Christi LNG, LLC

Signature

Name

Title

SCHEDULE I-1

FORM OF INTERIM INVOICE

La Quinta LNG Partners, LP
 c/o Zachry Construction Corporation
 P.O. Box 240130
 San Antonio, TX 78224-0130

Phone Number
 210-475-8540

OWNER:
 ATTN: ACCOUNTS PAYABLE
 Corpus Christi LNG, LLC
 717 Texas Avenue
 Houston, Texas 77002

INVOICE NUMBER _____
 INVOICE DATE _____
 AGREEMENT DATE April 13, 2006
 DUE DATE _____

TERMS Per Agreement

PROJECT NAME:
 Preliminary EPC Work for Corpus Christi LNG Receiving, Storage & Regasification Terminal
 50 La Quinta Road
 Portland, Texas 78374

This Invoice estimates the Cost of Work and Fee for the period from _____, 200_ to _____, 200_ (the *“Estimated Period”*) and provides the actual Cost of Work and Fee incurred and earned by Contractor for the period from _____, 200_ to _____, 200_ (*“Current Period”*) for Work Order No. _____.

DESCRIPTION OF WORK	THIS PERIOD	TO DATE
A. Estimated Cost of Work & Fee Advance for the Estimated Period	\$ —	
Actual Cost of Work & Fee for Current Period:		
B. Engineering - Home Office Services	\$ —	
C. New Construction Labor Charges (Item C.1 + Item C.2)	\$ —	
C.1. Contractor’s New Construction Labor Charges	\$ —	
C.2. Subcontractor’s Labor and Other Charges (not including permanent material & Equipment)	\$ —	
D. New Construction Taxable Material Charges (Item D.1 + Item D.2)	\$ —	
D.1. Contractor’s New Construction Taxable Material Charges	\$ —	
D.2. Subcontractor’s taxable permanent materials & Equipment (not including any labor charges)	\$ —	
E. New Construction Exempt Permanent Material & Equipment Charges (Item E.1. + Item E.2)	\$ —	
E.1. Contractor New Construction Exempt Material Charges	\$ —	
E.2. Subcontractor New Construction Exempt Material Charges	\$ —	
F. Other Charges (includes construction supplies, sundries and sales/use tax paid by Contractor)	\$ —	
G. Construction Equipment Charges	\$ —	
H. Taxable Services Resold to Owner	\$ —	
I. Cost of Work Sub Total(Aggregate of Items B, C, D, E, F, G and H, above)	\$ —	
J. G&A/Fee Multiplier (Item I x 9.8%)	\$ —	
K. Actual Cost of Work & Fee for Current Period (Item I + Item J)	\$ —	
L. Previous Estimated Cost of Work and Fee Advance(from Item A of prior Invoice)	\$ —	
M. Net Amount Due this Invoice(Item A + Item K - Item L)	\$ —	
N. Texas Sales & Use Tax (Item N.1 + Item N.2)	\$ —	
N.1. Texas Sales Tax ((Item D + Item H) x 6.25%)	\$ —	
N.2. Texas Local Sales Tax ((Item D + Item H) x ____%)	\$ —	
	Current Amount Due:	
	(Item M + Item N)	\$

Contractor represents and certifies that (i) except as noted in this Invoice (including any attached documentation) for any reconciliation for the previous Invoice's Work items, the Work items described in or relating to the previous Invoice have been performed in full accordance with the Agreement, and Contractor incurred and earned, during the period for such Invoice, the estimated Cost of Work and Fee included in the previous Invoice, (ii) subject to any Excusable Delay, Contractor will perform the Work described in or relating to all Work items that are the subject of this Invoice in the Current Period, (iii) all quantities and prices in this Invoice or attached documentation are Contractor's good faith estimate as to the estimated Cost of Work and Fee for the Estimated Period, are appropriately substantiated by the attached documentation and are otherwise in accordance with the Agreement and the above referenced Work Order, (iv) Contractor is entitled to payment of the amount set forth as "**Current Amount Due**" in this Invoice, (v) attached to this Invoice is all previously un-submitted, original invoices from Subcontractors or any other suppliers or vendors showing original purchase costs for services and materials without markup, (vi) to the extent Contractor has been invoiced by any Subcontractor and the due date for payment by Contractor to such Subcontractor has occurred on or before the date of this Invoice, attached to this Invoice is a fully completed and executed Interim Lien and Claim Waiver from each such Subcontractor for all Work performed by such Subcontractor, (vii) the 30-Day look-ahead schedule attached to this Invoice for the estimation period shows Contractor's good faith estimate for performing its listed Work items during such period, (viii) all Subcontractors have been paid the monies due and payable for Work performed in accordance with the terms of such Subcontracts, except for amounts that are the subject of this Invoice or for such amounts that are in good faith dispute by Contractor, (ix) the Invoice, including the invoicing for any Change Orders, is "separated" for Texas sales and use tax purposes, and (x) this Invoice is signed by an authorized representative of Contractor.

CONTRACTOR

Signed: _____

Name: _____

Title: _____

Date: _____, 200__

CORPUS CHRISTI LNG RECEIVING, STORAGE AND REGASIFICATION TERMINAL

INVOICE NUMBER _____

INVOICE DATE _____, 200__

OWNER APPROVAL

AMOUNT APPROVED by Owner for Payment: U.S.\$ _____

OWNER

Signed: _____

Name: _____

Title: _____

Date: _____, 200__

The AMOUNT APPROVED by Owner is without prejudice to any rights of Owner under the Agreement.

Explanation is listed below or attached if the AMOUNT APPROVED is less than the amount requested by Contractor under this Invoice:

SCHEDULE I-2
FORM OF FINAL INVOICE

La Quinta LNG Partners, LP
c/o Zachry Construction Corporation
P.O. Box 240130
San Antonio, TX 78224-0130

Phone Number
210-475-8540

OWNER:
ATTN: ACCOUNTS PAYABLE
Corpus Christi LNG, LLC
717 Texas Avenue
Houston, Texas 77002

INVOICE NUMBER _____
INVOICE DATE _____
AGREEMENT DATE April 13, 2006
DUE DATE _____
TERMS Per Agreement

PROJECT NAME:
Preliminary EPC Work for Corpus Christi LNG Receiving,
Storage & Regasification Terminal
50 La Quinta Road
Portland, Texas 78374

This final Invoice covers Work for the above-referenced Work Order for the period from _____, 200_ to _____, 200_ (the **'Current Period'**) and adjusts and reconciles all prior Invoices, payments and Change Orders for such Work Order.

