

---

---

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

---

**FORM 10-Q**

---

**T** QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2012

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. 001-33366

**Cheniere Energy Partners, L.P.**

(Exact name of registrant as specified in its charter)

---

**Delaware**

(State or other jurisdiction of incorporation or organization)

**20-5913059**

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

**700 Milam Street, Suite 800  
Houston, Texas**

(Address of principal executive offices)

**77002**

(Zip Code)

**(713) 375-5000**

(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

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 October 24, 2012, the issuer had 39,488,488 common units, 100,000,002 Class B units and 135,383,831 subordinated units outstanding.

---

---

**CHENIERE ENERGY PARTNERS, L.P.**  
**INDEX TO FORM 10-Q**

**Part I. Financial Information**

<u>Item 1.</u>	<u>Consolidated Financial Statements</u>	<u>1</u>
	<u>Consolidated Balance Sheets</u>	<u>1</u>
	<u>Consolidated Statements of Operations</u>	<u>2</u>
	<u>Consolidated Statements of Partners' and Owners' Capital (Deficit)</u>	<u>4</u>
	<u>Consolidated Statements of Cash Flows</u>	<u>5</u>
	<u>Notes to Consolidated Financial Statements</u>	<u>6</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>20</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>30</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>31</u>

**Part II. Other Information**

<u>Item 1.</u>	<u>Legal Proceedings</u>	<u>32</u>
<u>Item 1A.</u>	<u>Risk Factors</u>	<u>32</u>
<u>Item 6.</u>	<u>Exhibits</u>	<u>33</u>

**Part I. Financial Information**

**Item 1. Consolidated Financial Statements**

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except unit data)

ASSETS	September 30, 2012 (unaudited)	December 31, 2011
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 369,100	\$ 81,415
Restricted cash and cash equivalents	123,297	13,732
Accounts and interest receivable	25,144	525
Accounts receivable—affiliate	1,291	328
Advances to affiliate	3,700	692
LNG inventory	5,701	473
LNG inventory—affiliate	756	4,369
Prepaid expenses and other	7,378	7,976
Total current assets	536,367	109,510
Non-current restricted cash and cash equivalents	267,201	82,394
Property, plant and equipment, net	2,414,003	1,514,416
Debt issuance costs, net	222,144	17,622
Other	31,140	13,358
Total assets	\$ 3,470,855	\$ 1,737,300
<b>LIABILITIES AND PARTNERS' CAPITAL (DEFICIT)</b>		
<b>Current liabilities</b>		
Accrued liabilities	\$ 116,061	\$ 16,751
Accrued liabilities—affiliate	33,671	3,794
Deferred revenue	26,525	26,629
Deferred revenue—affiliate	688	688
Other	586	3,956
Total current liabilities	177,531	51,818
Long-term debt, net of discount	2,295,939	2,192,418
Deferred revenue	22,500	25,500
Deferred revenue—affiliate	14,720	12,266
Long-term derivative liability	29,384	
Other non-current liabilities	306	317
Commitments and contingencies		
<b>Partners' capital (deficit)</b>		
Common unitholders (39,488,488 units and 31,003,154 units issued and outstanding at September 30, 2012 and December 31, 2011, respectively)	366,622	(52,774)
Class B unitholders (100,000,002 units and zero units issued and outstanding as of September 30, 2012 and December 31, 2011, respectively)	(43,013)	—
Subordinated unitholders (135,383,831 units issued and outstanding at September 30, 2012 and December 31, 2011)	615,344	(479,197)
General partner interest (2% interest with 5,609,639 units and 3,395,653 units issued and outstanding at September 30, 2012 and December 31, 2011, respectively)	21,198	(13,048)
Accumulated other comprehensive loss	(29,676)	—
Total partners' capital (deficit)	930,475	(545,019)
Total liabilities and partners' capital (deficit)	\$ 3,470,855	\$ 1,737,300

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

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per unit data)  
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
<b>Revenues</b>				
Revenues	\$ 62,429	\$ 63,669	\$ 190,154	\$ 200,514
Revenues—affiliate	3,879	1,238	6,872	12,452
Total revenues	66,308	64,907	197,026	212,966
<b>Expenses</b>				
Operating and maintenance expense	6,586	6,288	19,843	15,878
Operating and maintenance expense—affiliate	6,476	2,612	12,414	8,723
Depreciation expense	10,652	10,766	31,897	32,245
Development expense	4,229	8,971	35,369	26,751
Development expense—affiliate	102	923	2,365	2,746
General and administrative expense	4,248	867	7,668	4,068
General and administrative expense—affiliate	33,243	4,957	43,532	14,973
Total expenses	65,536	35,384	153,088	105,384
Income from operations	772	29,523	43,938	107,582
<b>Other income (expense)</b>				
Interest expense, net	(43,626)	(43,319)	(130,554)	(130,115)
Derivative gain (loss)	287	(716)	(288)	(1,164)
Other	145	33	289	140
Total other expense	(43,194)	(44,002)	(130,553)	(131,139)
Net loss	\$ (42,422)	\$ (14,479)	\$ (86,615)	\$ (23,557)
Basic and diluted net income per common unit	\$ 0.04	\$ 0.29	\$ 0.36	\$ 0.93
Weighted average number of common units outstanding used for basic and diluted net income per common unit calculation	31,997	27,408	31,449	26,867

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

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(in thousands)  
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Net loss	\$ (42,422)	\$ (14,479)	\$ (86,615)	\$ (23,557)
Other comprehensive loss				
Change in fair value of interest rate cash flow hedges	(29,676)	—	(29,676)	—
Total other comprehensive loss	(29,676)	—	(29,676)	—
Comprehensive loss	<u>\$ (72,098)</u>	<u>\$ (14,479)</u>	<u>\$ (116,291)</u>	<u>\$ (23,557)</u>

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

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF PARTNERS' AND OWNERS' CAPITAL (DEFICIT)**  
(in thousands)  
(unaudited)

	Common Unitholders	Class B Unitholders	Subordinated Unitholders	General Partner Interest	Accumulated Other Comprehensive Loss	Total Partners' Capital (Deficit)
Balance at December 31, 2011	\$ (52,774)	\$ —	\$ (479,197)	\$ (13,048)	\$ —	\$ (545,019)
Net loss	(15,398)	—	(66,131)	(5,086)	—	(86,615)
Sale of common and general partner units	204,973	—	—	34,940	—	239,913
Distributions	(39,882)	—	—	(814)	—	(40,696)
Non-cash contributions	—	—	—	5,206	—	5,206
Interest rate cash flow hedges	—	—	—	—	(29,676)	(29,676)
Sale of Class B units	—	1,387,362	—	—	—	1,387,362
Beneficial conversion feature of Class B units	273,566	(1,450,000)	1,176,434	—	—	—
Amortization of beneficial conversion feature of Class B units	(3,863)	19,625	(15,762)	—	—	—
Balance at September 30, 2012	<u>\$ 366,622</u>	<u>\$ (43,013)</u>	<u>\$ 615,344</u>	<u>\$ 21,198</u>	<u>\$ (29,676)</u>	<u>\$ 930,475</u>

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

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

	Nine Months Ended September 30,	
	2012	2011
<b>Cash flows from operating activities</b>		
Net loss	\$ (86,615)	\$ (23,557)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	31,897	32,245
Non-cash derivative loss	300	301
Amortization of debt issuance costs	8,373	3,278
Amortization of debt discount	3,521	3,520
Investment in restricted cash and cash equivalents for future interest payments	(41,197)	(41,197)
Use of restricted cash and cash equivalents	36,676	—
Other	3,209	—
Changes in operating assets and liabilities:		
Accounts and interest receivable	(24,619)	(85)
Accounts receivable—affiliate	(963)	(185)
Accounts payable and accrued liabilities	40,888	40,416
Accounts payable and accrued liabilities—affiliate	29,162	3,762
Advances to affiliate	(3,627)	3,135
Deferred revenue	(3,104)	(3,135)
LNG inventory	(282)	—
LNG inventory—affiliate	3,613	(3,230)
Other	(3,686)	(2,634)
Net cash provided by (used in) operating activities	<u>(6,454)</u>	<u>12,634</u>
<b>Cash flows from investing activities</b>		
LNG terminal construction-in-process, net	(876,531)	(6,419)
Use of restricted cash and cash equivalents	887,902	—
Advances under long-term contracts and other	(16,331)	(722)
Net cash used in investing activities	<u>(4,960)</u>	<u>(7,141)</u>
<b>Cash flows from financing activities</b>		
Proceeds from sale of Class B units, net	1,387,560	—
Proceeds from Liquefaction Credit Facility	100,000	—
Investment in restricted cash and cash equivalents	(1,177,753)	—
Distributions to unitholders	(40,696)	(34,704)
Proceeds from sale of partnership units	240,114	70,360
Debt issuance costs	(210,126)	—
Net cash provided by financing activities	<u>299,099</u>	<u>35,656</u>
Net increase in cash and cash equivalents	287,685	41,149
Cash and cash equivalents—beginning of period	81,415	53,349
Cash and cash equivalents—end of period	<u>\$ 369,100</u>	<u>\$ 94,498</u>

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

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**NOTE 1—Basis of Presentation**

The accompanying unaudited Consolidated Financial Statements of Cheniere Energy Partners, L.P. have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information and with Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP 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 in these Notes to Consolidated Financial Statements, the terms "Cheniere Partners", "we", "us" and "our" refer to Cheniere Energy Partners, L.P. and its wholly owned subsidiaries, unless otherwise stated or indicated by context.

Results of operations for the three and nine months ended September 30, 2012 are not necessarily indicative of the results of operations that will be realized for the year ending December 31, 2012.

We are not subject to either federal or state income tax, as the partners are taxed individually on their allocable share of taxable income.

Certain reclassifications have been made to prior period information to conform to the current presentation. The reclassifications had no effect on our overall consolidated financial position, results of operations or cash flows.

For further information, refer to the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2011.

**NOTE 2—Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents consist of cash and cash equivalents that are contractually restricted as to usage or withdrawal, as follows:

**Senior Notes Debt Service Reserve**

Sabine Pass LNG, L.P. ("Sabine Pass LNG") has consummated private offerings of an aggregate principal amount of \$2,215.5 million of Senior Notes (see [Note 5](#) — "[Long-Term Debt](#)"). Under the indenture governing the Senior Notes (the "Sabine Pass Indenture"), except for permitted tax distributions, Sabine Pass LNG may not make distributions until certain conditions are satisfied, including that there must be on deposit in an interest payment account an amount equal to one-sixth of the semi-annual interest payment multiplied by the number of elapsed months since the last semi-annual interest payment and there must be on deposit in a permanent debt service reserve fund an amount equal to one semi-annual interest payment of \$82.4 million. Distributions are permitted only after satisfying the foregoing funding requirements, a fixed charge coverage ratio test of 2:1 and other conditions specified in the Sabine Pass Indenture. As of September 30, 2012 and December 31, 2011, we classified the permanent debt service reserve fund of \$82.4 million as non-current restricted cash and cash equivalents. As of September 30, 2012 and December 31, 2011, we classified \$54.9 million and \$13.7 million, respectively, as current restricted cash and cash equivalents for the payment of interest due within twelve months. These cash accounts are controlled by a collateral trustee, and, therefore, are shown as restricted cash and cash equivalents on our Consolidated Balance Sheets.

**Liquefaction Reserve**

In July 2012, Sabine Pass Liquefaction, LLC ("Sabine Pass Liquefaction") closed on a \$3.6 billion senior secured credit facility (the "Liquefaction Credit Facility"). Under the terms and conditions of the Liquefaction Credit Facility, Sabine Pass Liquefaction is required to deposit all cash received into reserve accounts controlled by a collateral trustee. Therefore, all of Sabine Pass Liquefaction's cash and cash equivalents are shown as restricted cash and cash equivalents on our Consolidated Balance Sheets. As of September 30, 2012, we classified \$184.8 million as non-current restricted cash and cash equivalents held by Sabine Pass Liquefaction as such funds are to be used to acquire non-current assets. As of September 30, 2012, we classified \$68.4 million as current restricted cash and cash equivalents held by Sabine Pass Liquefaction as such funds are to be used to pay for current liabilities.



**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
(unaudited)

**NOTE 3—Property, Plant and Equipment**

Property, plant and equipment consists of liquefied natural gas ("LNG") terminal costs and fixed assets, as follows (in thousands):

	September 30, 2012	December 31, 2011
LNG terminal costs		
LNG terminal	\$ 1,641,581	\$ 1,637,724
LNG terminal construction-in-process	927,665	286
LNG site and related costs, net	158	163
Accumulated depreciation	(155,989)	(124,409)
Total LNG terminal costs, net	<u>2,413,415</u>	<u>1,513,764</u>
Fixed assets		
Computers and office equipment	336	227
Vehicles	496	416
Machinery and equipment	1,416	1,068
Other	631	916
Accumulated depreciation	(2,291)	(1,975)
Total fixed assets, net	<u>588</u>	<u>652</u>
Property, plant and equipment, net	<u>\$ 2,414,003</u>	<u>\$ 1,514,416</u>

Depreciation expense related to the Sabine Pass LNG terminal totaled \$10.6 million and \$10.7 million for the three months ended September 30, 2012 and 2011, respectively. Depreciation expense related to the Sabine Pass LNG terminal totaled \$31.6 million and \$32.0 million for the nine months ended September 30, 2012 and 2011, respectively.

In June 2012, LNG trains 1 and 2 of the liquefaction facilities we are developing and constructing adjacent to the Sabine Pass LNG terminal (the "Liquefaction Project") satisfied the criteria for capitalization. Accordingly, costs associated with the construction of LNG trains 1 and 2 of the Liquefaction Project have been recorded as construction-in-process since that date. For the three and nine months ended September 30, 2012, we capitalized \$14.0 million of interest expense related to the construction of LNG trains 1 and 2 of the Liquefaction Project.

**NOTE 4—Accrued Liabilities**

As of September 30, 2012 and December 31, 2011, accrued liabilities consisted of the following (in thousands):

	September 30, 2012	December 31, 2011
Interest expense and related debt fees	\$ 55,241	\$ 13,732
Affiliate	33,671	3,794
LNG terminal costs	869	1,122
LNG liquefaction costs	52,873	1,635
Other	7,078	262
Total accrued liabilities	<u>\$ 149,732</u>	<u>\$ 20,545</u>

**NOTE 5—Long-Term Debt**

As of September 30, 2012 and December 31, 2011, our long-term debt consisted of the following (in thousands):

	September 30, 2012	December 31, 2011
Senior Notes, net of discount	\$ 2,195,939	\$ 2,192,418
Liquefaction Credit Facility	100,000	—
Total long-term debt	<u>\$ 2,295,939</u>	<u>\$ 2,192,418</u>

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

**Senior Notes**

In November 2006, Sabine Pass LNG issued an aggregate principal amount of \$2,032.0 million of Senior Notes (the "Senior Notes"), consisting of \$550.0 million of 7¼% Senior Secured Notes due 2013 (the "2013 Notes") and \$1,482.0 million of 7½% Senior Secured Notes due 2016 (the "2016 Notes"). In September 2008, Sabine Pass LNG issued an additional \$183.5 million, before discount, of 2016 Notes whose terms were identical to the previously outstanding 2016 Notes. Interest on the Senior Notes is payable semi-annually in arrears on May 30 and November 30 of each year. The Senior Notes are secured on a first-priority basis by a security interest in all of Sabine Pass LNG's equity interests and substantially all of its operating assets.