<u>DESCRIPTION OF WORK</u>	<u>THIS PERIOD</u>	<u>TO DATE</u>
Actual Cost of Work & Fee for Current Period:		
A. Engineering - Home Office Services	\$ —	
B. New Construction Labor Charges (Item B.1 + Item B.2)	\$ —	
B1. Contractor's New Construction Labor Charges	\$ —	
B2. Subcontractor's Labor and Other Charges (not including permanent material & Equipment)	\$ —	
C. New Construction Taxable Material Charges (Item C.1 + Item C.2)	\$ —	
C1. Contractor's New Construction Taxable Material Charges	\$ —	
C2. Subcontractor's taxable permanent material & Equipment (not including any labor charges)	\$ —	
D. New Construction Exempt Permanent Material & Equipment Charges (Item D.1 + Item D.2)	\$ —	
D.1. Contractor's New Construction Exempt Material Charges	\$ —	
D.2. Subcontractor's New Construction Exempt Material Charges		
E. Other Charges (includes construction supplies, sundries and sales/usetax paid by Contractor)	\$ —	
F. Construction Equipment Charges	\$ —	
G. Taxable Services Resold to Owner	\$ —	
H. Cost of Work Sub Total (Aggregate of Items A, B,C, D, E, F, and G above)	\$ —	
I. G&A/Fee Multiplier (Item H x 9.8%)	\$ —	
J. Actual Cost of Work & Fee for Current Period (Item H + Item I)	\$ —	
K. Previous Estimated Cost of Work and Fee Advance (from Item A of prior Invoice)	\$ —	
L. Net Amount Due this Invoice (Item A + Item J - Item K)	\$ —	
M. Adjustments to reconcile all previous Invoices, payments, withholdings, and offsets: (documentation for such adjustments to be attached)		
N. Texas Sales & Use Tax (Item N.1 + Item N.2)	\$ —	
N.1. Texas Sales Tax ((Item C + Item G) x 6.25%)		
N.2. Texas Local Sales Tax ((Item C + Item G) x ____%)		
	FINAL AMOUNT DUE: (Item L + Item M + Item N)	\$ —

Contractor represents and certifies that (i) all Work (except for that Work and obligations that survive the termination or expiration of the above Work Order or Agreement) for the above Work Order has been completely performed in accordance with the terms of the Agreement and such Work Order; (ii) all quantities and prices in this final Invoice or attachments are correct and in accordance with the Agreement and the above Work Order; (iii) fully completed and executed Final Lien and Claim Waivers from Contractor, and from all Subcontractors who performed Work under the above Work Order, as provided in Section 8.8 of the Agreement, are attached to this final Invoice; (iv) all documentation required to be delivered by Contractor to Owner under the Agreement and the above Work Order has been delivered to Owner; (v) all of Contractor's and Subcontractors' personnel, supplies, waste, materials, rubbish, and temporary facilities have been removed from the Site; (vi) all Subcontractors have been paid in accordance with the terms of their Subcontracts, except for amounts that are the subject of this final Invoice or amounts that are properly retained or withheld in accordance with the terms of such Subcontracts; (vii) all payrolls, Taxes, bill for Equipment, and any other indebtedness connected with the Work (excluding Corrective Work) have been paid, including Texas state and applicable local sales and use taxes which Contractor is required to pay under the Agreement; (viii) Contractor has completed all other obligations required under the Agreement or the above Work Order for completion of the Scope of Work under such Work Order; (ix) attached to this final Invoice is all documentation supporting Contractor's request for payment as required under the Agreement and the above Work Order, including a statement summarizing and reconciling all previous Invoices, payments and Change Orders for such Work Order and all previously un-submitted, original invoices from Subcontractors or any other suppliers or vendors showing original purchase costs for services and materials without markup; and (x) this final Invoice is signed by an authorized representative of Contractor.

CONTRACTOR

Signed: _____

Name: _____

Title: _____

Date: _____, 200__

CORPUS CHRISTI LNG RECEIVING, STORAGE AND REGASIFICATION TERMINAL

INVOICE NUMBER _____

INVOICE DATE _____, 200__

OWNER APPROVAL

AMOUNT APPROVED by Owner for Payment: U.S.\$ _____

OWNER

Signed: _____

Name: _____

Title: _____

Date: _____, 200__

The AMOUNT APPROVED by Owner is without prejudice to any rights of Owner under the Agreement.

Explanation is listed below or attached if the AMOUNT APPROVED is less than the amount requested by Contractor under this Invoice:

SCHEDULE J-1

CONTRACTOR'S INTERIM LIEN AND CLAIM WAIVER FOR WORK ORDER NO. _
(To be executed by Contractor with each Invoice other than the Invoice for final payment)

STATE OF TEXAS
COUNTY OF _____

The undersigned, La Quinta LNG Partners, LP ("Contractor"), has been engaged under contract with Corpus Christi LNG, LLC ("Owner"), for the preliminary engineering, design and construction of improvements known as the Corpus Christi LNG Receiving, Storage and Regasification Terminal (the "Facility"), which is located in San Patricio County and Nueces County, near Portland, Texas, and is more particularly described in Attachment E of the Engineering, Procurement and Construction Services Agreement for Preliminary Work for the Corpus Christi LNG Receiving, Storage and Regasification Terminal between Owner and Contractor, dated April 13, 2006 (the "Property").

Upon receipt of the sum of US\$ _____ (amount in Invoice submitted with this Contractor's Interim Lien and Claim Waiver), Contractor waives and releases any and all liens or claims of liens against the Facility and the Property and all claims, demands, actions, causes of actions or other rights at law, in contract, tort, equity or otherwise that Contractor has or may have against Owner through the date of _____, 20__ (date of the Invoice submitted with this Contractor's Interim Lien and Claim Waiver). Exceptions as follows:

(if no exception entry or "none" is entered above, Contractor shall be deemed not to have reserved any claim.)

Contractor represents that all Subcontractors and employees of Contractor have been paid for all work, materials, equipment, services, labor and any other items performed or provided through _____, 20__ (date of last prior Invoice) for the Facility. Exceptions as follows:

(if no exception entry or "none" is entered above, all such payments have been made)

This Contractor's Interim Lien and Claim Waiver is freely and voluntarily given and Contractor acknowledges and represents that it has fully reviewed the terms and conditions of this Contractor's Interim Lien and Claim Waiver, that it is fully informed with respect to the legal effect of this Contractor's Interim Lien and Claim Waiver, that it has voluntarily chosen to accept the terms and conditions of this Contractor's Interim Lien and Claim Waiver in return for the payment recited above.

FOR CONTRACTOR:

Applicable to Invoice(s) No. ____

Signed: _____

By: _____

Title: _____

Date: _____

AFFIDAVIT

On this __ day of _____, 20__, before me appeared the above-signed, known or identified to me personally, who, being first duly sworn, did say that s/he is the authorized representative of Contractor and that this document was signed under oath personally and on behalf of Contractor.

Notary Public

My term expires (date): _____

SCHEDULE J-2

SUBCONTRACTOR'S INTERIM LIEN AND CLAIM WAIVER FOR WORK ORDER NO. __

(To be executed by Subcontractor with each Invoice other than the Invoice for final payment)

STATE OF TEXAS
COUNTY OF _____

The undersigned, _____ ("Subcontractor") who has, under an agreement with La Quinta LNG Partners, LP ("Contractor"), furnished certain materials, equipment, services, and/or labor for the facility known as the Corpus Christi LNG Receiving, Storage and Regasification Terminal ("Facility"), which is located in San Patricio County and Nueces County near Portland, Texas and is more particularly described in Attachment E of the Engineering, Procurement and Construction Services Agreement for Preliminary Work for the Corpus Christi LNG Receiving, Storage and Regasification Terminal between Corpus Christi LNG, LLC ("Owner") and Contractor, dated April 13, 2006 (the "Property").

Upon receipt of the sum of US\$ _____ ("Current Payment"), Subcontractor waives and releases any and all liens or claims of liens against the Facility and the Property and all claims, demands, actions, causes of action or other rights at law, in contract, tort, equity or otherwise that Subcontractor has or may have against Owner and Contractor through the date of _____, 20__ ("Current Date") and reserving those rights and liens that Subcontractor might have in any retained amounts on account of materials, equipment, services and/or labor furnished by Subcontractor to or on account of Owner, Contractor or any other entity for the Facility. Exceptions as follows:

(if no exception entry or "none" is entered above, Subcontractor shall be deemed not to have reserved any claim.)

Subcontractor further represents that all employees, laborers, materialmen, subcontractors and subconsultants employed by Subcontractor in connection with the Facility have been paid for all work, materials, equipment, services, labor and any other items performed or provided through _____, 20__ (date of last prior invoice). Exceptions as follows:

(if no exception entry or "none" is entered above, all such payments have been made)

This Subcontractor's Interim Lien and Claim Waiver is freely and voluntarily given and Subcontractor acknowledges and represents that it has fully reviewed the terms and conditions of this Subcontractor's Interim Lien and Claim Waiver, that it is fully informed with respect to the legal effect of this Subcontractor's Interim Lien and Claim Waiver, that it has voluntarily chosen to accept the terms and conditions of this Subcontractor's Interim Lien and Claim Waiver in return for the payment recited above.

FOR SUBCONTRACTOR:
Applicable to Invoice(s) No. ____

Signed: _____
By: _____
Title: _____
Date: _____

AFFIDAVIT

On this __ day of _____, 20__, before me appeared the above-signed, known or identified to me personally, who, being first duly sworn, did say that s/he is the authorized representative of Subcontractor and that this document was signed under oath personally and on behalf of Subcontractor.

Notary Public
My term expires (date): _____

SCHEDULE J-3

CONTRACTOR'S FINAL LIEN AND CLAIM WAIVER FOR WORK ORDER NO. __

(To be executed by Contractor with the Invoice for final payment)

STATE OF TEXAS
COUNTY OF _____

The undersigned, La Quinta LNG Partners, LP ("Contractor"), has been engaged under contract with Corpus Christi LNG, LLC ("Owner"), for the engineering, procurement, construction, commissioning, start-up and testing of improvements known as the Corpus Christi LNG Receiving, Storage and Regasification Terminal ("Facility"), which is located in San Patricio County and Nueces County near Portland, Texas and is more particularly described in Attachment E of the Engineering, Procurement and Construction Services Agreement for Preliminary Work for the Corpus Christi LNG Receiving, Storage and Regasification Terminal between Owner and Contractor, dated April 13, 2006 (the "Property").

Upon receipt of the sum of US\$ _____ (amount in Invoice for final payment submitted with this Contractor's Final Lien and Claim Waiver), Contractor waives and releases all liens or claims of liens against the Facility and the Property and all claims, demands, actions, causes of actions or other rights at law, in contract, tort, equity or otherwise that Contractor has, may have had or may have in the future against Owner arising out of this Agreement or the Facility, whether or not known to Contractor at the time of the execution of this Contractor's Final Lien and Claim Waiver.

Contractor represents that all of its obligations, legal, equitable, or otherwise, relating to or arising out of the Agreement, Facility or Subcontracts have been fully satisfied (except for that Work and obligations that survive the termination or expiration of the Agreement, including Warranties and correction of Defective Work), including, but not limited to payment to Subcontractors and employees and payment of Taxes:

This Contractor's Final Lien and Claim Waiver is freely and voluntarily given, and Contractor acknowledges and represents that it has fully reviewed the terms and conditions of this Contractor's Final Lien and Claim Waiver, that it is fully informed with respect to the legal effect of this Contractor's Final Lien and Claim Waiver, and that it has voluntarily chosen to accept the terms and conditions of this Contractor's Final Lien and Claim Waiver in return for the payment recited above. Contractor understands, agrees and acknowledges that, upon payment, this document waives rights unconditionally and is fully enforceable to extinguish all claims of Contractor as of the date of execution of this document by Contractor.

FOR CONTRACTOR:

Applicable to Invoice No(s): ALL (If all, print "all")

Signed: _____
By: _____
Title: _____
Date: _____

AFFIDAVIT

On this __ day of _____, 20__, before me appeared the above-signed, known or identified to me personally, who, being first duly sworn, did say that s/he is the authorized representative of Contractor and that this document was signed under oath personally and on behalf of Contractor.

Notary Public
My term expires (date): _____

SCHEDULE J-4

SUBCONTRACTOR'S FINAL LIEN AND CLAIM WAIVER FOR WORK ORDER NO. _

(To be executed by Subcontractor with the Invoice for final payment)

STATE OF TEXAS
COUNTY OF _____

The undersigned, _____ ("Subcontractor"), has, under an agreement with La Quinta LNG Partners, LP ("Contractor"), furnished certain materials, equipment, services, and/or labor for the facility known as the Corpus Christi LNG Receiving, Storage and Regasification Terminal ("Facility"), which is located in San Patricio County and Nueces County near Portland, Texas, and is more particularly described in Attachment E of the Engineering, Procurement and Construction Services Agreement for Preliminary Work for the Corpus Christi LNG Receiving, Storage and Regasification Terminal between Corpus Christi LNG, LLC ("Owner") and Contractor, dated April 13, 2006 (the "Property").

Upon receipt of the sum of US\$ _____, Subcontractor waives and releases any and all liens or claims of liens against the Facility and the Property, all claims, demands, actions, causes of action or other rights at law, in contract, tort, equity or otherwise against Owner or Contractor, and any and all claims or rights against any labor and/or material bond, which Subcontractor has, may have had or may have in the future arising out of the agreement between Subcontractor and Contractor or the Facility, whether or not known to Subcontractor at the time of the execution of this Subcontractor's Final Lien and Claim Waiver.

Subcontractor represents that all of its obligations, legal, equitable, or otherwise, relating to or arising out of the agreement between Contractor and Subcontractor, the Facility or subcontracts have been fully satisfied (except for that work and obligations that survive the termination or expiration of the agreement between Subcontractor and Contractor, including warranties and correction of defective work), including, but not limited to payment to sub-subcontractors and employees of Subcontractor and payment of taxes:

This Subcontractor's Final Lien and Claim Waiver is freely and voluntarily given and Subcontractor acknowledges and represents that it has fully reviewed the terms and conditions of this Subcontractor's Final Lien and Claim Waiver, that it is fully informed with respect to the legal effect of this Subcontractor's Final Lien and Claim Waiver, and that it has voluntarily chosen to accept the terms and conditions of this Subcontractor's Final Lien and Claim Waiver in return for the payment recited above. Subcontractor understands, agrees and acknowledges that, upon payment, this document waives rights unconditionally and is fully enforceable to extinguish all claims of Subcontractor as of the date of execution of this document by Subcontractor.

FOR SUBCONTRACTOR:

Applicable to Invoice No(s). ALL (If all, print "all")

Signed: _____
By: _____
Title: _____
Date: _____

AFFIDAVIT

On this __ day of _____, 20__, before me appeared the above-signed, known or identified to me personally, who, being first duly sworn, did say that s/he is the authorized representative of Subcontractor and that this document was signed under oath personally and on behalf of Subcontractor.

Notary Public
My term expires (date): _____

ATTACHMENT K

OWNER-PROVIDED ITEMS AND RESPONSIBILITY

1. Owner Supplied Data

The following data, information, and documents listed below shall be provided by Owner on or before the dates listed below. Refer to Attachment M or the applicable Work Order for other data, information, and documents to be provided by Owner.

<u>Description of Data/Information/Documents Provided</u>	<u>Date Provided or to be Provided</u>
Application for Authorization to Site Construct and Operate Liquefied Natural Gas Import Terminal Facilities, pursuant to Section 3(a) of the Natural Gas Act and Parts 153 and 380, Docket No. CP04-37 et al, filed by Owner with the FERC on December 23, 2003 (the "FERC Application"), including responses to subsequent data requests in connection with the FERC Application.	Previously provided to Contractor.
Final Environmental Impact Statement, FERC Docket No. CP04-37 et al, dated March, 2005	Previously provided to Contractor.
FERC Authorization to Commence Initial Construction, dated December 16, 2005	Previously provided to Contractor.
Site Description	Document CC-E-PM-DBS-002, "Site Description" and documents referenced therein, previously provided to Contractor. Also refer to <u>Attachment E</u> , Site Description.
Owner Supplied Permits listed in <u>Schedule B-2</u>	In accordance with the date specified under the "Date Required" column in <u>Schedule B-2</u> .