Sabine Pass LNG may redeem some or all of the Senior Notes at any time, and from time to time, at a redemption price equal to 100% of the principal plus any accrued and unpaid interest plus the greater of:

- 1% of the principal amount of the Senior Notes; or
- the excess of: a) the present value at such redemption date of (i) the redemption price of the Senior Notes plus (ii) all required interest payments due on the Senior Notes (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over b) the principal amount of the Senior Notes, if greater.

Under the Sabine Pass Indenture, except for permitted tax distributions, Sabine Pass LNG may not make distributions until certain conditions are satisfied: there must be on deposit in an interest payment account an amount equal to one-sixth of the semi-annual interest payment multiplied by the number of elapsed months since the last semi-annual interest payment, and there must be on deposit in a permanent debt service reserve fund an amount equal to one semi-annual interest payment of approximately \$82.4 million. Distributions are permitted only after satisfying the foregoing funding requirements, a fixed charge coverage ratio test of 2:1 and other conditions specified in the Sabine Pass Indenture. During the nine months ended September 30, 2012 and 2011, Sabine Pass LNG made distributions to us of \$182.9 million and \$231.7 million, respectively, after satisfying all the applicable conditions in the Sabine Pass Indenture.

See [Note 11—"Subsequent Events"](#) for a description of the repurchase in October 2012 of the 2013 Notes and Sabine Pass LNG's issuance of new notes.

**Liquefaction Credit Facility**

In July 2012, Sabine Pass Liquefaction entered into the \$3.6 billion Liquefaction Credit Facility with a syndicate of lenders. The Liquefaction Credit Facility will be used to fund a portion of the costs of developing, constructing and placing into operation LNG trains 1 and 2 of the Liquefaction Project. The Liquefaction Credit Facility will mature on the earlier of July 31, 2019 or the second anniversary of the completion date of LNG trains 1 and 2 of the Liquefaction Project. Borrowings under the Liquefaction Credit Facility may be refinanced, in whole or in part, at any time without premium or penalty, except for interest hedging and interest rate breakage costs. Sabine Pass Liquefaction made a \$100.0 million borrowing under the Liquefaction Credit Facility in August 2012 after meeting the required conditions precedent to the initial advance. The second advance will not be made until Sabine Pass Liquefaction has received an aggregate of at least \$1.9 billion of equity or subordinated debt proceeds, and has expended at least \$1.8 billion of such funds in payment of costs for LNG trains 1 and 2 of the Liquefaction Project. In addition, the second advance will not be made until Cheniere Creole Trail Pipeline, L.P. has received equity or debt commitments sufficient to fund the pipeline modifications necessary to provide sufficient gas supply for the Liquefaction Project.

Borrowings under the Liquefaction Credit Facility bear interest, at Sabine Pass Liquefaction's election, at a variable rate equal to LIBOR or the base rate, plus the applicable margin. The applicable margin for LIBOR loans is 3.50% during construction and 3.75% during operations, and the applicable margin for base rate loans is 2.50% during construction and 2.75% during operations. Interest on LIBOR loans is due and payable at the end of each LIBOR period, and interest on base rate loans is due and payable at the end of each calendar quarter. The Liquefaction Credit Facility required Sabine Pass Liquefaction to pay certain up-front fees to the agents and lenders in the aggregate amount of approximately \$178 million and provides for a commitment fee calculated at a rate per annum equal to 40% of the applicable margin for LIBOR loans, multiplied by the average daily amount of the undrawn commitment. Annual administrative fees must also be paid to the agent and the trustee. The principal of loans made under the Liquefaction Credit Facility must be repaid in quarterly installments, commencing with the first calendar quarter ending at least three months following the completion of LNG trains 1 and 2 of the Liquefaction Project. Scheduled repayments are based upon an 18-year amortization, with the remaining balance due upon the maturity of the Liquefaction Credit Facility.

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

Under the terms and conditions of the Liquefaction Credit Facility, all cash held by Sabine Pass Liquefaction is controlled by the collateral agent. These funds can only be released by the collateral agent upon satisfaction of certain terms and conditions, including receipt of satisfactory documentation that the Liquefaction Project costs are bona fide expenditures and are permitted under the terms of the Liquefaction Credit Facility. The Liquefaction Credit Facility does not permit Sabine Pass Liquefaction 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 cash balance of \$100.0 million held in these accounts as of September 30, 2012 is classified as restricted on our Consolidated Balance Sheets.

The Liquefaction Credit Facility contains customary conditions precedent for the second borrowing and any subsequent borrowings, as well as customary affirmative and negative covenants. The obligations of Sabine Pass Liquefaction under the Liquefaction Credit Facility are secured by substantially all of the assets of Sabine Pass Liquefaction as well as all of the membership interests in Sabine Pass Liquefaction, and a security interest in our rights under the Blackstone Unit Purchase Agreement and the guaranty related thereto.

Under the terms of the Liquefaction Credit Facility, Sabine Pass Liquefaction is required to hedge against the potential of rising interest rates with respect to no less than 75% (calculated on a weighted average basis) of the projected outstanding borrowings. In connection with the closing of the Liquefaction Credit Facility, Sabine Pass Liquefaction entered into interest rate swap agreements. The swap agreements have the effect of fixing the LIBOR component of the interest rate payable under the Liquefaction Credit Facility with respect to forecasted borrowings under the Liquefaction Credit Facility up to a maximum of \$2.9 billion at 1.98% from August 14, 2012 to July 31, 2019, the final termination date of the swap agreements.

**NOTE 6—Description of Equity Interests**

The common units, Class B units and subordinated units represent limited partner interests in us. The holders of the units are entitled to participate in partnership distributions and exercise the rights and privileges available to limited partners under our partnership agreement. On May 31, 2007, Cheniere LNG Holdings, LLC contributed all of its 135,383,831 subordinated units to Cheniere Subsidiary Holdings, LLC ("Cheniere Subsidiary Holdings").

The common units have the right to receive minimum quarterly distributions of \$0.425, plus any arrearages thereon, before any distribution is made to the holders of the subordinated units. Subordinated units will convert into common units on a one-for-one basis when we meet financial tests specified in the partnership agreement. Although common and subordinated unitholders are not obligated to fund losses of the partnership, their capital accounts, which would be considered in allocating the net assets of the partnership were it to be liquidated, continue to share in losses.

The general partner interest is entitled to at least 2% of all distributions made by us. In addition, the general partner holds incentive distribution rights, which allow the general partner to receive a higher percentage of quarterly distributions of available cash from operating surplus after the minimum distributions have been achieved and as additional target levels are met. The higher percentages range from 15% up to 50%.

In January 2011, we initiated an at-the-market program to sell up to 1.0 million common units the proceeds from which are used primarily to fund development costs associated with the Liquefaction Project. During the year ended December 31, 2011, we sold 0.5 million common units with net proceeds of \$9.0 million. During the nine months ended September 30, 2012, we sold 0.5 million common units in connection with the at-the-market program with net proceeds of \$11.1 million. We paid \$0.3 million in commissions to Miller Tabak + Co., Inc., as sales agent, in connection with the at-the-market program during the nine months ended September 30, 2012.

In September 2011, we sold 3.0 million common units in an underwritten public offering and 1.1 million common units to Cheniere Common Units Holding, LLC ("Cheniere Common Units Holding") at a price of \$15.25 per common unit. We received net proceeds of approximately \$60 million that we are using for general business purposes, including development costs associated with the Liquefaction Project. In September 2012, we sold 8.0 million common units in an underwritten public offering at a price of \$25.07 per common unit. We received net proceeds of \$194.0 million that we intend to use for partial repayment of Sabine Pass LNG's 2013 Notes, and, to the extent not so used, for general business purposes.

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

During the year ended December 31, 2011, we also received \$1.5 million in net proceeds from our general partner in connection with the exercise of its right to maintain its 2% ownership interest in us. We received \$34.9 million in net proceeds from our general partner in connection with the exercise of its right to maintain its 2% ownership interest in us during the nine months ended September 30, 2012.

In May 2012, we and Blackstone CQP Holdco LP ("Blackstone") entered into a unit purchase agreement (the "Blackstone Unit Purchase Agreement"). Under the Blackstone Purchase Unit Agreement, Blackstone agreed to purchase \$1.5 billion of newly issued Cheniere Partners Class B units ("Class B Units") from us in a private placement. In May 2012, Cheniere also entered into a unit purchase agreement with us (the "Cheniere Unit Purchase Agreement"). Under the Cheniere Unit Purchase Agreement, Cheniere agreed to purchase \$500 million of newly issued Class B Units. Subsequent to an initial funding of \$500 million by Blackstone, we can require, based on liquidity needs, that Blackstone make additional capital contributions until Blackstone has funded \$1.5 billion in the aggregate. Proceeds from the financings will be used to fund the equity portion of the costs of developing, constructing and placing into service the Liquefaction Project.

The Class B Units are subject to conversion, mandatorily or at the option of the holders of the Class B Units, into a number of common units based on the then-applicable conversion value of the Class B Units. On a quarterly basis beginning on the initial funding and ending on the conversion date of the Class B Units, the conversion value of the Class B Units will increase at a compounded rate of 3.5% per quarter, subject to an additional upward adjustment for certain equity and debt financings. The Class B Units will not be entitled to cash distributions except in the event of a liquidation. The holders of Class B Units will have a preference over the holders of the common and subordinated units in the event of a liquidation. The Class B Units will mandatorily convert into common units upon the earlier of the substantial completion date of LNG train 3 or the fifth anniversary of the latest initial funding by the holders of the Class B Units, provided that if the LNG train 3 notice to proceed with construction is issued prior to the fifth anniversary of such initial funding, then the mandatory conversion date becomes the date of substantial completion of LNG train 3. During the nine months ended September 30, 2012, we issued and sold 100 million Class B Units at a price of \$15.00 per Class B Unit, resulting in total gross proceeds of \$1.5 billion.

**NOTE 7—Financial Instruments**

**Derivative Instruments**

We have entered into certain instruments to hedge the exposure to variability in expected future cash flows attributable to the future sale of our LNG inventory ("LNG Inventory Derivatives"), to hedge the exposure to price risk attributable to future purchases of natural gas to be utilized as fuel to operate the Sabine Pass LNG terminal ("Fuel Derivatives"), and to hedge the exposure to volatility in a portion of the floating-rate interest payments under the Liquefaction Credit Facility ("Interest Rate Derivatives").

The following table (in thousands) shows the fair value of our derivative assets and liabilities that are required to be measured at fair value on a recurring basis as of September 30, 2012 and December 31, 2011, which are classified as other current assets, other current liabilities and other non-current liabilities in our Consolidated Balance Sheets.

	Fair Value Measurements as of							
	September 30, 2012				December 31, 2011			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
LNG Inventory Derivatives asset (liability)	\$ —	\$ (165)	\$ —	\$ (165)	\$ —	\$ 1,610	\$ —	\$ 1,610
Fuel Derivatives asset (liability)	—	60	—	60	—	(1,415)	—	(1,415)
Interest Rate Derivatives liability	—	(29,676)	—	(29,676)	—	—	—	—

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

The estimated fair values of our LNG Inventory Derivatives and Fuel Derivatives are the amount at which the instruments could be exchanged currently between willing parties. We value these derivatives using observable commodity price curves and other relevant data. We value our Interest Rate Derivatives using valuations that are calibrated to the initial trade prices. Using an income-based approach, subsequent valuations are based on observable inputs to the valuation model including interest rate curves, risk adjusted discount rates, credit spreads and other relevant data.

*Commodity Cash Flow Hedges*

Changes in the fair value of our LNG Inventory Derivatives and Fuel Derivatives are reported in earnings because we have not elected to designate these derivative instruments as a hedging instrument that is required to qualify for cash flow hedge accounting. The following table (in thousands) shows the fair value and location of our LNG Inventory and Fuel Derivatives on our Consolidated Balance Sheets:

	Balance Sheet Location	Fair Value Measurements as of	
		September 30, 2012	December 31, 2011
LNG Inventory Derivatives asset (liability)	Prepaid expenses and other (other current liabilities)	\$ (165)	\$ 1,610
Fuel Derivatives asset (liability)	Prepaid expenses and other (other current liabilities)	60	(1,415)

The following table (in thousands) shows the changes in the fair value and settlements of our LNG Inventory Derivatives recorded in revenues on our Consolidated Statements of Operations during the three and nine months ended September 30, 2012 and 2011:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
LNG Inventory Derivatives	\$ (228)	\$ 494	\$ 697	\$ 494

The following table (in thousands) shows the changes in the fair value and settlements of our Fuel Derivatives recorded in derivative gain (loss) on our Consolidated Statements of Operations during the three and nine months ended September 30, 2012 and 2011:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Fuel Derivatives	\$ 287	\$ (716)	\$ (288)	\$ (1,164)

*Interest Rate Swaps Designated as Cash Flow Hedges*

Sabine Pass Liquefaction has elected to designate these Interest Rate Derivatives as hedging instruments which is required in order to qualify for cash flow hedge accounting. As a result of this cash flow hedge designation, we recognize the Interest Rate Derivatives as an asset or liability at fair value, and reflect changes in fair value through other comprehensive income in our Consolidated Statements of Comprehensive Loss. Any hedge ineffectiveness associated with the Interest Rate Derivatives is recorded immediately as derivative gain (loss) in our Consolidated Statements of Operations. The realized gain (loss) on the Interest Rate Derivatives is recorded as an (increase) decrease in interest expense on our Consolidated Statements of Operations to the extent not capitalized as part of the Liquefaction Project. The effective portion of the gains or losses on our Interest Rate Derivatives recorded in other comprehensive income is reclassified to earnings over the life of the Liquefaction Credit Facility as the fixed rate interest obligations affect earnings. In addition, amounts recorded in other comprehensive income are also reclassified into earnings if it becomes probable that the hedged forecasted transaction will not occur.

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

The Interest Rate Derivatives hedge approximately 75% of the weighted average of the expected outstanding borrowings over the term of the Liquefaction Credit Facility. The aggregate notional amount each month follows our expected borrowing schedule under the Liquefaction Credit Facility with an expected maximum swap notional amount outstanding of \$2.9 billion in 2017. At September 30, 2012, Sabine Pass Liquefaction had the following Interest Rate Derivatives outstanding that converted \$20.0 million of the Liquefaction Credit Facility from a variable to a fixed interest rate. Sabine Pass Liquefaction pays a fixed interest rate on the swap and in exchange receives a variable interest rate based on the one-month LIBOR.

Initial Notional Amount	Maximum Notional Amount	Effective Date	Maturity Date	Weighted Average Fixed Interest Rate Paid	Variable Interest Rate Received
\$20.0 million	\$2.9 billion	August 14, 2012	July 31, 2019	1.98%	One-month LIBOR

Interest Rate Derivatives were reflected in our Consolidated Balance Sheets at fair value with the effective portion of the Interest Rate Derivatives' gain or loss recorded in other comprehensive income. The following table (in thousands) shows the fair value of our interest rate swaps:

	Balance Sheet Location	Fair Value Measurements as of	
		September 30, 2012	December 31, 2011
Interest Rate Derivatives	Other current liabilities	\$ (292)	\$ —
Interest Rate Derivatives	Other non-current liabilities	(29,384)	—

The following table (in thousands) shows our Interest Rate Derivatives market adjustments recorded during the three and nine months ended September 30, 2012:

	Gain (Loss) in Other Comprehensive Income		Gain (Loss) Reclassified from Accumulated OCI into Interest Expense (Effective Portion)		Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	2012	2011	2012	2011	2012	2011
Interest Rate Derivatives	\$ (29,676)	\$ —	\$ —	\$ —	\$ —	\$ —

**Other Financial Instruments**

The estimated fair value of our other financial instruments, including those financial instruments for which the fair value option was not elected are set forth in the table below. The carrying amounts reported on our Consolidated Balance Sheets for cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, interest receivable and accounts payable approximate fair value due to their short-term nature.

Other Financial Instruments (in thousands):

	September 30, 2012		December 31, 2011	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
2013 Notes (1)	\$ 550,000	\$ 585,750	\$ 550,000	\$ 555,500
2016 Notes, net of discount (1)	1,645,939	1,773,499	1,642,418	1,650,630
Liquefaction Credit Facility (2)	100,000	100,000	—	—

- (1) The Level 2 estimated fair value of the Senior Notes, net of discount, was based on quotations obtained from broker-dealers who make markets in these and similar instruments based on the closing trading prices on September 30, 2012 and December 31, 2011, as applicable.
- (2) The Level 2 estimated fair value of the Liquefaction Credit Facility was determined to be the carrying amount due to our ability to call this debt at anytime without penalty.

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

**NOTE 8—Related Party Transactions**

As of September 30, 2012 and December 31, 2011, we had \$3.7 million and \$0.7 million of advances to affiliates, respectively. In addition, we have entered into the following related party transactions:

**LNG Terminal Capacity Agreements**

*Terminal Use Agreement*

In November 2006, Cheniere Marketing, LLC, a wholly owned subsidiary of Cheniere ("Cheniere Marketing"), reserved approximately 2.0 Bcf/d of regasification capacity under a firm commitment terminal use agreement ("TUA") with Sabine Pass LNG and was required to make capacity reservation fee payments aggregating approximately \$250 million per year for the period from January 1, 2009, through at least September 30, 2028. Cheniere guaranteed Cheniere Marketing's obligations under its TUA.

Effective July 1, 2010, Cheniere Marketing assigned its existing TUA with Sabine Pass LNG to Cheniere Energy Investments, LLC ("Cheniere Investments"), our wholly owned subsidiary, including all of its rights, titles, interests, obligations and liabilities in and under the TUA. In connection with the assignment, Cheniere's guarantee of Cheniere Marketing's obligations under the TUA was terminated. Cheniere Investments was required to make capacity payments under the TUA aggregating approximately \$250 million per year through at least September 30, 2028; however, the revenue earned from Cheniere Investments' capacity payments is eliminated upon consolidation of our financial statements. We guaranteed Cheniere Investments' obligations under its TUA.

Sabine Pass Liquefaction has also entered into a TUA with Sabine Pass LNG pursuant to which Sabine Pass Liquefaction has reserved approximately 2.0 Bcf/d of regasification capacity and is obligated to make monthly capacity payments to Sabine Pass LNG aggregating approximately \$250 million per year, continuing until at least 20 years after one of Sabine Pass Liquefaction's customers delivers its first commercial cargo at Sabine Pass Liquefaction's facilities under construction, which may occur as late as late 2015. Sabine Pass Liquefaction obtained this reserved capacity as a result of an assignment in July 2012 by Cheniere Energy Investments, LLC ("Cheniere Investments") of its rights, title and interest under its TUA. In connection with the assignment, Sabine Pass Liquefaction, Cheniere Investments and Sabine Pass LNG entered into a terminal use rights assignment and agreement ("TURA") pursuant to which Cheniere Investments has the right to use Sabine Pass Liquefaction's reserved capacity under the TUA and has the obligation to make the monthly capacity payments required by the TUA to Sabine Pass LNG. The revenue earned by Sabine Pass LNG from the capacity payments made under the TUA is eliminated upon consolidation of our financial statements. We have guaranteed the obligations of Sabine Pass Liquefaction under its TUA and the obligations of Cheniere Investments under the TURA.

In September 2012, Sabine Pass Liquefaction entered into a partial TUA assignment agreement with Total Gas and Power North America, Inc. ("Total"), whereby Sabine Pass Liquefaction will progressively gain access to Total's capacity and other services provided under Total's TUA with Sabine Pass LNG. These agreements will provide Sabine Pass Liquefaction with additional berthing and storage capacity at the Sabine Pass LNG terminal that may be used to accommodate the development of a fifth LNG train, provide increased flexibility in managing LNG cargo loading and unloading activity starting with the commencement of commercial operations of the third LNG train, and permit Sabine Pass Liquefaction to more flexibly manage its storage with the commencement of the first LNG train. Notwithstanding any arrangements between Total and Sabine Pass Liquefaction, payments required to be made by Total under the TUA shall continue to be made by Total in accordance with the Sabine Pass LNG TUA.

In connection with the TUA assignment to Sabine Pass Liquefaction, Cheniere Investments entered into an amended and restated variable capacity rights agreement ("VCRA") with Cheniere Marketing in order for Cheniere Investments to monetize the capacity rights granted under the TURA. Under the terms of the VCRA, Cheniere Marketing is responsible for monetizing the capacity at the Sabine Pass LNG terminal held by Cheniere Investments under the TURA and has the right to utilize all of the services and other rights at the Sabine Pass LNG terminal available under the TURA. In consideration of these rights, Cheniere Marketing is obligated to pay Cheniere Investments 80% of the expected gross margin of each cargo of LNG delivered to the Sabine Pass LNG terminal. To the extent payments from Cheniere Marketing to Cheniere Investments under the VCRA increase our available cash in excess of the common unit and general partner distributions and certain reserves, the cash would be distributed to Cheniere in the form of distributions on its subordinated units. During the term of the VCRA, Cheniere Marketing is responsible for the payment of taxes and new regulatory costs paid by Cheniere Investments under the TUA. We recorded \$3.2 million and

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

\$0.7 million of revenues—affiliate from Cheniere Marketing in the three months ended September 30, 2012 and 2011, respectively, related to the VCRA. We recorded \$4.9 million and \$9.8 million of revenues—affiliate from Cheniere Marketing in the nine months ended September 30, 2012 and 2011, respectively, related to the VCRA.

**LNG Lease Agreement**

In September 2011, Cheniere Investments entered into an agreement in the form of a lease (the "LNG Lease Agreement") with Cheniere Marketing that will enable Cheniere Investments to supply the Sabine Pass LNG terminal with LNG to maintain proper LNG inventory levels and temperature. The LNG Lease Agreement also enables Cheniere Investments to hedge the exposure to variability in expected future cash flows of its LNG inventory. Under the terms of the LNG Lease Agreement, Cheniere Marketing will fund all activities related to the purchase and hedging of the LNG, and Cheniere Investments will reimburse Cheniere Marketing for all costs and assume full price risk associated with these activities.

As a result of Cheniere Investments assuming full price risk associated with the LNG Lease Agreement, LNG inventory purchased by Cheniere Marketing under this arrangement is classified as LNG inventory—affiliate on our Consolidated Balance Sheets, and is recorded at cost and subject to lower-of-cost-or-market ("LCM") adjustments at the end of each period. LNG inventory—affiliate cost is determined using the average cost method. Recoveries of losses resulting from interim period LCM adjustments are made due to market price recoveries on the same LNG inventory—affiliate in the same fiscal year and are recognized as gains in later interim periods with such gains not exceeding previously recognized losses. Gains or losses on the sale of LNG inventory—affiliate and LCM adjustments are recorded as revenues on our Consolidated Statements of Operations. As of September 30, 2012, we had 266,630 MMBtu of LNG inventory—affiliate recorded at \$0.8 million on our Consolidated Balance Sheets, and as of December 31, 2011, we had 1,527,000 MMBtu of LNG inventory—affiliate recorded at \$4.4 million on our Consolidated Balance Sheets. During the three months ended September 30, 2012 and 2011, we recognized a gain of \$0.1 million and a loss of \$5.2 million, respectively, as a result of LCM adjustments to our LNG inventory—affiliate. During the nine months ended September 30, 2012 and 2011, we recognized a loss of \$0.5 million and \$4.8 million, respectively, as a result of LCM adjustments to our LNG inventory—affiliate.

Cheniere Marketing has entered into financial derivatives, on our behalf, to hedge the exposure to variability in expected future cash flows attributable to the future sale of our LNG inventory under the LNG Lease Agreement. The fair value of these derivative instruments at September 30, 2012 and December 31, 2011 was \$0.2 million and \$1.6 million, respectively, and was classified as other current assets on our Consolidated Balance Sheets. Changes in the fair value of these derivative instruments are classified as revenues on our Consolidated Statements of Operations. We recorded losses of \$0.2 million and revenues of \$0.7 million related to LNG inventory—affiliate derivatives in the three and nine months ended September 30, 2012, respectively.

**Service Agreements**

During the three months ended September 30, 2012 and 2011, we recorded general and administrative expense—affiliate of \$20.6 million and \$4.8 million, respectively, under the following service agreements. During the nine months ended September 30, 2012 and 2011, we recorded general and administrative expense—affiliate of \$30.3 million and \$14.2 million, respectively, under the following service agreements.

*Cheniere Partners Services Agreement*

We have entered into a services agreement with Cheniere LNG Terminals, Inc. ("Cheniere Terminals"), a wholly owned subsidiary of Cheniere, pursuant to which we pay Cheniere Terminals a quarterly non-accountable overhead reimbursement charge of \$2.8 million (adjusted for inflation) for the provision of various general and administrative services for our benefit. In addition, we reimburse Cheniere Terminals for all audit, tax, legal and finance fees incurred by Cheniere Terminals that are necessary to perform the services under the agreement.



**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

*Sabine Pass LNG O&M Agreement*

Sabine Pass LNG has entered into a long-term operation and maintenance agreement (the "Sabine Pass LNG O&M Agreement") with a wholly owned subsidiary of Cheniere pursuant to which we receive all necessary services required to operate and maintain the Sabine Pass LNG receiving terminal. Sabine Pass LNG is required to pay a fixed monthly fee of \$130,000 (indexed for inflation) under the agreement, and the counterparty is entitled to a bonus equal to 50% of the salary component of labor costs in certain circumstances to be agreed upon between Sabine Pass LNG and the counterparty at the beginning of each operating year. In addition, Sabine Pass LNG is required to reimburse the counterparty for its operating expenses, which consist primarily of labor expenses.

*Sabine Pass LNG MSA*

Sabine Pass LNG has entered into a long-term management services agreement (the "Sabine Pass LNG MSA") with Cheniere Terminals, pursuant to which Cheniere Terminals manages the operation of the Sabine Pass LNG receiving terminal, excluding those matters provided for under the O&M Agreement. Sabine Pass LNG is required to pay Cheniere Terminals a monthly fixed fee of \$520,000 (indexed for inflation).

*Sabine Pass Liquefaction O&M Agreement*

In May 2012, Sabine Pass Liquefaction, LLC ("Sabine Pass Liquefaction") entered into an operation and maintenance agreement (the "Liquefaction O&M Agreement") with a wholly owned subsidiary of Cheniere and our general partner pursuant to which we receive all of the necessary services required to construct, operate and maintain the liquefaction facilities. Before the liquefaction facilities are operational, the services to be provided include, among other services, obtaining governmental approvals on behalf of Sabine Pass Liquefaction, preparing an operating plan for certain periods, obtaining insurance, preparing staffing plans and preparing status reports. After the liquefaction facilities are operational, the services include all necessary services required to operate and maintain the liquefaction facilities.

Before the liquefaction facilities are operational, in addition to reimbursement of operating expenses, Sabine Pass Liquefaction is required to pay a monthly fee equal to 0.6% of the capital expenditures incurred in the previous month. After substantial completion of each LNG train, for services performed while the liquefaction facilities are operational, Sabine Pass Liquefaction will pay in addition to the reimbursement of operating expenses, a fixed monthly fee of \$83,333 (indexed for inflation) for services with respect to such LNG train.

*Sabine Pass Liquefaction MSA*

In May 2012, Sabine Pass Liquefaction entered into a management services agreement (the "Liquefaction MSA") with a wholly owned subsidiary of Cheniere pursuant to which such subsidiary was appointed to manage the construction and operation of the liquefaction facilities, excluding those matters provided for under the Liquefaction O&M Agreement. The services to be provided include, among other services, exercising the day-to-day management of Sabine Pass Liquefaction's affairs and business, managing Sabine Pass Liquefaction's regulatory matters, managing bank and brokerage accounts and financial books and records of Sabine Pass Liquefaction's business and operations, and providing contract administration services for all contracts associated with the liquefaction facilities. Sabine Pass Liquefaction will pay a monthly fee equal to 2.4% of the capital expenditures incurred in the previous month. After substantial completion of each LNG train, Sabine Pass Liquefaction will pay a fixed monthly fee of \$541,667 for services with respect to such LNG train.

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

**Agreement to Fund Sabine Pass LNG's Cooperative Endeavor Agreements**

In July 2007, Sabine Pass LNG executed Cooperative Endeavor Agreements ("CEAs") with various Cameron Parish, Louisiana taxing authorities that allow them to collect certain annual property tax payments from Sabine Pass LNG in 2007 through 2016. This ten-year initiative represents an aggregate \$25.0 million commitment and will make resources available to the Cameron Parish taxing authorities on an accelerated basis in order to aid in their reconstruction efforts following Hurricane Rita. In exchange for Sabine Pass LNG's payments of annual ad valorem taxes, Cameron Parish will grant Sabine Pass LNG a dollar for dollar credit against future ad valorem taxes to be levied against the Sabine Pass LNG terminal starting in 2019. In September 2007, Sabine Pass LNG modified its TUA with Cheniere Marketing, pursuant to which Cheniere Marketing would pay Sabine Pass LNG additional TUA revenues equal to any and all amounts payable under the CEAs in exchange for a similar amount of credits against future TUA payments it would owe Sabine Pass LNG under its TUA starting in 2019. In June 2010, Cheniere Marketing assigned its existing TUA to Cheniere Investments and concurrently entered into a VCRA, allowing Cheniere Marketing to monetize Cheniere Investments' capacity under the TUA after the assignment. In July 2012, Cheniere Investments entered into an amended and restated VCRA with Cheniere Marketing in order for Cheniere Investments to monetize the capacity rights granted under the TUA. The amended and restated VCRA provides that Cheniere Marketing will continue to fund the CEAs during the term of the amended and restated VCRA and, in exchange, Cheniere Marketing will receive any future credits.

On a consolidated basis, these TUA payments were recorded to other assets, and payments from Cheniere Marketing that Sabine Pass LNG utilized to make the ad valorem tax payments were recorded as deferred revenue. As of September 30, 2012 and December 31, 2011, we had \$14.7 million and \$12.3 million of other non-current assets and non-current deferred revenue resulting from Sabine Pass LNG's ad valorem tax payments and the advance TUA payments received from Cheniere Marketing, respectively.

**Contracts for Sale and Purchase of Natural Gas and LNG**

Sabine Pass LNG is able to sell and purchase natural gas and LNG under an agreement with Cheniere Marketing. Under this agreement, Sabine Pass LNG purchases natural gas or LNG from Cheniere Marketing at a sales price equal to the actual purchase cost paid by Cheniere Marketing to suppliers of the natural gas or LNG, plus any third-party costs incurred by Cheniere Marketing in respect of the receipt, purchase, and delivery of the natural gas or LNG to the Sabine Pass LNG terminal.

Sabine Pass LNG recorded \$0.7 million and \$1.1 million of natural gas and LNG purchased from Cheniere Marketing under this agreement in the three months ended September 30, 2012 and 2011, respectively. Sabine Pass LNG recorded \$1.9 million and \$3.2 million of natural gas and LNG purchased from Cheniere Marketing under this agreement in the nine months ended September 30, 2012 and 2011, respectively.