2. Owner Supplied Equipment, Items, and Services

The following equipment, components, and personnel shall be supplied by Owner on or before the dates listed below in accordance with Attachment M or the terms of the applicable Work Order. Contractor shall provide reasonable support and assistance to the Owner in accordance with the Agreement (including, where applicable, access to Site).

Description of Equipment/Components/Personnel Supplied

Provide all work associated with overall program management among other contractors working directly for Owner and not in Contractor Group (“**Owner’s Suppliers**”), including Owner’s Suppliers for the export gas pipeline, wetland mitigation, permitting agencies, Owner consultants, and Owner’s activities.

Wetlands mitigation to be performed on or off the Site.

Provide vehicles for Owner’s own use.

**Date Supplied
or to be Supplied**

Ongoing requirement under the terms of the Agreement.

In accordance with the mitigation plan filed with the USACE.

As determined by Owner.

SCHEDULE L-1

CONTRACTOR ACQUIRED INSURANCE

1. Contractor Insurance. Contractor shall obtain and maintain insurance of the type and in the limits as set forth below on an “occurrence” basis (unless otherwise expressly permitted herein). All insurance shall be denominated in United States Dollars. Except as otherwise provided herein or as may otherwise be mutually agreed in writing between Owner and Contractor, such insurance shall be effective no later than Contractor’s mobilization to the Site pursuant to this Agreement and shall remain in place until the completion of all Work under this Agreement.
 - (a) Automobile liability insurance covering all owned, non-owned, and hired vehicles for all of Contractor’s operations both on and off the Site, with a limit of \$2,000,000 combined single limit per accident for bodily injury and property damage.
 - (b) (i) Workers’ compensation insurance covering permanent and temporary employees of Contractor for statutory benefits limits of the applicable labor code(s) and workers’ compensation law(s) in each state where the Work is performed, and (ii) Coverage B-employer’s liability with limits of \$1,000,000 each accident for bodily injury by accident, \$1,000,000 each employee for bodily injury by disease, and \$1,000,000 policy limit for bodily injury by disease. Such insurance shall be endorsed to include US Longshoreman’s and Harbor Works Act, Maritime Employer’s Liability, In Rem ,Jones Act and Other States coverage as applicable, and shall include an alternate employer endorsement.
 - (c) Project-specific commercial general liability insurance on an ISO form or the equivalent thereof on at least as broad as the ISO form, including the insured’s legal liability arising out of the operations of Subcontractors of any tier, with a limit of \$1,000,000 each occurrence and \$2,000,000 annual aggregate. Aggregate limits shall apply on a per project basis. Coverage shall include, but not be limited to, bodily injury, death, property damage, personal injury, blanket contractual, explosion, collapse and underground damage, independent contractors, and products/completed operations coverage for at least five (5) years after the completion of all Work under this Agreement. The coverage provided shall include marine liability related to “wet works” operations performed by or on behalf of Contractor under this Agreement, including liability arising out of any watercraft that is owned, leased, rented or chartered by Contractor.
 - (d) Project-specific umbrella/excess liability insurance coverage providing excess general liability, automobile liability and employer’s liability on a following form basis with limits of \$10,000,000 each occurrence and aggregate in excess of underlying coverage.

-
- (e) Project-specific contractor's pollution liability insurance with a limit of \$25,000,000 each occurrence and \$25,000,000 aggregate, which may be on an "occurrence" or "claims-made" basis.
 - (f) If applicable, railroad protective liability insurance in such limits and as required by any railroad entity in connection of Work under this Agreement by Contractor on or adjacent to railroad property.
 - (g) If applicable, aircraft liability insurance with a limit of \$10,000,000 per occurrence providing coverage for bodily injury and property damage and shall cover aircraft that is owned, leased, rented or chartered by Contractor. The policy shall include coverage for passengers and crew, cover all owned and non-owned aircraft, and be endorsed to provide a voluntary settlement.
 - (h) Contractor's equipment insurance covering all Construction Equipment. Contractor may at its option self-insure such Construction Equipment.
 - (i) Hull and machinery insurance shall be provided by Contractor if applicable and shall cover any watercraft that is owned, leased, rented or chartered by Contractor. If not provided for the insurance policies in Section 1 (c) and (d) of this Schedule L-1, this policy shall include collision liability and tower's liability with sister-ship clause un-amended. All "as owner" and "other than owner" clauses shall be deleted, and navigational limitations shall be adequate for Contractor to perform the specified Work. Limits for hull shall be the fair market value of each vessel.
 - (j) Project-specific builder's risk insurance, written on an "all risks" type form and insuring the Work (including Equipment) intended to be permanently incorporated into the Facility against physical loss or physical damage, including coverage for the risks of fire, lightning, windstorm, hail, riot, riot attending a strike, civil commotion, aircraft, vehicle, smoke, explosion, vandalism, malicious mischief, damage to glass, theft, flood, earthquake (including sinkhole) and loss or damage resulting from design error, faulty workmanship and defective materials (minimum LEG 2/96 or its equivalent, or to the extent reasonably commercially available for the Project, LEG 3/96 or its equivalent), all of which are subject to form exclusions and conditions. Coverage shall apply to such Equipment and Work while it is located at the Site or at temporary off-Site storage or staging areas approved by Owner, or while in land-based or inland marine transit to the Site within the continental United States. Limits under this insurance shall not be less than the one hundred percent (100%) of the replacement value of the Facility for physical loss and physical damage to the Work, but with sublimits provided for windstorm, flood, earthquake, strikes, riots and civil commotion. Subject to form exclusions and conditions, coverage shall include extra and expediting expenses related to an insured loss, Contractor, its Subcontractors, and Owner Group shall be named insureds under this policy, and a waiver of subrogation shall be provided in the policy in favor of Contractor, its Subcontractors, Owner Group and Lender.

2. Subcontractor Insurance.

- (a) All Subcontractors (excluding only Non-Eligible Subcontractors) shall be covered by the project-specific commercial general liability policy and the umbrella/excess liability policy procured by Contractor. “*Non-eligible Subcontractors*” are: (i) Subcontractors having Subcontracts involving asbestos abatement, lead abatement or any environmental remediation; (ii) vendors that fabricate or manufacture products, materials or supplies off the Site and who do not perform Work at the Site; (iii) vendors or the drivers of any of them while they are unloading at the Site; and (iv) others for which eligibility or non-eligibility shall be determined at the discretion of Contractor and/or the insurer.
- (b) Contractor shall ensure that all Subcontractors shall be covered by workers’ compensation, employer’s liability, automobile liability, and, as applicable, aircraft, hull and machinery, project-specific pollution, railroad protective liability and equipment insurance policies provided by Contractor pursuant to this Agreement, or by insurance procured by a Subcontractor. If a Subcontractor procures any such policies, such policies shall be in such forms and limits as deemed appropriate by Contractor and in accordance with reasonably prudent business practices. In addition, with respect to Non-eligible Subcontractors, Contractor shall ensure that each such Non-eligible Subcontractor be covered by commercial general liability and umbrella/excess liability insurance provided by such Non-Eligible Subcontractor in such forms and limits as deemed appropriate by Contractor and in accordance with reasonably prudent business practices.