**LNG Terminal Export Agreement**

In January 2010, Sabine Pass LNG and Cheniere Marketing entered into an LNG Terminal Export Agreement that provides Cheniere Marketing the ability to export LNG from the Sabine Pass LNG terminal. Sabine Pass LNG recorded revenues—affiliate of zero pursuant to this agreement in the three months ended September 30, 2012 and 2011. Sabine Pass LNG recorded revenues—affiliate of zero and \$0.3 million pursuant to this agreement in the nine months ended September 30, 2012 and 2011, respectively.

**Tug Boat Lease Sharing Agreement**

In connection with its tug boat lease, Sabine Pass Tug Services, LLC, a wholly owned subsidiary of Sabine Pass LNG ("Tug Services"), entered into a tug sharing agreement with Cheniere Marketing to provide its LNG cargo vessels with tug boat and marine services at the Sabine Pass LNG terminal. Tug Services recorded revenues—affiliate from Cheniere Marketing of \$0.7 million pursuant to this agreement in the three months ended September 30, 2012 and 2011. Tug Services recorded revenues—affiliate from Cheniere Marketing of \$2.1 million and \$2.0 million pursuant to this agreement in the nine months ended September 30, 2012 and 2011, respectively.

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

**NOTE 9—Cash Distributions and Net Income (Loss) per Common Unit**

**Cash Distributions**

Our partnership agreement requires that, within 45 days after the end of each quarter, we distribute all of our available cash (as defined in our partnership agreement). Generally, our available cash is our cash on hand at the end of a quarter less the amount of any reserves established by our general partner. All distributions paid to date have been made from operating surplus as defined in the partnership agreement. The following provides a summary of distributions paid by us during the nine months ended September 30, 2012 (in thousands, except per unit data):

Date Paid	Period Covered by Distribution	Distribution Per Common Unit	Total Distribution			
			Common Units	Class B Units	Subordinated Units	General Partner Units
February 14, 2012	October 1, 2011 - December 31, 2011	\$ 0.425	\$ 13,176	\$ —	\$ —	\$ 269
May 15, 2012	January 1, 2012 - March 31, 2012	\$ 0.425	\$ 13,323	\$ —	\$ —	\$ 272
August 14, 2012	April 1, 2012 - June 30, 2012	\$ 0.425	\$ 13,383	\$ —	\$ —	\$ 273

The subordinated units will receive distributions only to the extent we have available cash above the minimum quarterly distribution requirement for our common unitholders and general partner and certain reserves. As a result of the assignment of Cheniere Marketing's TUA to Cheniere Investments, effective July 1, 2010, our available cash for distributions was reduced. Therefore, we have not paid distributions on our subordinated units since the distribution made with respect to the quarter ended March 31, 2010.

Pursuant to the Blackstone and Cheniere Unit Purchase Agreements, we issued and sold 100 million Class B Units at a price of \$15.00 per Class B Unit in the nine months ended September 30, 2012, resulting in total gross proceeds of \$1.5 billion. The Class B Units were issued at a discount to the market price of the common units into which they are convertible. This discount totaling \$1,450.0 million represents a beneficial conversion feature and is reflected as an increase in common and subordinated unitholders' capital and a decrease in Class B unitholders' capital to reflect the fair value of the Class B Units at issuance on our consolidated statement of partners' and owners' capital (deficit). The beneficial conversion feature is considered a dividend that will be distributed ratably with respect to any Class B Unit from its issuance date through its conversion date, resulting in an increase in Class B unitholders' capital and a decrease in common and subordinated unitholders' capital. The impact of the beneficial conversion feature is also included in earnings per unit for the three and nine months ended September 30, 2012.

**Net Income (Loss) per Common Unit**

Net income (loss) per common unit for a given period is based on the distributions that will be made to unitholders with respect to the period plus an allocation of undistributed net income (loss) based on provisions of the partnership agreement, divided by the weighted average number of common units outstanding. The two class method dictates that net income (loss) for a period be reduced by the amount of available cash that will be distributed with respect to that period and that any residual amount representing undistributed net income be allocated to common unitholders and other participating unitholders to the extent that each unit may share in net income as if all of the net income for the period had been distributed in accordance with the partnership agreement. Undistributed income is allocated to participating securities based on the distribution waterfall for available cash specified in the partnership agreement. Undistributed losses (including those resulting from distributions in excess of net income) are allocated to common units and other participating securities on a pro rata basis based on provisions of the partnership agreement. Distributions are treated as distributed earnings in the computation of earnings per common unit even though cash distributions are not necessarily derived from current or prior period earnings.

Under our partnership agreement, the incentive distribution rights ("IDRs") participate in net income (loss) only to the extent of the amount of cash distributions actually declared, thereby excluding the IDRs from participating in undistributed net income (loss). We did not allocate earnings or losses to IDR holders for the purpose of the two class method earnings per common unit calculation for any of the periods presented.

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

The following table provides a reconciliation of net income (loss) and the allocation of net income (loss) to the common units, the Class B Units and the subordinated units for purposes of computing net income (loss) per unit (in thousands, except per unit data):

	Total	Limited Partner Units			General Partner
		Common Units	Class B Units	Subordinated Units	
<b>Three Months Ended September 30, 2012</b>					
Net loss	\$ (42,422)				
Declared distributions	17,125	16,783			342
Amortization of beneficial conversion feature of Class B Units	—	(2,971)	14,888	(11,917)	—
Assumed allocation of undistributed net loss	(59,547)	(12,467)	—	(42,744)	(4,336)
Assumed allocation of net income (loss)		\$ 1,345	\$ 14,888	\$ (54,661)	\$ (3,994)
Weighted average units outstanding		31,997	54,710	135,384	
Net income (loss) per unit		\$ 0.04	\$ 0.27	\$ (0.40)	
<b>Three Months Ended September 30, 2011</b>					
Net loss	\$ (14,479)				
Declared distributions	13,445	13,176			269
Assumed allocation of undistributed net loss	(27,924)	(5,099)	—	(22,267)	(558)
Assumed allocation of net income (loss)		\$ 8,077	\$ —	\$ (22,267)	\$ (289)
Weighted average units outstanding		27,408	—	135,384	
Net income (loss) per unit		\$ 0.29	\$ —	\$ (0.16)	
<b>Nine Months Ended September 30, 2012</b>					
Net loss	\$ (86,615)				
Declared distributions	44,376	43,488			888
Amortization of beneficial conversion feature of Class B Units	—	(3,863)	19,625	(15,762)	—
Assumed allocation of undistributed net loss	(130,991)	(28,278)	—	(96,948)	(5,765)
Assumed allocation of net income (loss)		\$ 11,347	\$ 19,625	\$ (112,710)	\$ (4,877)
Weighted average units outstanding		31,449	19,181	135,384	
Net income (loss) per unit		\$ 0.36	\$ 1.02	\$ (0.83)	
<b>Nine Months Ended September 30, 2011</b>					
Net loss	\$ (23,557)				
Declared distributions	36,691	35,957			734
Assumed allocation of undistributed net loss	(60,248)	(11,002)	—	(48,041)	(1,205)
Assumed allocation of net income (loss)		\$ 24,955	\$ —	\$ (48,041)	\$ (471)
Weighted average units outstanding		26,867	—	135,384	
Net income (loss) per unit		\$ 0.93	\$ —	\$ (0.35)	

**NOTE 10—Supplemental Cash Flow Information and Disclosures of Non-Cash Transactions**

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

	Nine Months Ended	
	September 30,	
	2012	2011
Cash paid during the period for interest, net of amounts capitalized	\$ 77,140	\$ 82,512
Construction-in-process funded with accrued liabilities	\$ 52,830	\$ —

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—Continued**  
**(unaudited)**

**NOTE 11—Subsequent Events**

**Class B Units**

In October 2012, Blackstone purchased \$300.0 million of additional Class B Units, which, when added to prior Class B Units purchased by Blackstone, totals \$1.3 billion invested.

**2013 Notes**

In October 2012, Sabine Pass LNG repurchased approximately 97% of the 2013 Notes. Funds used for the repurchase included proceeds received from newly issued \$420.0 million 6.50% senior secured notes due in 2020 and from an equity contribution from us of approximately \$194 million. Sabine Pass LNG has issued a redemption notice for the remaining approximately \$16.5 million outstanding 2013 Notes which it expects to redeem in November 2012.

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

**Information 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 fact, included herein or incorporated herein by reference are "forward-looking statements." Included among "forward-looking statements" are, among other things:

- statements regarding our ability to pay distributions to our unitholders;
- statements regarding our expected receipt of cash distributions from Sabine Pass LNG, L.P. ("Sabine Pass LNG") or Sabine Pass Liquefaction, LLC ("Sabine Pass Liquefaction");
- statements regarding future levels of domestic natural gas production, supply or consumption; future levels of liquefied natural gas ("LNG") imports into North America; sales of natural gas in North America or other markets; exports of LNG from North America; and the transportation, other infrastructure or prices related to natural gas, LNG or other energy sources;
- statements regarding any financing or refinancing transactions or arrangements, including the amounts or timing thereof, interest rates thereon or ability to enter into such transactions or arrangements, whether on the part of Cheniere Energy Partners, L.P. or any subsidiary or at the project level;
- statements regarding any commercial arrangements presently contracted, optioned or marketed, or potential arrangements, to be 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 LNG regasification, liquefaction or storage capacity that are, or may become, subject to such commercial arrangements;
- statements regarding counterparties to our commercial contracts, construction contracts and other contracts;
- statements relating to the construction and operations of our liquefaction facilities, including statements concerning the anticipated dates for commencement of construction or operations or at all, the costs related thereto and certain characteristics, including amounts of liquefaction capacity and storage capacity and the number of LNG trains;
- statements regarding any business strategy, any business plans or any other plans, forecasts, projections or objectives, including potential revenues and capital expenditures, any or all of which are subject to change;
- statements regarding legislative, governmental, regulatory, administrative or other public body actions, requirements, permits, investigations, proceedings or decisions; 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," "develop," "estimate," "expect," "forecast," "plan," "potential," "project," "propose," "strategy" and similar terms and phrases, or by the use of future tense. 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 are made as of the date of and 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 under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2011. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these risk factors. 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.

As used herein, the terms "Cheniere Partners," "we," "our" and "us" refer to Cheniere Energy Partners, L.P. and its wholly owned subsidiaries.

## Introduction

The following discussion and analysis presents management's view of our business, financial condition and overall performance and should be read in conjunction with our Consolidated Financial Statements and the accompanying notes in Item 1. "Consolidated Financial Statements". This information is intended to provide investors with an understanding of our past performance, current financial condition and outlook for the future. Our discussion and analysis include the following subjects:

- Overview of Business
- Overview of Significant Events
- Liquidity and Capital Resources
- Results of Operations
- Off-Balance Sheet Arrangements
- Summary of Critical Accounting Policies and Estimates
- Recent Accounting Standards

## Overview of Business

We are a Delaware limited partnership formed by Cheniere Energy, Inc. ("Cheniere"). Through our wholly owned subsidiary, Sabine Pass LNG, we own and operate the Sabine Pass LNG terminal located in western Cameron Parish, Louisiana on the Sabine Pass Channel. Through our wholly owned subsidiary, Sabine Pass Liquefaction, we are constructing liquefaction facilities adjacent to the Sabine Pass LNG terminal.

## Overview of Significant Events

In the first nine months of 2012, and through the filing date of this Form 10-Q, we continue to execute our strategy to operate the Sabine Pass LNG terminal, generate steady and reliable revenues under Sabine Pass LNG's long-term terminal use agreements ("TUAs") and develop and construct liquefaction facilities adjacent to the Sabine Pass LNG terminal (the "Liquefaction Project"). The major events in our business that have occurred since January 1, 2012 include the following:

- In January 2012, Sabine Pass Liquefaction entered into an amended and restated LNG Sale and Purchase Agreement ("SPA") with BG Gulf Coast LNG, LLC ("BG"), a subsidiary of BG Group plc, under which BG agreed to purchase an additional 2.0 million tonnes per annum ("mtpa") of LNG, bringing BG's total annual contract quantity to 5.5 mtpa of LNG.
- In January 2012, Sabine Pass Liquefaction entered into an LNG SPA with Korea Gas Corporation ("KOGAS"), under which KOGAS agreed to purchase 182.5 million MMBtu of LNG per year (approximately 3.5 mtpa).
- In April 2012, Sabine Pass Liquefaction and Sabine Pass LNG received authorization under Section 3 of the Natural Gas Act (the "Order") from the Federal Energy Regulatory Commission ("FERC") to site, construct and operate facilities for the liquefaction and export of domestically produced natural gas at the Sabine Pass LNG terminal located in Cameron Parish, Louisiana. The Order authorizes the development of up to four modular LNG trains.
- In May 2012, we entered into a Unit Purchase Agreement ("Agreement") with Blackstone CQP Holdco LP ("Blackstone"). Under the Agreement, Blackstone agreed to purchase \$1.5 billion of newly issued Cheniere Partners Class B units ("Class B Units") from us in a private placement. Cheniere also agreed to purchase \$500.0 million of Class B Units pursuant to a separate unit purchase agreement. Proceeds from the financings will be used to fund part of the equity portion of the costs of developing, constructing and placing into service the Liquefaction Project. In August 2012, Blackstone purchased \$500.0 million of Class B Units from Cheniere Partners. In September and October 2012, Blackstone purchased \$500.0 million and \$300.0 million additional Class B Units, respectively, for an aggregate investment to date of \$1.3 billion. In June and July 2012, Cheniere purchased \$166.7 million and \$333.3 million of Class B Units for an aggregate investment of \$500 million.

- In June 2012, we issued a limited notice to proceed to Bechtel Oil, Gas and Chemicals, Inc. ("Bechtel") to construct LNG trains 1 and 2 of the Liquefaction Project.
- In July 2012, Sabine Pass Liquefaction closed on a \$3.6 billion senior secured credit facility (the "Liquefaction Credit Facility") that will be used to fund a portion of the costs of developing, constructing and placing into service LNG trains 1 and 2 of the Liquefaction Project.
- In September 2012, we sold 8.0 million common units in an underwritten public offering at a price of \$25.07 per common unit for net cash proceeds of \$194.0 million.
- In October 2012, Sabine Pass LNG repurchased approximately 97% of the outstanding \$550.0 million 7.25% Senior Secured Notes due 2013 (the "2013 Notes"). Funds used for the repurchase included proceeds received from newly issued \$420.0 million 6.50% senior secured notes due in 2020 (the "2020 Notes") and from an equity contribution from us. Sabine Pass LNG has issued a redemption notice for the remaining approximately \$16.5 million outstanding 2013 Notes which it expects to redeem in November 2012.

## **Liquidity and Capital Resources**

### ***Cash and Cash Equivalents***

As of September 30, 2012, we had \$369.1 million of cash and cash equivalents and \$390.5 million of restricted cash and cash equivalents, which is restricted as described below.

In January 2011, we initiated an at-the-market program to sell up to 1.0 million common units the proceeds from which are used primarily to fund development costs associated with the Liquefaction Project. During the year ended December 31, 2011, we sold 0.5 million common units with net proceeds of \$9.0 million. During the nine months ended September 30, 2012, we sold 0.5 million common units in connection with the at-the-market program with net proceeds of \$11.1 million. We paid \$0.3 million in commissions to Miller Tabak + Co., Inc., as sales agent, in connection with the at-the-market program during the nine months ended September 30, 2012.