3. Named Insured and Additional Insured.

- (a) Project-Specific Commercial General Liability and Umbrella/Excess Liability Policies. The project-specific commercial general liability and umbrella/excess liability insurance shall include as “named insureds” Contractor Group, Owner Group, and all Subcontractors (other than Non-Eligible Subcontractors). Reynolds Metals Company, Sherwin Alumina, L.P., Gulf South Pipeline Company, L.P. and Crosstex Energy Services, L.P., its agents, officers, directors, employees, subsidiaries, and affiliates shall be additional insureds under these project-specific policies for liability arising out of the Project. For the avoidance of doubt, subject to policy terms and conditions, these project-specific policies shall cover all of the activities of Contractor Group and Owner Group to the extent such activities relate to the Project and are in the U.S., its possessions or territories, Puerto Rico or Canada.
- (b) Project-Specific Builder’s Risk Insurance. The requirements for “named insured” for the project-specific builder’s risk insurance is specified above.
- (c) Other Contractor-Provided Insurance. All insurance policies (other than the project-specific commercial general liability, project-specific umbrella/excess liability, project-specific builder’s risk, workers’ compensation/employers’

liability and contractor's pollution liability insurance) provided by Contractor pursuant to this Agreement shall include as additional insureds Owner Group, to the extent of Contractor's indemnity obligations assumed under the Agreement.

- (d) Subcontractor-Provided Insurance. Except for worker's compensation insurance, Contractor shall make all commercially reasonable efforts to ensure that all insurance policies provided by any Subcontractor pursuant to the requirements of this Agreement shall include a waiver of subrogation in favor of, and as additional insureds, Owner Group. IF CONTRACTOR FAILS TO OBTAIN A WAIVER OF SUBROGATION OR ADDITIONAL INSURED STATUS IN FAVOR ANY MEMBER OF THE OWNER GROUP FROM ANY SUBCONTRACTOR, OR SUBCONTRACTOR'S INSURANCE(S) ARE DEFICIENT IN ANY WAY, AND A MEMBER OF THE OWNER GROUP SUFFERS DAMAGES AS A RESULT OF SUCH FAILURE, THEN CONTRACTOR SHALL INDEMNIFY, DEFEND AND HOLD SUCH MEMBER OF THE OWNER GROUP HARMLESS FROM SUCH DAMAGES.
4. Waiver of Subrogation. All policies of insurance required to be provided by Contractor under this Agreement shall include clauses providing that each underwriter shall waive its rights of recovery, under subrogation or otherwise, against Owner Group.
5. Miscellaneous. Any Named Insured shall do nothing to void or make voidable any of the insurance policies purchased and maintained by Contractor hereunder. Named Insureds shall promptly give Contractor notice in writing of the occurrence of any casualty, claim, event, circumstance, or occurrence that Contractor does not know of which may give rise to a claim under an insurance policy under this Schedule L-1 and arising out of or relating to the performance of the Work; *provided, however*, in no event shall such notice be more than three (3) Days after Named Insured has received notice of a claim or intent to file a claim. In addition, Named Insured shall ensure that Contractor is kept fully informed of any subsequent action and developments concerning the same and assist in the investigation of any such casualty, claim, event, circumstance or occurrence that may have a material impact on any Named Insured's party ability to meet any obligations under the Agreement.
6. Instructions for Certificate of Insurance. Contractor's certificate of insurance form, completed by Contractor's insurance agent, broker or underwriter, shall reflect the recognition of named insured status, additional insured status, waivers of subrogation, and primary insurance requirements contained in this Attachment L and elsewhere in the Agreement.
7. Certificate of Insurance Requirements. On or before the Work Order Effective Date, Contractor shall deliver to Owner certificates of insurance reflecting all of the insurance required of Contractor under this Agreement; *provided that*, upon Owner's written request, Contractor shall deliver certificates of insurance for any insurance provided by any Subcontractor. All certificates of insurance and associated notices and correspondence concerning such insurance shall be addressed to the contact information listed in the Agreement for notices, plus the following: (i) Corpus Christi LNG, LLC, Attn: Graham McArthur, 717 Texas Avenue, Suite 3100, Houston, Texas 77002,

Facsimile (713) 659-5459. In addition, each such certificate of insurance shall include the following language:

With respect to the project-specific commercial general liability and project-specific umbrella/excess liability policies provided by Contractor pursuant to 1(c) and (d) :

“Named Insured: Corpus Christi LNG, LLC, La Quinta LNG, LP, all Subcontractors (excluding only Non-Eligible Subcontractors), and each of their respective subsidiaries, affiliates, partners, co-venturers, agents, officers, directors and employees as Named Insureds.”

“Except for the worker’s compensation, employer’s liability and pollution liability insurance required to be provided by Owner under Schedule L-2, the insurance policies of Contractor and its Subcontractors shall be primary to, and not excess or contributory with, any other insurance or self-insurance available to and provided by the Owner Group.”

With respect to the project-specific commercial general liability and project-specific umbrella/excess liability policies provided by Contractor pursuant to 1(c) and (d) :

“Additional Insured: Reynolds Metals Company, Sherwin Alumina, L.P., Gulf South Pipeline Company, L.P., Crosstex Energy Services, L.P., and each of their respective subsidiaries, affiliates, partners, co-venturers, agents, officers, directors and employees named as Additional Insureds and other parties required under contract with any member of Owner Group (as defined under the Agreement between Contractor and Owner) which may arise during the course of this Agreement, to the extent of the Named Insureds indemnity obligations under that contract. The coverage afforded the Additional Insureds under these policies shall be primary insurance. If the Additional Insured has other insurance which is applicable to a loss or claim, such other insurance shall be on an excess or contingent basis.”

“Waiver of subrogation in favor of Additional Insureds as respects all policies required hereunder.”

With respect to all other insurance provided by Contractor under this Agreement (other than workers’ compensation/employer’s liability and project-specific builder’s risk):

“Additional Insured: Corpus Christi LNG, LLC and each of their respective subsidiaries, affiliates, partners, co-venturers, agents, officers, directors and employees as Additional Insureds, to the extent of Contractor’s indemnification obligations under the Agreement.”

“Waiver of subrogation in favor of Additional Insureds as respects all policies required hereunder.”

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8. Deductibles: 1) If and to the extent Owner indemnifies Contractor under the Agreement, 2) if and to the extent of Owner's negligence, willful misconduct or gross negligence (unless Contractor otherwise indemnifies Owner under this Agreement), or 3) for other claims against Owner for which Contractor is not responsible under this Agreement, then Owner shall be responsible for deductible amounts under Contractor provided insurance pursuant to this Schedule L-1. Otherwise, as between Owner and Contractor, Contractor shall bear the costs of all deductibles provided by Contractor under this Agreement, and Contractor or its Subcontractors shall bear the cost of all deductibles provided by Contractor's Subcontractors under this Agreement.
 9. Lender Requirements: Contractor agrees to cooperate with Owner as to any changes in or additions to the foregoing insurance provisions made necessary by requirements imposed by Lender (including additional insured status, notice of cancellation, certificates of insurance), *provided that* any resulting costs of increased coverage shall be reimbursable by Owner and provided further that no such requirements shall materially adversely affect Contractor's risk exposure. All policies of insurance required to be maintained pursuant to this Attachment L shall contain terms and conditions reasonably acceptable to Owner after consultation with Lender.

SCHEDULE L-2

OWNER ACQUIRED INSURANCE

1. Insurance Coverage Required of Owner.

- (a) Policies. Owner shall provide and maintain in full force and effect at all times commencing on the later of (i) the first date any of the Work is performed at the Site or (ii) May 1, 2006, and ending upon the completion of all Work under this Agreement, with coverage at levels not less than the minimums indicated and shall provide to Contractor certificates evidencing such coverages, or, if requested by Contractor, copies of applicable policies:
- (1) Automobile liability insurance covering owned, non-owned and hired automobiles for a limit of \$1,000,000 combined single limit per accident for bodily injury and property damage.
 - (2) (i) Workers' compensation insurance covering permanent and temporary employees with statutory limits, (ii) employer's liability insurance with limits of not less than \$1,000,000 per occurrence and (iii) to the extent that exposure exists, US Longshoremen's and Harbor Workers Act and Jones Act (maritime) coverage or under laws, regulations and statutes applicable to maritime employees, coverage shall be included for such injuries or claims.
 - (3) Pollution legal liability insurance with a limit of \$10,000,000 each occurrence and \$10,000,000 aggregate.
- (b) Endorsements. The insurance policies required in Section 1(a) above shall be endorsed to provide that:
- (1) For the insurance required in clauses (1) and (3) of Section 1(a) above, Contractor Group (as such term is defined this Agreement) are named as an additional insured but only to the extent of Owner's indemnification obligations to Contractor under this Agreement, with such coverage being primary to any insurance carried by the additional insured; and
 - (2) There is a waiver of subrogation clause on each of the policies described in clauses (1) and (3) of Section 1(a) above in favor of Contractor Group to the extent of Owner's indemnity obligations under this Agreement.
- (c) Miscellaneous. Owner shall do nothing to void or make voidable any of the insurance policies purchased and maintained by Owner hereunder. Owner shall promptly give Contractor notice in writing of the occurrence of any casualty, claim, event, circumstance, or occurrence that may give rise to a claim under an insurance policy under this Schedule L-2 and arising out of or relating to the performance of the Work; *provided, however*, in no event shall such notice be more than three (3) Days after Owner has received notice of a claim or intent to file a claim. In addition, Owner shall ensure that Contractor is kept fully informed of any subsequent action and developments concerning the same.

SCHEDULE L-3

GENERAL INSURANCE PROVISIONS

Contractor shall cause the insurance to be obtained under Schedule L-1, and Owner shall cause the insurance to be obtained under Schedule L-2, to satisfy the following provisions and requirements.

1. All insurance required by this Agreement shall be purchased from insurance companies having a minimum rating of A- IX by A.M. Best & Company or its equivalent (or as otherwise mutually agreed in writing between Owner and Contractor) by reputable rating agencies such as Standard and Poors and, to the extent required by Applicable Law, which are authorized to do business in the State of Texas. Certified, true and exact copies of the project-specific insurance policies required of Contractor in Schedule L-1 shall be provided to Owner upon Owner's request.
2. Thirty (30) Days' written notice shall be given to Owner and Contractor of any cancellation, intent not to renew, or reduction in the policies' coverage, except in the application of the aggregate limit provisions, ten (10) Days' notice for non-payment of premium. In the event of notice of cancellation due to non-payment of premium by either Party, the other Party shall have the right (but not the obligation) to make payments in order to keep insurance in force.
3. With respect to the insurance required of Owner by Schedule L-2, Owner shall furnish Contractor with a certificate(s) of insurance giving evidence of such insurance on or before the dates by when Owner is required to have obtained such insurance.
4. Additionally, each Party shall furnish a certificate(s) of insurance to the other Party evidencing replacement coverage fifteen (15) Days prior to expiration of any such policies.
5. The acceptance of delivery of any certificates of insurance or certified insurance policies required to be purchased and maintained pursuant to this Agreement does not constitute approval or agreement by the recipient that the insurance requirements have been met or that those certificates of insurance or insurance policies are in compliance with this Agreement.
6. Subject to Contractor's agreement, Owner may request at any time during the term of this Agreement that Contractor procure and maintain other or additional insurance. Notice of such election shall be given at least ninety (90) Days prior to the effective date of the required date for Contractor's procurement of other or additional insurance. Contractor shall be compensated for the amount of the increased or additional premiums incurred to obtain such insurance.
7. The types and limits of insurance provided by Contractor or its Subcontractor shall not in any way limit any of Contractor's responsibilities or liabilities under this Agreement. The types and limits of insurance provided by Owner shall not in any way limit any of Owner's responsibilities under this Agreement.

ATTACHMENT M
WORK ORDER NO. 1

CORPUS CHRISTI LNG, LLC

Work Order No. 1

Work Order Effective Date: _____

Pursuant to the Engineering, Procurement and Construction Services Agreement for Preliminary Work for the Corpus Christi LNG Receiving, Storage and Regasification Terminal entered into between Corpus Christi LNG, LLC ("Owner") and La Quinta LNG Partners, LP ("Contractor") effective on April 13, 2006 ("Agreement"), Contractor is hereby requested to perform the following Work on the following terms:

1. Scope of Work and Design Basis:

The Scope of Work under this Work Order is to release a selected portion of the entire Scope of Work of the Agreement as described in Attachment A to the Agreement. Items to be released include:

Management and Supervision

- Contractor to provide management and supervision appropriate for the Scope of Work of this Work Order.

Engineering

- Contractor to commence detailed design of the Facility in accordance with the Design Basis in Schedule A-2.

Procurement

- Contractor shall procure materials for the initial first mile of the Corpus Christi LNG Pipeline as described in Attachment A and perform pre-procurement tasks to prepare for long lead item purchase orders.

Construction

- All Work on Rights of Way and Easements shall be in accordance with the applicable Rights of Way and Easement Agreement and the applicable Schedule referenced in Attachment E to the Agreement. Contractor to commence initial construction Work as follows:
 1. Obtain the Permits required to be procured by Contractor in accordance with the Agreement and necessary to commence construction Work;
 2. Establish temporary infrastructure, including trailers, power, phones, water, parking, laydown, Site roads, etc.;
 3. Establish Site grade on Owner's property; and

4. Install necessary security fencing.
- Contractor shall not perform the following portions of the Work under this Work Order:
 1. New construction and demolition of the SAC feeders and raw water piping;
 2. Completing the haul road from the borrow pit;
 3. Installing the new SAC dock access road;
 4. Cleaning the La Quinta ditch;
 5. New construction and demolition of the CrossTex pipeline;
 6. Demolishing the on-shore portion of the CrossTex pipeline on SAC property;
 7. Opening of the borrow pit;
 8. Connecting to upgraded incoming electrical power service; and
 9. New construction and demolition of Gulf South pipeline.

Supporting Documentation for this Work Order:

- Schedule A-1 Scope of Work under the Agreement
- Schedule A-2 Design Basis
- Attachment E Site Description, including the following Schedules referenced and incorporated therein:
 - Schedule 003, CCLNG Property, Doc. No. CC-E-PM-DBS-003
 - Schedule 004, CCLNG to RMC, Doc. No. CC-E-PM-DBS-004
 - Schedule 005, RMC to CCLNG, Doc. No. CC-E-PM-DBS-005
 - Schedule 007, Sherwin to CCLNG, Doc. No. CC-E-PM-DBS-007

2. Contractor Deliverables:

See attached Schedule A-3 – Contractor’s Deliverables

3. Maximum Compensation Under Work Order:

Contractor’s Cost of Work and Fee shall be computed in accordance with the rates and terms within Attachment C. Owner’s maximum liability for the payment of Fee and Cost of Work under this Work Order shall not exceed Thirty Million U.S. Dollars (U.S.\$30,000,000), unless modified by Change Order.

4. Work Schedule:

Except as expressly provided herein to the contrary or as directed by Owner in writing, Contractor shall promptly commence the Work under this Work Order after the Work Order Effective Date. Contractor shall use all commercially reasonable efforts to complete the Work under this Work Order by November 1, 2006. See Pre-EPC Schedule Activities, Run Date 10 April 2006.