In September 2011, we sold 3.0 million common units in an underwritten public offering and 1.1 million common units to Cheniere Common Units Holding, LLC ("Cheniere Common Units Holding") at a price of \$15.25 per common unit. We received net proceeds of approximately \$60 million that we are using for general business purposes, including development costs associated with the Liquefaction Project. In September 2012, we sold 8.0 million common units in an underwritten public offering at a price of \$25.07 per common unit. We received net proceeds of \$194.0 million, a portion of which we have used for the partial repayment of the 2013 Notes, and, to the extent not so used, for general business purposes.

During the year ended December 31, 2011, we also received \$1.5 million in net proceeds from our general partner in connection with the exercise of its right to maintain its 2% ownership interest in us. We received \$34.9 million in net proceeds from our general partner in connection with the exercise of its right to maintain its 2% ownership interest in us during the nine months ended September 30, 2012.

During the nine months ended September 30, 2012, we issued and sold 100 million Class B Units at a price of \$15.00 per Class B Unit, resulting in total gross proceeds of \$1.5 billion that will be used to fund the equity portion of the costs of developing, constructing and placing into service the Liquefaction Project.



## ***Sabine Pass LNG Terminal***

### *Regasification Facilities*

Approximately 2.0 Bcf/d of the regasification capacity at the Sabine Pass LNG terminal has been reserved under two long-term third-party TUAs, under which Sabine Pass LNG's customers are required to pay fixed monthly fees, whether or not they use the LNG terminal. Capacity reservation fee TUA payments are made by Sabine Pass LNG's third-party TUA customers as follows:

- Total Gas and Power North America, Inc. ("Total") has reserved approximately 1.0 Bcf/d of regasification capacity and is obligated to make monthly capacity payments to Sabine Pass LNG aggregating approximately \$125 million per year for 20 years that commenced April 1, 2009. Total S.A. has guaranteed Total's obligations under its TUA up to \$2.5 billion, subject to certain exceptions; and
- Chevron U.S.A. Inc. ("Chevron") has reserved approximately 1.0 Bcf/d of regasification capacity and is obligated to make monthly capacity payments to Sabine Pass LNG aggregating approximately \$125 million per year for 20 years that commenced July 1, 2009. Chevron Corporation has guaranteed Chevron's obligations under its TUA up to 80% of the fees payable by Chevron.

Each of Total and Chevron previously paid Sabine Pass LNG \$20.0 million in nonrefundable advance capacity reservation fees, which are being amortized over a 10-year period as a reduction of each customer's regasification capacity reservation fees payable under its respective TUA.

Sabine Pass Liquefaction has also entered into a TUA with Sabine Pass LNG pursuant to which Sabine Pass Liquefaction has reserved approximately 2.0 Bcf/d of regasification capacity and is obligated to make monthly capacity payments to Sabine Pass LNG aggregating approximately \$250 million per year, continuing until at least 20 years after one of Sabine Pass Liquefaction's customers delivers its first commercial cargo at Sabine Pass Liquefaction's facilities under construction, which may occur as early as late 2015. Sabine Pass Liquefaction obtained this reserved capacity as a result of an assignment in July 2012 by Cheniere Energy Investments, LLC ("Cheniere Investments") of its rights, title and interest under its TUA. In connection with the assignment, Sabine Pass Liquefaction, Cheniere Investments and Sabine Pass LNG entered into a terminal use rights assignment and agreement ("TURA") pursuant to which Cheniere Investments has the right to use Sabine Pass Liquefaction's reserved capacity under the TUA and has the obligation to make the monthly capacity payments required by the TUA to Sabine Pass LNG. The revenue earned by Sabine Pass LNG from the capacity payments made under the TUA is eliminated upon consolidation of our financial statements. We have guaranteed the obligations of Sabine Pass Liquefaction under its TUA and the obligations of Cheniere Investments under the TURA.

In September 2012, Sabine Pass Liquefaction entered into a partial TUA assignment agreement with Total, whereby Sabine Pass Liquefaction will progressively gain access to Total's capacity and other services provided under Total's TUA with Sabine Pass LNG. These agreements will provide Sabine Pass Liquefaction with additional berthing and storage capacity at the Sabine Pass LNG terminal that may be used to accommodate the development of a fifth LNG train, provide increased flexibility in managing LNG cargo loading and unloading activity starting with the commencement of commercial operations of the third LNG train, and permit Sabine Pass Liquefaction to more flexibly manage its storage with the commencement of the first LNG train. Notwithstanding any arrangements between Total and Sabine Pass Liquefaction, payments required to be made by Total under the TUA shall continue to be made by Total in accordance with the Sabine Pass LNG TUA.

In connection with the TUA assignment to Sabine Pass Liquefaction, Cheniere Investments entered into an amended and restated variable capacity rights agreement ("VCRA") with Cheniere Marketing, LLC, a wholly owned subsidiary of Cheniere ("Cheniere Marketing"), in order for Cheniere Investments to monetize the capacity rights granted under the TURA. Under the terms of the VCRA, Cheniere Marketing is responsible for monetizing the capacity at the Sabine Pass LNG terminal held by Cheniere Investments under the TURA and has the right to utilize all of the services and other rights at the Sabine Pass LNG terminal available under the TURA. In consideration of these rights, Cheniere Marketing is obligated to pay Cheniere Investments 80% of the expected gross margin of each cargo of LNG delivered to the Sabine Pass LNG terminal. To the extent payments from Cheniere Marketing to Cheniere Investments under the VCRA increase our available cash in excess of the common unit and general partner distributions and certain reserves, the cash would be distributed to Cheniere in the form of distributions on its subordinated units. During the term of the VCRA, Cheniere Marketing is responsible for the payment of taxes and new regulatory costs paid by Cheniere Investments under the TUA. Cheniere Marketing continues to develop its business, lacks a credit rating and may be limited by access to capital. Cheniere, which has guaranteed the obligations of Cheniere Marketing under the VCRA, has a non-investment grade corporate rating.

Under each of these TUAs, Sabine Pass LNG is entitled to retain 2% of the LNG delivered for the customer's account.

#### *Liquefaction Facilities*

In June 2010, we formed Sabine Pass Liquefaction to own, develop and operate liquefaction facilities adjacent to the Sabine Pass LNG terminal. In constructing the liquefaction facilities, we propose to take advantage of the existing marine and storage facilities that were constructed for the LNG receiving terminal, thereby saving a substantial amount of capital cost compared to the cost of constructing a greenfield facility. We anticipate that LNG exports could commence as early as 2015 with each LNG train commencing operations approximately six to nine months after the previous LNG train.

The Department of Energy ("DOE") has granted Sabine Pass Liquefaction an order authorizing the export of up to the equivalent of 16 mtpa (approximately 800 Bcf) per year of domestically produced LNG by vessel from the Sabine Pass LNG terminal to Free Trade Agreement ("FTA") countries for a 30-year term, beginning on the earlier of the date of first export or September 7, 2020, and another order authorizing the export of up to the equivalent of 803 Bcf per year (approximately 16 mtpa) of domestically produced LNG by vessel from the Sabine Pass LNG terminal to non-FTA countries for a 20-year term, beginning on the earlier of the date of first export or May 20, 2016.

In April 2012, Sabine Pass Liquefaction received authorization from the FERC to site, construct and operate liquefaction and export facilities at the Sabine Pass LNG terminal.

Sabine Pass Liquefaction has entered into four third-party SPAs, under which customers have committed to purchase, in aggregate, 834.0 million MMBtu of LNG per year (approximately 16 mtpa) as follows:

- BG Gulf Coast LNG, LLC ("BG") has agreed to purchase 286.5 million MMBtu of LNG per year (approximately 5.5 mtpa);
- Gas Natural Aproveisionamientos SDG S.A. ("Gas Natural Fenosa"), an affiliate of Gas Natural SDG S.A., has agreed to purchase 182.5 million MMBtu of LNG per year (approximately 3.5 mtpa);
- Korea Gas Corporation ("KOGAS") has agreed to purchase 182.5 million MMBtu of LNG per year (approximately 3.5 mtpa);  
and
- GAIL (India) Limited ("GAIL") has agreed to purchase 182.5 million MMBtu of LNG per year (approximately 3.5 mtpa).

In aggregate, these customers have agreed to pay Sabine Pass Liquefaction approximately \$2.3 billion annually, plus an amount per MMBtu of LNG equal to 115% of the final settlement price for the New York Mercantile Exchange natural gas futures contract for the month in which the relevant cargo is scheduled.

In addition, Cheniere Marketing has entered into an SPA to purchase certain excess LNG produced that is not committed to non-affiliate parties, up to a maximum of 104.0 million MMBtu of LNG per year (approximately 2.0 mtpa). The sales price to be paid by Cheniere Marketing will be 115% of the then-current Henry Hub price per MMBtu plus a profit sharing equal to 100% of profits up to \$3.00/MMBtu for the first 36 million MMBtu of the most profitable cargoes sold each year to Cheniere Marketing and 20% of profits for the subsequent 68 million MMBtu sold each year to Cheniere Marketing.

In November 2011, Sabine Pass Liquefaction entered into a lump sum turnkey agreement with Bechtel for procurement, engineering, design, installation, training, commissioning and placing into service the first two LNG trains and related facilities adjacent to the Sabine Pass LNG terminal. We issued to Bechtel a limited notice to proceed with construction of LNG trains 1 and 2 in June 2012, and a full notice to proceed with construction of LNG trains 1 and 2 in August 2012. We expect to begin operations of the first LNG train in late 2015, with the second LNG train commencing operations approximately six to nine months after the first LNG train. We expect to complete our construction plan and cost estimates for LNG trains 3 and 4 by the end of 2012 and begin implementing a financing strategy for those LNG trains. Commencement of construction for the third and fourth LNG trains is subject, but not limited to, entering into an EPC contract, obtaining financing and making a final investment decision.

The cost to construct LNG trains 1 and 2 is currently estimated to be approximately \$4.5 billion to \$5 billion, before financing costs. Our cost estimates are subject to change due to such items as change orders, delays in construction, increased component and material costs, escalation of labor costs and increased spending to maintain our construction schedule.

## Financing

In May 2012, we and Blackstone entered into a unit purchase agreement whereby we agreed to sell to Blackstone in a private placement 100 million Class B Units of Cheniere Partners at a price of \$15.00 per Class B Unit. Subsequent to an initial funding of \$500 million by Blackstone, we can require, based on liquidity needs, that Blackstone make additional capital contributions until Blackstone has funded \$1.5 billion in the aggregate. In addition, we and a wholly owned subsidiary of Cheniere entered into a unit purchase agreement whereby we agreed to sell 33.3 million Class B Units at a price of \$15.00 per unit, for total consideration of \$500 million, of which \$166.7 million was sold in June 2012 so that we could issue a limited notice to proceed to Bechtel and the remaining \$333.3 million was sold in July 2012. We will use the net proceeds from the private placements to pay for a portion of the cost to construct the first two LNG trains and related facilities and equipment. During the nine months ended September 30, 2012, we issued and sold an aggregate of 100 million Class B Units at a price of \$15.00 per Class B Unit, resulting in total gross proceeds of \$1.5 billion. In October 2012, Blackstone purchased \$300.0 million of additional Class B Units, which, when added to prior Class B Units purchased, equals \$1.3 billion total invested.

In July 2012, Sabine Pass Liquefaction entered into the \$3.6 billion Liquefaction Credit Facility with a syndicate of lenders. The Liquefaction Credit Facility will be used to fund a portion of the costs of developing, constructing and placing into operation LNG trains 1 and 2 of the Liquefaction Project. The Liquefaction Credit Facility will mature on the earlier of July 31, 2019 or the second anniversary of the completion date of LNG trains 1 and 2 of the Liquefaction Project. Borrowings under the Liquefaction Credit Facility may be refinanced, in whole or in part, at any time without premium or penalty, except for interest hedging and interest rate breakage costs. Sabine Pass Liquefaction made a \$100.0 million borrowing under the Liquefaction Credit Facility in August 2012 after meeting the required conditions precedent to the initial advance. The second advance will not be made until Sabine Pass Liquefaction has received an aggregate of at least \$1.9 billion of equity or subordinated debt proceeds, and has expended at least \$1.8 billion of such funds in payment of costs for LNG trains 1 and 2 of the Liquefaction Project. In addition, the second advance will not be made until Cheniere Creole Trail Pipeline, L.P. has received equity or debt commitments sufficient to fund the pipeline modifications necessary to provide sufficient gas supply for the Liquefaction Project.

## Sources and Uses of Cash

The following table summarizes (in thousands) the sources and uses of our cash and cash equivalents for the nine months ended September 30, 2012 and 2011. The table presents capital expenditures on a cash basis; therefore, these amounts differ from the amounts of capital expenditures, including accruals, that are referred to elsewhere in this report. Additional discussion of these items follows the table.

	Nine Months Ended	
	September 30,	
	2012	2011
<b>Sources of cash and cash equivalents</b>		
Proceeds from the sale of Class B Units	\$ 1,387,560	\$ —
Proceeds from the sale of partnership common and general partner units	240,114	70,360
Proceeds from Liquefaction Credit Facility	100,000	—
Operating cash flow	—	12,634
Total sources of cash and cash equivalents	<u>1,727,674</u>	<u>82,994</u>
<b>Uses of cash and cash equivalents</b>		
LNG terminal construction-in-process, net	(876,531)	(6,419)
Investment in restricted cash and cash equivalents	(289,851)	—
Debt issuance costs	(210,126)	—
Operating cash flow	(6,454)	—
Distributions to unitholders	(40,696)	(34,704)
Other	(16,331)	(722)
Total uses of cash and cash equivalents	<u>(1,439,989)</u>	<u>(41,845)</u>
Net increase (decrease) in cash and cash equivalents	287,685	41,149
Cash and cash equivalents—beginning of period	81,415	53,349
Cash and cash equivalents—end of period	<u>\$ 369,100</u>	<u>\$ 94,498</u>

#### *Proceeds from the Sale of Class B Units*

During the nine months ended September 30, 2012, we issued and sold an aggregate of 100.0 million Class B Units to Cheniere and Blackstone at a price of \$15.00 per Class B Unit, resulting in total net proceeds of \$1,387.6 million.

#### *Proceeds from the Sale of Partnership Common and General Partner Units*

In September 2012, we sold 8.0 million common units in an underwritten public offering at a price of \$25.07 per common unit for net cash proceeds of \$194.0 million. In addition, during the nine months ended September 2012, we sold 0.5 million common units for net cash proceeds of \$11.1 million under the at-the-market program initiated in January 2011.

#### *Proceeds from the Liquefaction Credit Facility and Debt Issuance Costs*

In July 2012, Sabine Pass Liquefaction entered into the \$3.6 billion Liquefaction Credit Facility with a syndicate of lenders. Sabine Pass Liquefaction made \$100.0 million of borrowings under the Liquefaction Credit Facility in August 2012 after meeting the required conditions precedent to the initial advance. Debt issuance costs relate to \$210.1 million paid by Sabine Pass Liquefaction upon the closing of the Liquefaction Credit Facility.

#### *Operating Cash Flow*

Operating cash flow decreased \$19.1 million for the nine months ended September 30, 2012 compared to the same period in 2011. The decrease in operating cash flow primarily resulted from increased costs incurred to develop and manage the construction of LNG trains 1 and 2 of the Liquefaction Project, and decreased LNG cargo export loading fee revenue.