5. Information and Items to be provided by Owner:

- Access to the portions of the Site necessary to perform the above Work;*provided*

that, in no instance shall Contractor have access to any portion of the Site in which Owner does not have an executed Right of Way and Easement Agreement

- The following Schedules referenced in Attachment E:
 - Schedule 003, CCLNG Property, Doc. No. CC-E-PM-DBS-003
 - Schedule 004, CCLNG to RMC, Doc. No. CC-E-PM-DBS-004
 - Schedule 005, RMS to CCLNG, Doc. No. CC-E-PM-DBS-005
 - Schedule 007, Sherwin to CCLNG, Doc. No. CC-E-PM-DBS-007

6. Applicable Codes and Standards:

In addition to the requirements of the Agreement, the Applicable Codes and Standards for this Work Order are specified in Schedule A-1.

7. Areas of the Site with Hazardous Materials Potentially Present:

Contractor is hereby advised that Hazardous Materials (the "Arsenic Plume") may be present on that portion of the Site as described in Schedule 003, CCLNG Property, Doc. No. CC-E-PM-DBS-003. Contractor shall conform to the requirements of the Plume Management Zone as described in the Deed Notice and Restrictive Covenant, and all other requirements as stated in Doc. No. CC-E-PM-DBS-003.

8. Tax Exempt Equipment:

Attached hereto are those items of Equipment to be permanently installed at the Facility in which Owner intends to claim a manufacturing, pollution control or other applicable exemption from the payment of Texas state and applicable local sales and use taxes.

This Work Order is governed by the terms of the Agreement. Please indicate your concurrence by signing below in the space provided.

Sincerely,

Corpus Christi LNG, LLC

Name

Title

Agreed and Accepted:

LA QUINTA LNG PARTNERS, LP

By: Zachry Construction Corporation and AMEC E&C Service, Inc., signed in their capacity as the general partners of La Quinta LNG Partners, LP and in their individual capacities for their joint and several liability obligations under Section 20.21 of the Agreement.

ZACHRY CONSTRUCTION CORPORATION

Name

Title

AMEC E&C SERVICES, INC.

Name

Title

ATTACHMENT N

FORM OF WORK ORDER

CORPUS CHRISTI LNG, LLC

Work Order No. _____

Work Order Effective Date: _____

Pursuant to the Engineering, Procurement and Construction Services Agreement for Preliminary Work for the Corpus Christi LNG Receiving, Storage and Regasification Terminal entered into between Corpus Christi LNG, LLC ("Owner") and La Quinta LNG Partners, LP ("Contractor") effective on April 13, 2006 ("Agreement"), Contractor is hereby requested to perform the following Work on the following terms:

1. Scope of Work and Design Basis:

2. Contractor Deliverables:

3. Maximum Compensation Under Work Order:

Contractor's Cost of Work and Fee shall be computed in accordance with the rates and terms within Attachment C. Owner's maximum liability for the payment of Fee and Cost of Work under this Work Order shall not exceed [] U.S. Dollars (U.S.\$ _____), unless modified by Change Order.

4. Work Schedule:

Except as expressly provided herein or as directed by Owner in writing, Contractor shall promptly commence the Work under this Work Order after the Work Order Effective Date.

Contractor shall use all commercially reasonable efforts to complete the Work under this Work Order by _____, 200__.

5. Information and Items to be provided by Owner:

6. Applicable Codes and Standards:

7. Areas of the Site with Hazardous Materials Possibly Present:

Attached hereto is a description of areas of the Site, if any, in which Work is to be conducted under this Work Order, where Hazardous Materials may be present. Contractor shall perform Work in such identified areas in accordance with the Agreement and the terms of this Work Order.

8. Tax Exempt Equipment:

Attached hereto are those items of Equipment to be permanently installed at the Facility

in which Owner intends to claim a manufacturing, pollution control or other applicable exemption from state and applicable local sales and use taxes.

This Work Order is governed by the terms of the Agreement. Please indicate your concurrence by signing below in the space provided.

Sincerely,

Corpus Christi LNG, LLC

Name

Title

Agreed and Accepted:

LA QUINTA LNG PARTNERS, LP

By: Zachry Construction Corporation and AMEC E&C Services, Inc.,
signed in their capacity as the general partners of La Quinta LNG Partners,
LP and in their individual capacities for their joint and several liability
obligations under Section 20.21 of the Agreement.

ZACHRY CONSTRUCTION CORPORATION

Name

Title

AMEC E&C SERVICES, INC.

Name

Title

SCHEDULE D-1

CHANGE ORDER FORM

PROJECT NAME: Sabine Pass LNG Receiving, Storage and Regasification Terminal**CHANGE ORDER NUMBER:** SP/BE- 028**OWNER:** Sabine Pass LNG, L.P.**DATE OF CHANGE ORDER:** March 30, 2006**CONTRACTOR:** Bechtel Corporation**Control Building and Bundle of Miscellaneous Changes No. 2****DATE OF AGREEMENT:** December 18, 2004**The Agreement between the Parties listed above is changed as follows:****Increase the size and make the following changes to the Control Building:**

1. Extend the second floor outside walkway/platform from two sides to four sides- to wrap completely around the Control Building.
2. Increase the area of the Control Building by 1,499 sq. ft. to (1) add operations office spaces and (2) increase the size of the meeting room.
3. Increase the area of the telecom room by 180 sq. ft.
4. Add an 18' window between meeting room and control room on second floor
5. Add 2 Access doors on second floor with key card readers

Bundle of Miscellaneous Changes No. 2:

6. Miscellaneous Instrument Changes to Atlas Copco Vapor Return Blowers:
 - a. Replace the Siemens Programmable Logic Controller (PLC) with an Allen Bradley Micrologix 1200 PLC.
 - b. Connect temperature probes to Bentley Nevada 3500 monitor rather than directly to PLC.
 - c. Provide Control Logix with RS Logix in lieu of SLC 5/04.
 - d. Add three (3) proximity probes and six (6) Remote Temperature Devices.
7. Gate House Modifications:
 - a. Enclosure of the bottom level of Gatehouse with breakaway walls/windows and electrical drops from upper floor.
 - b. Moving the stairway to the inside of the building.

Reference the following attached documents:

- 1) Estimate for Control Bldg Scope Changes Rev 4 (T-0104)
- 2) Payment Milestones (Revised) Bundle Change Order # 2 (17 Mar'06)
- 3) Drawing SK-02-101 and 101A (Rev P2)(Control Building-Planned)
- 4) Drawings A1-4A1-00001, 00002 and 00003 (Rev 00A)(Control Building-As Changed)
- 5) Estimate-Bundle Change Order for 1) Misc. Instrument Changes and 2) Gate House Modifications (T-0097) (3 pages)
- 6) Drawing SK-02-108, Rev. P2 (Gate House- Planned)
- 7) Drawings A-4B1-00011 and 00013, both Rev. 00A (Gate House As Changed)

SCHEDULE D-1

CHANGE ORDER FORM

PROJECT NAME: Sabine Pass LNG Receiving, Storage and Regasification Terminal

CHANGE ORDER NUMBER: SP/BE- 028

OWNER: Sabine Pass LNG, L.P.

DATE OF CHANGE ORDER: March 30, 2006

CONTRACTOR: Bechtel Corporation

Control Building and Bundle of Miscellaneous Changes No. 2

DATE OF AGREEMENT: December 18, 2004

Adjustment to Contract Price

The original Contract Price was	\$ 646,936,000
Net change by previously authorized Change Orders (#SP/BE-002 thru 0027)	\$ 64,844,608
The Contract Price prior to this Change Order was	\$ 711,780,608
The Contract Price will be increased by this Change Order in the amount of	\$ 962,333
The new Contract Price including this Change Order will be	\$ 712,742,941

Adjustment to dates in Project Schedule

The following dates are modified:

The Target Bonus Date will be unchanged.