#### *LNG Terminal and Pipeline Construction-in-Process, net*

Capital expenditures for the Sabine Pass LNG terminal were \$876.5 million and \$6.4 million in the nine months ended September 30, 2012, and 2011, respectively. We began capitalizing costs associated with construction of our liquefaction facilities as construction-in-process during the second quarter of 2012.

#### *Investment in Restricted Cash and Cash Equivalents*

During the nine months ended September 30, 2012, we invested \$289.9 million in restricted cash and cash equivalents. This investment was a result of the \$1,177.8 million investment in restricted cash and cash equivalents from the proceeds of Class B Unit sales that was partially offset by the use of restricted cash for the construction of LNG trains 1 and 2 of the Liquefaction Project.

#### *Cash Distributions to Unitholders*

Our partnership agreement requires that, within 45 days after the end of each quarter, we distribute all of our available cash (as defined in our partnership agreement). Our available cash is our cash on hand at the end of a quarter less the amount of any reserves established by our general partner. All distributions paid to date have been made from accumulated operating surplus. The following provides a summary of distributions paid by us during the nine months ended September 30, 2012:

Date Paid	Period Covered by Distribution	Distribution Per Common Unit	Total Distribution (in thousands)		
			Common Units	Subordinated Units	General Partner Units
February 14, 2012	October 1, 2011 - December 31, 2011	\$ 0.425	\$ 13,176	\$ —	\$ 269
May 15, 2012	January 1, 2012 - March 31, 2012	\$ 0.425	\$ 13,323	\$ —	\$ 272
August 15, 2012	April 1, 2012 - June 30, 2012	\$ 0.425	\$ 13,383	\$ —	\$ 273

The subordinated units will receive distributions only to the extent we have available cash above the minimum quarterly distributions requirement for our common unitholders and general partner along with certain reserves. Such available cash could be generated through new business development or fees received from Cheniere Marketing under the VCRA. The ending of the subordination period and conversion of the subordinated units into common units will depend upon future business development.

On October 22, 2012, we declared a \$0.425 distribution per common unit and the related distribution to our general partner to be paid to owners of record on November 1, 2012 for the period from July 1, 2012 to September 30, 2012.

### **Debt Agreements**

#### *Senior Notes*

In November 2006, Sabine Pass LNG issued an aggregate principal amount of \$2,032.0 million of Senior Notes (the "Senior Notes"), consisting of \$550.0 million of 7¼% Senior Secured Notes due 2013 (the "2013 Notes") and \$1,482.0 million of 7½% Senior Secured Notes due 2016 (the "2016 Notes"). In September 2008, Sabine Pass LNG issued an additional \$183.5 million, before discount, of 2016 Notes whose terms were identical to the previously outstanding 2016 Notes. Interest on the Senior Notes is payable semi-annually in arrears on May 30 and November 30 of each year. The Senior Notes are secured on a first-priority basis by a security interest in all of Sabine Pass LNG's equity interests and substantially all of its operating assets.

Sabine Pass LNG may redeem some or all of the Senior Notes at any time, and from time to time, at a redemption price equal to 100% of the principal plus any accrued and unpaid interest plus the greater of:

- 1.0% of the principal amount of the Senior Notes; or
- the excess of: a) the present value at such redemption date of (i) the redemption price of the Senior Notes plus (ii) all required interest payments due on the Senior Notes (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over b) the principal amount of the Senior Notes, if greater.

Under the Sabine Pass Indenture, except for permitted tax distributions, Sabine Pass LNG may not make distributions until certain conditions are satisfied: there must be on deposit in an interest payment account an amount equal to one-sixth of the semi-annual interest payment multiplied by the number of elapsed months since the last semi-annual interest payment, and there must be on deposit in a permanent debt service reserve fund an amount equal to one semi-annual interest payment of approximately \$82.4 million. Distributions are permitted only after satisfying the foregoing funding requirements, a fixed charge coverage ratio test of 2:1 and other conditions specified in the Sabine Pass Indenture. During the nine months ended September 30, 2012 and 2011, Sabine Pass LNG made distributions to us of \$182.9 million and \$155.6 million, respectively, after satisfying all of the applicable conditions in the Sabine Pass Indenture.

In October 2012, Sabine Pass LNG repurchased approximately 97% of the 2013 Notes. Funds used for the repurchase included proceeds received from the sale of the 2020 Notes and from an equity contribution from us. Sabine Pass LNG has issued a redemption notice for the remaining approximately \$16.5 million outstanding 2013 Notes which it expects to redeem in November 2012.

#### *Liquefaction Credit Facility*

In July 2012, Sabine Pass Liquefaction entered into the \$3.6 billion Liquefaction Credit Facility with a syndicate of lenders. The Liquefaction Credit Facility will be used to fund a portion of the costs of developing, constructing and placing into operation LNG trains 1 and 2 of the Liquefaction Project. The Liquefaction Credit Facility will mature on the earlier of July 31, 2019 or the second anniversary of the completion date of LNG trains 1 and 2 of the Liquefaction Project. Borrowings under the Liquefaction Credit Facility may be refinanced, in whole or in part, at any time without premium or penalty, except for interest hedging and interest rate breakage costs. Sabine Pass Liquefaction made a \$100.0 million borrowing under the Liquefaction Credit Facility in August 2012 after meeting the required conditions precedent to the initial advance. The second advance will not be made until Sabine Pass Liquefaction has received an aggregate of at least \$1.9 billion of equity or subordinated debt proceeds, and has expended at least \$1.8 billion of such funds in payment of costs for LNG trains 1 and 2 of the Liquefaction Project. In addition, the second advance will not be made until Cheniere Creole Trail Pipeline, L.P. has received equity or debt commitments sufficient to fund the pipeline modifications necessary to provide sufficient gas supply for the Liquefaction Project.

Borrowings under the Liquefaction Credit Facility bear interest, at Sabine Pass Liquefaction's election, at a variable rate equal to LIBOR or the base rate, plus the applicable margin. The applicable margin for LIBOR loans is 3.50% during construction and 3.75% during operations, and the applicable margin for base rate loans is 2.50% during construction and 2.75% during operations. Interest on LIBOR loans is due and payable at the end of each LIBOR period, and interest on base rate loans is due and payable at the end of each calendar quarter. The Liquefaction Credit Facility required Sabine Pass Liquefaction to pay certain up-front fees to the agents and lenders in the aggregate amount of approximately \$178 million and provides for a commitment fee calculated at a rate per annum equal to 40% of the applicable margin for LIBOR loans, multiplied by the average daily amount of the undrawn commitment. Annual administrative fees must also be paid to the agent and the trustee. The principal of loans made under the Liquefaction Credit Facility must be repaid in quarterly installments, commencing with the first calendar quarter ending at least three months following the completion of LNG trains 1 and 2 of the Liquefaction Project. Scheduled repayments are based upon an 18-year amortization, with the remaining balance due upon the maturity of the Liquefaction Credit Facility.

Under the terms and conditions of the Liquefaction Credit Facility, all cash held by Sabine Pass Liquefaction is controlled by the collateral agent. These funds can only be released by the collateral agent upon satisfaction of certain terms and conditions, including receipt of satisfactory documentation that the Liquefaction Project costs are bona fide expenditures and are permitted under the terms of the Liquefaction Credit Facility. The Liquefaction Credit Facility does not permit Sabine Pass Liquefaction 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 cash balance of \$100.0 million held in these accounts as of September 30, 2012 is classified as restricted on our Consolidated Balance Sheets.

The Liquefaction Credit Facility contains customary conditions precedent for the second borrowing and any subsequent borrowings, as well as customary affirmative and negative covenants. The obligations of Sabine Pass Liquefaction under the Liquefaction Credit Facility are secured by substantially all of the assets of Sabine Pass Liquefaction as well as all of the membership interests in Sabine Pass Liquefaction, and a security interest in our rights under the Blackstone Unit Purchase Agreement and the guaranty related thereto.

Under the terms of the Liquefaction Credit Facility, Sabine Pass Liquefaction is required to hedge against the potential of rising interest rates with respect to no less than 75% (calculated on a weighted average basis) of the projected outstanding borrowings. Shortly after the closing of the Liquefaction Credit Facility, Sabine Pass Liquefaction entered into interest rate swap agreements. The swap agreements have the effect of fixing the LIBOR component of the interest rate payable under the Liquefaction Credit Facility with respect to forecasted borrowings under the Liquefaction Credit Facility up to a maximum of \$2.9 billion at 1.98% from August 14, 2012 to July 31, 2019, the final termination date of the swap agreements.

### *Services Agreements*

During the nine months ended September 30, 2012 and 2011, we recorded general and administrative expense—affiliate of \$30.3 million and \$14.2 million, respectively, under the following service agreements.

#### *Cheniere Partners Services Agreement*

We have entered into a services agreement with Cheniere LNG Terminals, Inc. ("Cheniere Terminals"), a wholly owned subsidiary of Cheniere, pursuant to which we pay Cheniere Terminals a quarterly non-accountable overhead reimbursement charge of \$2.8 million (adjusted for inflation) for the provision of various general and administrative services for our benefit. In addition, we reimburse Cheniere Terminals for all audit, tax, legal and finance fees incurred by Cheniere Terminals that are necessary to perform the services under the agreement.

#### *Sabine Pass LNG O&M Agreement*

Sabine Pass LNG has entered into a long-term operation and maintenance agreement (the "Sabine Pass LNG O&M Agreement") with a wholly owned subsidiary of Cheniere pursuant to which we receive all necessary services required to operate and maintain the Sabine Pass LNG receiving terminal. Sabine Pass LNG is required to pay a fixed monthly fee of \$130,000 (indexed for inflation) under the agreement, and the counterparty is entitled to a bonus equal to 50% of the salary component of labor costs in certain circumstances to be agreed upon between Sabine Pass LNG and the counterparty at the beginning of each operating year. In addition, Sabine Pass LNG is required to reimburse the counterparty for its operating expenses, which consist primarily of labor expenses.

### *Sabine Pass LNG MSA*

Sabine Pass LNG has entered into a long-term management services agreement (the "Sabine Pass LNG MSA") with Cheniere Terminals, pursuant to which Cheniere Terminals manages the operation of the Sabine Pass LNG receiving terminal, excluding those matters provided for under the Sabine Pass LNG O&M Agreement. Sabine Pass LNG is required to pay Cheniere Terminals a monthly fixed fee of \$520,000 (indexed for inflation).

### *Sabine Pass Liquefaction O&M Agreement*

In May 2012, Sabine Pass Liquefaction entered into an operation and maintenance agreement (the "Liquefaction O&M Agreement") with a wholly owned subsidiary of Cheniere and our general partner pursuant to which we receive all of the necessary services required to construct, operate and maintain the liquefaction facilities. Before the liquefaction facilities are operational, the services to be provided include, among other services, obtaining governmental approvals on behalf of Sabine Pass Liquefaction, preparing an operating plan for certain periods, obtaining insurance, preparing staffing plans and preparing status reports. After the liquefaction facilities are operational, the services include all necessary services required to operate and maintain the liquefaction facilities.

Before the liquefaction facilities are operational, in addition to reimbursement of operating expenses, Sabine Pass Liquefaction is required to pay a monthly fee equal to 0.6% of the capital expenditures incurred in the previous month. After substantial completion of each LNG train, for services performed while the liquefaction facilities are operational, Sabine Pass Liquefaction will pay in addition to the reimbursement of operating expenses, a fixed monthly fee of \$83,333 (indexed for inflation) for services with respect to such LNG train.

### *Sabine Pass Liquefaction MSA*

In May 2012, Sabine Pass Liquefaction entered into a management services agreement (the "Liquefaction MSA") with a wholly owned subsidiary of Cheniere pursuant to which such subsidiary was appointed to manage the construction and operation of the liquefaction facilities, excluding those matters provided for under the Liquefaction O&M Agreement. The services to be provided include, among other services, exercising the day-to-day management of Sabine Pass Liquefaction's affairs and business, managing Sabine Pass Liquefaction's regulatory matters, managing bank and brokerage accounts and financial books and records of Sabine Pass Liquefaction's business and operations, and providing contract administration services for all contracts associated with the liquefaction facilities. Sabine Pass Liquefaction will pay a monthly fee equal to 2.4% of the capital expenditures incurred in the previous month. After substantial completion of each LNG train, Sabine Pass Liquefaction will pay a fixed monthly fee of \$541,667 for services with respect to such LNG train.

## **Results of Operations**

### ***Three Months Ended September 30, 2012 vs. Three Months Ended September 30, 2011***

#### *Overall Operations*

Our net loss increased \$27.9 million, from a net loss of \$14.5 million in the three months ended September 30, 2011 to a net loss of \$42.4 million in the three months ended September 30, 2012. This increase in net loss primarily resulted from increased costs incurred to manage the construction of LNG trains 1 and 2 of the Liquefaction Project, partially offset by decreased development costs.

#### *General and Administrative Expense (including Affiliate Expense)*

Our general and administrative expense (including affiliate expense) increased \$31.7 million, from \$5.8 million in the three months ended September 30, 2011 to \$37.5 million in the three months ended September 30, 2012. This increase in general and administrative expense is primarily a result of increased costs incurred to manage the construction of LNG trains 1 and 2 of the Liquefaction Project.

#### *Operating and Maintenance Expense (including Affiliate Expense)*

Operating and maintenance expense (including affiliate expense) increased \$4.2 million, from \$8.9 million in the three months ended September 30, 2011 to \$13.1 million in the three months ended September 30, 2012. This increase in operating and maintenance expense (including affiliate expense) is primarily a result of increased dredging services in the three months ended September 30, 2012.

#### *Development Expense (including Affiliate Expense)*

Development expense (including affiliate expense) decreased \$5.6 million, from \$9.9 million in the three months ended September 30, 2011 to \$4.3 million in the three months ended September 30, 2012. This decrease in LNG terminal and pipeline development expense resulted from LNG trains 1 and 2 of the Liquefaction Project satisfying the criteria for capitalization in June 2012.

#### **Nine Months Ended September 30, 2012 vs. Nine Months Ended September 30, 2011**

##### *Overall Operations*

Our net loss increased \$63.0 million, from \$23.6 million in the nine months ended September 30, 2011 to \$86.6 million in the nine months ended September 30, 2012. This increase in net loss primarily resulted from increased costs incurred to manage the construction of LNG trains 1 and 2 of the Liquefaction Project, decreased revenues, increased development expense and increased operating and maintenance expense.

##### *General and Administrative Expense (including Affiliate Expense)*

Our general and administrative expense (including affiliate expense) increased \$32.2 million, from \$19.0 million in the nine months ended September 30, 2011 to \$51.2 million in the nine months ended September 30, 2012. This increase in general and administrative expense is primarily a result of increased costs incurred to manage the construction of LNG trains 1 and 2 of the Liquefaction Project.

##### *Revenues (including Affiliate Revenues)*

Revenues (including affiliate revenues) decreased \$16.0 million, from \$213.0 million in the nine months ended September 30, 2011 to \$197.0 million in the nine months ended September 30, 2012. This decrease in revenues (including affiliate revenues) is primarily a result of decreased LNG cargo export loading fee revenue, decreased revenues earned under the VCRA, and a provision for loss on a firm purchase commitment for LNG inventory that will be used to restore the heating value of vaporized LNG to conform to natural gas pipeline specifications.

##### *Development Expense*

Development expense increased \$8.6 million from \$26.8 million in the nine months ended September 30, 2011 to \$35.4 million in the nine months ended September 30, 2012. This increase in development expense resulted from costs incurred to develop LNG trains 1 and 2 of the Liquefaction Project.

##### *Operating and Maintenance Expense (including Affiliate Expense)*

Operating and maintenance expense (including affiliate expense) increased \$7.7 million, from \$24.6 million in the nine months ended September 30, 2011 to \$32.3 million in the nine months ended September 30, 2012. This increase in operating and maintenance expense (including affiliate expense) is primarily a result of increased dredging services in the nine months ended September 30, 2012.

#### **Off-Balance Sheet Arrangements**

As of September 30, 2012, we had no "off-balance sheet arrangements" that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

#### **Summary of Critical Accounting Policies and Estimates**

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 apply the accounting rules to the specific set of circumstances existing in our business. In preparing our consolidated financial statements in conformity with generally accepted accounting principles in the United States ("GAAP"), we endeavor to comply 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. There have been no significant changes to our critical accounting policies and estimates from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2011.

#### **Recent Accounting Standards**

In May 2011, the Financial Accounting Standards Board ("FASB") issued guidance that further addresses fair value measurement accounting and related disclosure requirements. The guidance clarifies the FASB's intent regarding the application of existing fair value measurement and disclosure requirements, changes the fair value measurement requirements for certain financial instruments, and sets forth additional disclosure requirements for other fair value measurements. The guidance is to be applied prospectively and is effective for periods beginning after December 15, 2011. We adopted this guidance effective January 1, 2012. The adoption of this guidance did not have an impact on our consolidated financial position, results of operations or cash flows, as it only expanded disclosures.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

##### **Cash Investments**

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 Sheets.





## Marketing and Trading Commodity Price Risk

We have entered into certain instruments to hedge the exposure to variability in expected future cash flows attributable to the future sale of our LNG inventory ("LNG Inventory Derivatives") and to hedge the exposure to price risk attributable to future purchases of natural gas to be utilized as fuel to operate the Sabine Pass LNG terminal ("Fuel Derivatives"). We use one-day value at risk ("VaR") with a 95% confidence interval and other methodologies for market risk measurement and control purposes of our LNG Inventory Derivatives and Fuel Derivatives. The VaR is calculated using the Monte Carlo simulation method. The table below provides information about our LNG Inventory Derivatives and Fuel Derivatives that are sensitive to changes in natural gas prices and interest rates as of September 30, 2012.

Hedge Description	Hedge Instrument	Contract Volume (MMBtu)	Price Range (\$/MMBtu)	Final Hedge Maturity Date	Fair Value (in thousands)	VaR (in thousands)
LNG Inventory Derivatives	Fixed price natural gas swaps	740,344	\$2.932 - \$3.234	December 2012	\$ (165)	\$ 11
Fuel Derivatives	Fixed price natural gas swaps	1,086,500	\$3.230 - \$4.275	October 2013	60	3

We have entered into interest rate swaps to hedge the exposure to volatility in a portion of the floating-rate interest payments under the Liquefaction Credit Facility ("Interest Rate Derivatives"). In order to test the sensitivity of the fair value of the Interest Rate Derivatives to changes in interest rates, management modeled a 10% change in the forward 1-month LIBOR curve across the full 7-year term of the Interest Rate Derivatives. This 10% change in interest rates resulted in a change in the fair value of the Interest Rate Derivatives of \$19.1 million. The table below provides information about our Interest Rate Derivatives that are sensitive to changes in the forward 1-month LIBOR curve as of September 30, 2012.

Hedge Description	Hedge Instrument	Initial Notional Amount (in thousands)	Fixed Interest Rate Range (%)	Final Hedge Maturity Date	Fair Value (in thousands)	10% Change in LIBOR (in thousands)
Interest Rate Derivatives	Interest rate swaps	\$ 20,000	1.977 - 1.981	July 2019	\$ (29,676)	\$ 19,116

#### **Item 4. 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 Securities and Exchange Commission 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 general partner's management, including our general partner's Chief Executive Officer and 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 general partner's Chief Executive Officer and 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, as of September 30, 2012, there were no pending legal matters that could reasonably be expected to have a material adverse impact on our consolidated results of operations, financial position or cash flows.

##### **Item 1A. Risk Factors**

###### **The number of our common units outstanding increases the risk that we will be unable to make the initial quarterly distribution on our common units.**

We are currently paying the initial quarterly distribution of \$0.425 on each of our common units and the related distribution on the general partner units. We are currently not paying any distributions on the subordinated units. The Class B Units are not entitled to receive distributions until they convert into common units. As of October 24, 2012, we had outstanding 39,488,488 common units. The aggregate initial minimum quarterly distribution on these common units and the related general partner units is \$68.5 million per year. We are not currently generating sufficient operating surplus each quarter to pay the initial quarterly distribution on all of these units and therefore intend to use a portion of our accumulated operating surplus each quarter to enable us to make this distribution. We may not have sufficient operating surplus to continue paying the initial quarterly distribution on all of our common units before our first two LNG trains commence commercial operations, which is not expected to occur until at least 2016. Furthermore, if our first two LNG trains do not commence commercial operations as expected and the outstanding Class B Units convert into common units, we may not have sufficient operating surplus to be able to pay the initial quarterly distribution on all common units then outstanding.

Accordingly, until the first two LNG trains commence commercial operations, the amount of cash that we can distribute on our common units principally will depend upon the amount of cash that we generate from our existing operations, which will be based on, among other things:

- performance by counterparties of their obligations under the TUAs;
- performance by Sabine Pass LNG of its obligations under the TUAs;
- performance by, and the level of cash receipts received from, Cheniere Marketing under the VCRA; and
- the level of our operating costs, including payments to our general partner and its affiliates.

In addition, the actual amount of cash that we will have available for distribution will depend on other factors such as:

- the restrictions contained in our debt agreements and our debt service requirements, including the ability of Sabine Pass LNG to pay distributions to us under the indenture governing the Sabine Pass LNG notes as a result of requirements for a debt service reserve account, a debt payment account and satisfaction of a fixed charge coverage ratio, and the ability of Sabine Pass Liquefaction to pay distributions to us under the Liquefaction Credit Facility;
- the costs and capital requirements of acquisitions, if any;
- fluctuations in our working capital needs;
- our ability to borrow for working capital or other purposes; and
- the amount, if any, of cash reserves established by our general partner.

We may not be successful in our efforts to maintain or increase our cash available for distribution to cover the initial quarterly distribution on our common units. Any reductions in distributions to our unitholders because of a shortfall in cash flow or other events will result in a decrease of the quarterly distribution on our common units below the initial quarterly distribution. Any portion of the initial quarterly distribution that is not distributed on our common units will accrue and be paid to the common unitholders in accordance with our partnership agreement, if at all.

**Sabine Pass Liquefaction may be restricted under the terms of the Liquefaction Credit Facility from making distributions under certain circumstances, which may limit our ability to pay or increase distributions to our unitholders.**

In general, Sabine Pass Liquefaction is permitted to make distributions to us under the Liquefaction Credit Facility only if:

- no default or event of default under the Liquefaction Credit Facility has occurred and is continuing or would occur as a consequence of such distribution;
- the first two LNG trains have been completed;
- Sabine Pass Liquefaction has achieved a debt service coverage ratio determined as of the end of the most recent calendar quarter of at least 1.25 to 1.00, calculated on a trailing 12-month basis (except that any such calculation performed prior to the first anniversary of the completion of the first two LNG trains will be based on the number of months elapsed since such completion date);
- Sabine Pass Liquefaction has on deposit in a debt payment account an amount equal to the projected debt service payments with respect to its senior secured debt for the next six months;
- the first principal amortization payment owing under the Liquefaction Credit Facility has been paid;
- any such distribution is paid no later than 25 business days following the last day of the most recent calendar quarter; and
- any such distribution is paid prior to the last calendar quarter immediately preceding the Liquefaction Credit Facility maturity date.

Sabine Pass Liquefaction's inability to pay distributions to us as a result of the foregoing restrictions in the Liquefaction Credit Facility will restrict our ability to pay or increase distributions to our unitholders.

**Item 6. Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
10.1*	Letter Agreement, dated September 11, 2012, between Total Gas & Power North America, Inc. and Sabine Pass LNG, L.P.
10.2*	Change orders to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Sabine Pass LNG Liquefaction Facility, dated as of November 11, 2011, between Sabine Pass Liquefaction, LLC and Bechtel Oil, Gas and Chemicals, Inc.: (i) the Change Order CO-0008 Delay in Full Placement of Insurance, dated July 27, 2012, (ii) the Change Order CO-0009 HAZOP Action Items, dated July 31, 2012, (iii) the Change Order CO-0010 Fuel Provisional Sum, dated August 8, 2012, (iv) the Change Order CO-0011 Currency Provisional Sum, dated August 8, 2012, (v) the Change Order CO-0012 Delay in NTP, dated August 8, 2012, and (vi) the Change Order CO-0013 Early EPC Work Credit, dated August 29, 2012.
10.3*	Amended and Restated Services and Secondment Agreement, dated as of August 9, 2012, between Cheniere LNG O&M Services, LLC and Cheniere Energy Partners GP, LLC.
10.4*	Amended and Restated Management and Administrative Services Agreement, dated as of August 9, 2012, by and between Cheniere Energy Partners, L.P., Cheniere LNG Terminals, Inc. and Cheniere Energy, Inc.
10.5*	Amended and Restated Operation and Maintenance Agreement (Sabine Pass LNG Facilities), dated as of August 9, 2012, by and among Cheniere LNG O&M Services, LLC, Cheniere Energy Partners GP, LLC and Sabine Pass LNG, L.P.
10.6*	Amended and Restated Management Services Agreement, dated as of August 9, 2012, by and between Cheniere LNG Terminals, Inc. and Sabine Pass LNG, L.P.
10.7*	Form of Amendment to Phantom Units Agreement.
10.8*	Form of Phantom Units Agreement under the Cheniere Energy Partners, L.P. Long-Term Incentive Plan.
10.9*	Form of Phantom Units Agreement under the Cheniere Energy Partners, L.P. Long-Term Incentive Plan (2012 Reload Award).
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.
101.INS+	XBRL Instance Document.
101.SCH+	XBRL Taxonomy Extension Schema Document.
101.CAL+	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF+	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB+	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE+	XBRL Taxonomy Extension Presentation Linkbase Document.

\* Filed herewith.

\*\* Furnished herewith.

+ Pursuant to Rule 406T of Regulation S-T, the interactive data files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.



TOTAL GAS & POWER NORTH AMERICA, INC.

September 11, 2012

SABINE PASS LNG, L.P.  
700 Milam, Suite 800  
Houston, Texas 77002  
Attention: President

Re: Letter Agreement

Ladies and Gentlemen:

Reference is made to LNG Terminal Use Agreement, dated as of September 2, 2004 (as amended and in effect on the date hereof, the "TUA") between SABINE PASS LNG, L.P. ("SABINE") and TOTAL GAS & POWER NORTH AMERICA, INC. ("Customer"). Capitalized terms in this letter have the meanings provided in the TUA. Customer has previously advised SABINE of Customer's intention to enter into, as assignor, a Partial Assignment Agreement ("Partial Assignment Agreement") with Sabine Pass Liquefaction, LLC, a Delaware limited liability company, as assignee ("Assignee"), pursuant to and in accordance with the provisions of Section 17.2(d) of the TUA.

This letter agreement shall constitute an agreement between SABINE and Customer that the provisions of Section 17.1(b) of the TUA shall not with respect to the Partial Assignment Agreement. For sufficient consideration received, Customer and SABINE hereby agree that effective as of October 1, 2012, the provisions of Section 17.1(b) of the TUA requiring the assignee to deliver to SABINE its written undertaking to be bound by and perform all obligations of the assignor under the TUA shall not apply for purposes of the Partial Assignment Agreement. The foregoing is solely for the instance of the Partial Assignment Agreement and shall not constitute a waiver of any provisions of the TUA for any other purpose. This letter agreement shall become effective on October 1, 2012.

Yours truly,

TOTAL GAS & POWER NORTH AMERICA, INC.

By: /s/ Tom Earl  
Tom Earl  
Vice President, Trading

Accepted and Agreed to as of  
September 11, 2012

SABINE PASS LNG, L.P.

By: SABINE PASS LNG-GP, LLC  
Its: General Partner

By: /s/ Graham A. McArthur  
Name: Graham A. McArthur  
Title: Treasurer



## CHANGE ORDER FORM

**Delay in Full Placement of Insurance Program****PROJECT NAME:** Sabine Pass LNG Liquefaction Facility**OWNER:** Sabine Pass Liquefaction, LLC**CONTRACTOR:** Bechtel Oil, Gas and Chemicals, Inc.**DATE OF AGREEMENT:** November 11, 2011**CHANGE ORDER NUMBER:** CO-0008**DATE OF CHANGE ORDER:** July 27, 2012

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

1. Sections 1.A9(e) and (f) of Attachment O is hereby amended and restated as follows:
  - (e) Sum Insured: The insurance policy shall (i) be on a completed value form, with no periodic reporting requirements, (ii) insure not less than \$1,000,000,000 commencing at LNTP and insure one hundred percent (100%) of the Facility's insurable values commencing no later than fifty-six (56) Days after NTP, (iii) value losses at replacement cost, without deduction for physical depreciation or obsolescence including custom duties, Taxes and fees and (iv) insure loss or damage from earth movement without a sub-limit, (v) insure property loss or damage from flood and named windstorm with a sub-limit not less than \$150,000,000 commencing at LNTP, provided that such sub-limit shall increase to an amount that is not less than \$500,000,000 no later than fifty-six (56) Days after NTP, and such sub-limit in the event of a named windstorm shall apply to the combined loss covered under Section 1.A.9 Builder's Risk and Section 1.A.10 Builder's Risk Delayed Startup, and (vi) insure loss or damage from strikes, riots and civil commotion with a sub-limit not less than \$100,000,000.
  - (f) Deductible: The insurance policy shall have no deductible greater than U.S.\$500,000 per occurrence; *provided, however*, (i) for flood and windstorm, the deductible shall not be greater than two percent (2%) of the values at risk, subject to a minimum deductible of U.S.\$1,000,000 and a maximum deductible of U.S.\$7,500,000 for flood and named windstorm and (ii) for wet works and testing and commissioning, the deductible shall not be greater than \$1,000,000.

2. Section 1.10 of Attachment O is hereby amended and restated as follows:

10. Builder's Risk Delayed Startup Insurance. Delayed startup coverage insuring Owner and Lender, as their interests may appear, covering the Owner's fixed costs and debt service as a result of any loss or damage insured by Section 1.A.9 above resulting in a delay in Substantial Completion of the Facility beyond its anticipated date of Substantial Completion in an amount equal to eighteen (18) months (or longer period of time, as determined by Owner after receiving the results of the probable maximum loss report) projected fixed costs plus debt service of Owner. This coverage shall be on an actual loss-sustained basis. Any proceeds from delay in startup insurance shall be payable solely to the Lender or its designee and shall not in any way reduce or relieve Contractor of any of its obligation or liabilities under the Agreement.