The Target Bonus Date as of the date of this Change Order therefore is 1,095 Days following the NTP.

The Guaranteed Substantial Completion Date will be unchanged.

The Guaranteed Substantial Completion Date as of the date of this Change Order therefore is 1247 days following NTP.

Adjustment to other Changed Criteria: Not Applicable

Adjustment to Payment Schedule: See attached "Payment Milestone- Control Building Size Increase (T-0104).

Adjustment to Minimum Acceptance Criteria: No Change

Adjustment to Performance Guarantees: No Change

Adjustment to Design Basis: No Change.

Other adjustments to liability or obligation of Contractor or Owner under the Agreement: No Change

This Change Order shall constitute a full and final settlement and accord and satisfaction of all effects of the change as described in this Change Order upon the Changed Criteria and shall be deemed to compensate Contractor fully for such change.

Upon execution of this Change Order by Owner and Contractor, the above-referenced change shall become a valid and binding part of the original Agreement without exception or qualification, unless noted in this Change Order. Except as modified by this and any previously issued Change Orders, all other terms and conditions of the Agreement shall remain in full force and effect. This Change Order is executed by each of the Parties' duly authorized representatives.

SCHEDULE D-1

CHANGE ORDER FORM

PROJECT NAME: Sabine Pass LNG Receiving, Storage and Regasification Terminal

CHANGE ORDER NUMBER: SP/BE- 028

OWNER: Sabine Pass LNG, L.P.

DATE OF CHANGE ORDER: March 30, 2006

CONTRACTOR: Bechtel Corporation

Control Building and Bundle of Miscellaneous Changes No. 2

DATE OF AGREEMENT: December 18, 2004

/s/ Stan Horton
* Charif Souki
Chairman

/s/ C. Asok Kumar
Contractor

C. Asok Kumar
Name

Project Director
Title

4-26-06
Date of Signing

May 4, 2006
Date of Signing

/s/ Stan Horton
* Stan Horton
President & COO Cheniere Energy

4-26-06
Date of Signing

/s/ Keith Meyer
* Keith Meyer
President Cheniere LNG

April 25, 06
Date of Signing

/s/ Ed Lehotsky
* Ed Lehotsky
Owner Representative

April, 25, 2006
Date of Signing

* Required Owner signature — Mr. Horton may sign on behalf of Mr. Souki during Mr. Souki's absence.

SCHEDULE D-2

UNILATERAL CHANGE ORDER FORM

PROJECT NAME: Sabine Pass LNG Receiving, Storage and Regasification Terminal

CHANGE ORDER NUMBER: SP/BE-029

OWNER: Sabine Pass LNG, L.P.

DATE OF CHANGE ORDER: March 31, 2006

CONTRACTOR: Bechtel Corporation

Project: Marine Berth Changes

DATE OF AGREEMENT: December 18, 2004

You are hereby directed to make the following additions or modifications to, or deductions from, the Work:

Implement the following Marine Berth changes:

- **Provide upper slope protection in the Marine Berth above the -4.5 ft elevation shelf in accordance with the attached current proposed design. Design and slope protection will be finalized with the lump sum cost estimate. Bechtel is to advise Owner immediately if the cost of this change is expected to exceed \$8.5MM**

Contractor shall proceed with the design changes and prepare detailed Lump Sum cost estimates. Upon final review and approval by Owner of the detailed estimate, Contractor shall prepare the required documentation, including a completed Schedule D-3 in accordance with Article 6.1A of the Agreement.

Compensation for the changes specified in this Change Order is on a time and materials basis as provided in Section 6.1C and 6.2D of the Agreement.

Contractor shall commence with the performance of the change(s) described above on March 30, 2006.

This Change Order is signed by Owner's duly authorized representatives.

/s/ Charif Souki

* Charif Souki
Chairman

Date of Signing

/s/ Keith Meyer

* Keith Meyer
President Cheniere LNG

3-31-06

Date of Signing

/s/ Stan Horton

* Stan Horton
President and COO Cheniere Energy

3/31/06

Date of Signing

/s/ Ed Lehotsky

* Ed Lehotsky
Owner Representative

31 March 06

Date of Signing

* Required Owner signature - Mr. Horton may sign on behalf of Mr. Souki during Mr. Souki's absence.

SCHEDULE D-2

UNILATERAL CHANGE ORDER FORM

PROJECT NAME: Sabine Pass LNG Receiving, Storage and Regasification Terminal

CHANGE ORDER NUMBER: SP/BE -031

OWNER: Sabine Pass LNG, L.P.

DATE OF CHANGE ORDER: May 1, 2006

CONTRACTOR: Bechtel Corporation

Project : Det-Tronics Eagle Premier Fire and Gas Detection System

DATE OF AGREEMENT: December 18, 2004

You are hereby directed to make the following additions or modifications to, or deductions from, the Work

Contractor is to immediately cease all design efforts associated with the supply of the proposed Notifier based fire panel system for use within the terminal process areas and begin the necessary activities to implement a Det-Tronics Eagle Premier Fire and Gas Detection System, as well as Det-Tronics Triple IR Point Gas, Open Path Gas and IR Flame Detectors for the monitoring of all terminal process areas.

The proposed Notifier NFS fire panel has been deemed acceptable by SPLNG for monitoring of the Administration, Warehouse and Control Buildings. The Jetty, Customs and Switchgear/Electrical buildings shall be monitored by the Det-Tronics system due to their proximity to the process areas. The necessary hardwired cross connections shall be provided to integrate the Det-Tronics and Notifier systems. A Det-Tronics S3 console shall act as the central annunciating console for the combined building and process area fire and gas detection system. A serial interface shall also be provided between the Notifier NFS and the Det-Tronics systems to allow for Notifier data to be passed to, and announced via the Det-Tronics S3 console.

SPLNG expects that Bechtel and its subcontractors will work closely with the SPLNG team during the detailed design activities. SPLNG requests that Bechtel assign personnel that are willing to promote a positive, agreeable, and willing attitude in the implementation of this important system.

Compensation for the changes specified in this Change Order is on a time and materials basis as provided in Section 6.1C and 6.2D of the Agreement.

Contractor shall commence with the performance of the change(s) described above by **May 1, 2006**

This Change Order is signed by Owner's duly authorized representatives.

/s/ Stan Horton
* Charif Souki
Chairman

/s/ Stan Horton
* Stan Horton
President and COO Cheniere Energy

Date of Signing

Date of Signing

/s/ Keith Meyer
* Keith Meyer
President Cheniere LNG

/s/ Ed Lehotsky
* Ed Lehotsky
Owner Representative

5-1-06
Date of Signing

4/28/2006
Date of Signing

* Required Owner signature - Mr. Horton may sign on behalf of Mr. Souki during Mr. Souki's absence.

CERTIFICATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO
RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT

I, Charif Souki, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cheniere Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2006

/s/ Charif Souki
Charif Souki
Chief Executive Officer

CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT

I, Don A. Turkleson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cheniere Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2006

/s/ Don A. Turkleson
Don A. Turkleson
Chief Financial Officer

CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Cheniere Energy, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charif Souki, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Charif Souki

Charif Souki
Chief Executive Officer
May 5, 2006

CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Cheniere Energy, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Don A. Turkleson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Don A. Turkleson

Don A. Turkleson
Chief Financial Officer
May 5, 2006