Such insurance shall (a) have a deductible of not greater than sixty (60) Days aggregate for all occurrences, except 90 days in the aggregate in the respect of named windstorm, during the builder's risk policy period, (b) include an interim payments clause allowing for the monthly payment of a claim pending final determination of the full claim amount, (c) cover loss sustained when access to the Site is prevented due to an insured peril at premises in the vicinity of the Site

---

for a period not less than sixty (60) Days, (d) cover loss sustained due to the action of a public authority preventing access to the Site due to imminent or actual loss or destruction arising from an insured peril at premises in the vicinity of the Site for a period not less than sixty (60) Days, (e) insure loss caused by FLEXA named perils to finished Equipment (including machinery) while awaiting shipment at the premises of a Subcontractor or Sub-subcontractor, (f) not contain any form of a coinsurance provision or include a waiver of such provision, (g) cover loss sustained due to the accidental interruption or failure, caused by an insured peril of supplies of electricity, gas, sewers, water or telecommunication up to the terminal point of the utility supplier with the Site for a period not less than sixty (60) Days, (h) covering delays resulting from any item of Construction Equipment who loss or damage could result in a delay in Substantial Completion of the Facility beyond the deductible period of the delayed startup insurance, and (i) an extension clause allowing the policy period to be extended up to six (6) months without modification to the terms and conditions (other than the deductible) of the policy and a pre-agreed premium.

3. Section 1.3 of Attachment EE is hereby amended as follows:

The Aggregate Provisional Sum contains a Provisional Sum of Sixty Five Million One Hundred Fifty Thousand U.S. Dollars (U.S.\$65,150,000) (“Insurance Provisional Sum”) for the cost of insurance premiums for the insurance required to be provided by Contractor in accordance with Attachment O (other than workers compensation and employer liability insurance) (the “Project Insurances”). Contractor shall notify Owner in writing no later than fifty-six (56) Days following NTP of the actual cost of the insurance premiums charged to Contractor by Contractor's insurance carrier for the Project Insurances (“Actual Insurance Cost”), which Actual Insurance Cost shall be adequately documented by Contractor. If the Actual Insurance Cost is less than the Insurance Provisional Sum, Owner shall be entitled to a Change Order reducing the Contract Price by such difference. If the Actual Insurance Cost is greater than the Insurance Provisional Sum, Contractor shall be entitled to a Change Order increasing the Contract Price by such difference. Contractor shall be responsible for the placement of the Project Insurances required to be provided by Contractor in accordance with Attachment O, provided that Contractor shall reasonably cooperate with Owner to minimize such Actual Insurance Cost to the extent reasonably practicable.

The Contract Price has been based upon naming the Owner Group as additional insureds on the commercial general liability and umbrella or excess liability policies specified in Section 1A.2 and 1A.4 of Attachment O and providing sudden and accidental pollution liability coverage (including clean up on or off the Site) under such commercial general liability policy. Accordingly, should (i) the insurance provider(s) charge any additional premium for naming the Owner Group as named insureds under such policies as compared to naming the Owner Group as additional insureds or (ii) Contractor not be able to procure such sudden and accidental liability coverage and, instead, is required to procure a stand-alone pollution policy, Contractor shall be entitled to a Change Order increasing the Contract Price in the actual amount of such increased premium associated with naming the Owner Group as named insureds rather than additional insureds or procurement of such stand-alone pollution policy.

---

**Adjustment to Contract Price**

The original Contract Price was.....	\$	3,900,000,000
Net change by previously authorized Change Orders (#CO-0007).....	\$	68,167,322
The Contract Price prior to this Change Order was .....	\$	3,968,167,322
The Contract Price will be not changed by this Change Order in the amount of.....	\$	0
The new Contract Price including this Change Order will be .....	\$	3,968,167,322

---

**Adjustment to dates in Project Schedule**

The following dates are modified *(list all dates modified; insert N/A if no dates modified)*: N/A

Adjustment to other Changed Criteria: *if no changes or impact; attach additional documentation if necessary*: N/A

Adjustment to Payment Schedule: N/A

Adjustment to Minimum Acceptance Criteria: N/A

Adjustment to Performance Guarantees: N/A

Adjustment to Design Basis: N/A

Other adjustments to liability or obligation of Contractor or Owner under the Agreement: N/A

Select either A or B:

[A] This Change Order **shall** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall** be deemed to compensate Contractor fully for such change. Initials: \_\_\_ Contractor \_\_\_ Owner

~~[B] This Change Order **shall not** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall not** be deemed to compensate Contractor fully for such change. Initials: \_\_\_ Contractor \_\_\_ Owner~~

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.

/s/ Ed Lehotsky  
Owner  
Ed Lehotsky  
Name  
VP LNG Project Management  
Title  
July 31, 2012  
Date of Signing

/s/ J. Jackson  
Contractor  
JT Jackson  
Name  
Sr. Vice President  
Title  
July 27, 2012  
Date of Signing

---

**CHANGE ORDER FORM**

**HAZOP Action Items**

**PROJECT NAME:** Sabine Pass LNG Liquefaction Facility

**OWNER:** Sabine Pass Liquefaction, LLC

**CONTRACTOR:** Bechtel Oil, Gas and Chemicals, Inc.

**CHANGE ORDER NUMBER:** CO-0009

**DATE OF AGREEMENT:** November 11, 2011

**DATE OF CHANGE ORDER:** July 31, 2012

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

1. The HAZOP Action Items described in Attachment A of this Change Order are hereby added to the scope of the Work under the Agreement
2. The Contract Change Order will increase the Contract Price by a fixed lump sum amount of \$3,200,000.
  - a. Schedule C-1 (Milestone Payment Schedule) of Attachment C of the Agreement will be amended by including the Milestones(s) listed in Exhibit B of this Change Order

---

**Adjustment to Contract Price**

The original Contract Price was.....	\$	3,900,000,000
Net change by previously authorized Change Orders (#CO-0008).....	\$	68,167,322
The Contract Price prior to this Change Order was .....	\$	3,968,167,322
The Contract Price will be not changed by this Change Order in the amount of.....	\$	3,200,000
The new Contract Price including this Change Order will be .....	\$	3,971,367,322

**Adjustment to dates in Project Schedule**

The following dates are modified *(list all dates modified; insert N/A if no dates modified)*: N/A

Adjustment to other Changed Criteria: *if no changes or impact; attach additional documentation if necessary*: N/A

Adjustment to Payment Schedule: Yes. See Section 2.a and Exhibit B to this Change Order.

Adjustment to Minimum Acceptance Criteria: N/A

Adjustment to Performance Guarantees: N/A

Adjustment to Design Basis: N/A

Other adjustments to liability or obligation of Contractor or Owner under the Agreement: N/A

---

Select either A or B:

[A] This Change Order **shall** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall** be deemed to compensate Contractor fully for such change. Initials: \_\_\_\_ Contractor \_\_\_\_ Owner

~~[B] This Change Order **shall not** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall not** be deemed to compensate Contractor fully for such change. Initials: \_\_\_\_ Contractor \_\_\_\_ Owner~~

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.

/s/ Ed Lehotsky  
Owner  
Ed Lehotsky  
Name  
VP LNG Project Management  
Title  
August 2, 2012  
Date of Signing

/s/ J. Jackson  
Contractor  
JT Jackson  
Name  
Sr. Vice President  
Title  
July 31, 2012  
Date of Signing

---

**CHANGE ORDER FORM**

**Fuel Provisional Sum Closure**

**PROJECT NAME:** Sabine Pass LNG Liquefaction Facility

**OWNER:** Sabine Pass Liquefaction, LLC

**CHANGE ORDER NUMBER:** CO-00010

**CONTRACTOR:** Bechtel Oil, Gas and Chemicals, Inc.

**DATE OF CHANGE ORDER:** August 8, 2012

**DATE OF AGREEMENT:** November 11, 2011

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

1. The Fuel Provisional sum specified in Article 1.2 of Attachment EE, Schedule EE-1 of the Agreement prior to this Change Order was U.S.\$ 27,990,289. The Fuel Provisional Sum is decreased by \$27,990,289. The new value of the Fuel Provisional Sum as adjusted by this Change Order is \$ 0.00.
2. Schedule C-1 (Milestone Payment Schedule) of Attachment C of the Agreement will be amended by including the milestone(s) listed in Exhibit A of this Change Order.
3. The Aggregate Provisional Sum specified in Article 7.1A of the Agreement prior to this Change Order was \$742,306,865. The Aggregate Provisional Sum is decreased by \$27,990,289. As a result, the new Aggregate Provisional Sum as adjusted by this Change Order is \$714,316,576.
4. Pursuant to instructions in Article 1.2 of Attachment EE, Schedule EE-1 of the Agreement, Exhibit B to this Change Order illustrates the calculation of the final fuel costs in the Agreement.

---

Adjustment to Contract Price		
The original Contract Price was.....	\$	3,900,000,000
Net change by previously authorized Change Orders (#CO-0009).....	\$	71,367,322
The Contract Price prior to this Change Order was .....	\$	3,971,367,322
The Contract Price will be not changed by this Change Order in the amount of.....	\$	496,385
The new Contract Price including this Change Order will be .....	\$	3,971,863,707

**Adjustment to dates in Project Schedule**

The following dates are modified *(list all dates modified; insert N/A if no dates modified)* **No impact to Project Schedule.**

Adjustment to other Changed Criteria *(insert N/A if no changes or impact; attach additional documentation if necessary)*

Adjustment to Payment Schedule: **Yes. See Sections 1, 2, 3, and Exhibit A of this Change Order.**

Adjustment to Minimum Acceptance Criteria: **N/A**

Adjustment to Performance Guarantees: **N/A**

Adjustment to Design Basis: **N/A**

Other adjustments to liability or obligation of Contractor or Owner under the Agreement: **N/A**

---

Select either A or B:

[A] This Change Order **shall** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall** be deemed to compensate Contractor fully for such change. Initials: \_\_\_\_ Contractor \_\_\_\_ Owner

~~[B] This Change Order **shall not** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall not** be deemed to compensate Contractor fully for such change. Initials: \_\_\_\_ Contractor \_\_\_\_ Owner~~

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.

/s/ Ed Lehotsky  
Owner  
Ed Lehotsky  
Name  
VP LNG Project Management  
Title  
August 8, 2012  
Date of Signing

/s/ J. Jackson  
Contractor  
JT Jackson  
Name  
Sr. Vice President  
Title  
August 8, 2012  
Date of Signing

---

**CHANGE ORDER FORM**

**Currency Provisional Sum Closure**

**PROJECT NAME:** Sabine Pass LNG Liquefaction Facility

**OWNER:** Sabine Pass Liquefaction, LLC

**CONTRACTOR:** Bechtel Oil, Gas and Chemicals, Inc.

**DATE OF AGREEMENT:** November 11, 2011

**CHANGE ORDER NUMBER:** CO-00011

**DATE OF CHANGE ORDER:** August 8, 2012

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

1. The Currency Provisional sum specified in Article 1.1 of Attachment EE, Schedule EE-1 of the Agreement prior to this Change Order was U.S.\$ 452,122,132. The Currency Provisional Sum is decreased by \$452,122,132. The new value of the Currency Provisional Sum as adjusted by this Change Order is \$ 0.00.
2. Schedule C-1 (Milestone Payment Schedule) of Attachment C of the Agreement will be amended by including the milestone(s) listed in Exhibit A of this Change Order.
3. The Aggregate Provisional Sum specified in Article 7.1A of the Agreement prior to this Change Order was \$714,316,576. The Aggregate Provisional Sum is decreased by this Change Order in the amount of \$452,122,132. As a result, the new Aggregate Provisional Sum as adjusted by this Change Order is \$262,194,444.
4. Pursuant to instructions in Article 1.1 of Attachment EE, Schedule EE-1 of the Agreement, Exhibit B to this Change Order illustrates the calculation of the final Currency costs in the Agreement.

**Adjustment to Contract Price**

The original Contract Price was.....	\$	3,900,000,000
Net change by previously authorized Change Orders (#CO-00010).....	\$	71,863,707
The Contract Price prior to this Change Order was .....	\$	3,971,863,707
The Contract Price will be not changed by this Change Order in the amount of.....	\$	(35,766,586)
The new Contract Price including this Change Order will be .....	\$	3,936,097,121

**Adjustment to dates in Project Schedule**

The following dates are modified *(list all dates modified; insert N/A if no dates modified)*: **No impact to Project Schedule.**

Adjustment to other Changed Criteria *(insert N/A if no changes or impact; attach additional documentation if necessary)*

Adjustment to Payment Schedule: **Yes. See Sections 1, 2, 3, and Exhibit A of this Change Order.**

Adjustment to Minimum Acceptance Criteria: N/A

Adjustment to Performance Guarantees: N/A

Adjustment to Design Basis: N/A

Other adjustments to liability or obligation of Contractor or Owner under the Agreement: N/A

---



Select either A or B:

[A] This Change Order **shall** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall** be deemed to compensate Contractor fully for such change. Initials: \_\_\_\_ Contractor \_\_\_\_ Owner

~~[B] This Change Order **shall not** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall not** be deemed to compensate Contractor fully for such change. Initials: \_\_\_\_ Contractor \_\_\_\_ Owner~~

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.

/s/ Ed Lehotsky  
Owner  
Ed Lehotsky  
Name  
VP LNG Project Management  
Title  
August 8, 2012  
Date of Signing

/s/ J. Jackson  
Contractor  
JT Jackson  
Name  
Sr. Vice President  
Title  
August 8, 2012  
Date of Signing

---

CHANGE ORDER FORM

Cost Impacts Associated with Delay in NTP

PROJECT NAME: Sabine Pass LNG Liquefaction Facility

OWNER: Sabine Pass Liquefaction, LLC

CONTRACTOR: Bechtel Oil, Gas and Chemicals, Inc.

DATE OF AGREEMENT: November 11, 2011

CHANGE ORDER NUMBER: CO-00012

DATE OF CHANGE ORDER: August 8, 2012

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

- 1. Per Article 6.2.A.11 of the Agreement, Parties agree to increase the Contract Price for Contractor's increased costs to perform the Work by \$78,577,000 due to delay in the issuance of NTP from March 31, 2012 to August 9, 2012.
2. Schedule C-1 (Milestone Payment Schedule) of Attachment C of the Agreement will be amended by including the milestone(s) listed in Exhibit A of this Change Order.

Table with 2 columns: Description and Amount. Rows include: Adjustment to Contract Price, The original Contract Price was \$ 3,900,000,000, Net change by previously authorized Change Orders (#CO-00011) \$ 36,097,121, The Contract Price prior to this Change Order was \$ 3,936,097,121, The Contract Price will be not changed by this Change Order in the amount of \$ 78,577,000, The new Contract Price including this Change Order will be \$ 4,014,674,121

Adjustment to dates in Project Schedule

The following dates are modified (list all dates modified; insert N/A if no dates modified): No impact to Project Schedule.

Adjustment to other Changed Criteria (insert N/A if no changes or impact; attach additional documentation if necessary)

Adjustment to Payment Schedule: Yes. See Sections 1, 2, and Exhibit A of this Change Order.

Adjustment to Minimum Acceptance Criteria: N/A

Adjustment to Performance Guarantees: N/A

Adjustment to Design Basis: N/A

Other adjustments to liability or obligation of Contractor or Owner under the Agreement: N/A

Select either A or B:

[A] This Change Order shall constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and shall be deemed to compensate Contractor fully for such change. Initials: \_\_\_ Contractor \_\_\_ Owner

[B] This Change Order shall not constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and shall not be deemed to compensate Contractor fully for such change. Initials: \_\_\_ Contractor \_\_\_ Owner

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.

/s/ Ed Lehotsky
Owner
Ed Lehotsky
Name
VP LNG Project Management

/s/ J. Jackson
Contractor
JT Jackson
Name
Sr. Vice President

---

Title  
August 8, 2012  
Date of Signing

---

Title  
August 8, 2012  
Date of Signing

---

**CHANGE ORDER FORM**

**Credit to EPC Contract Value for TSA Work**

**PROJECT NAME:** Sabine Pass LNG Liquefaction Facility

**OWNER:** Sabine Pass Liquefaction, LLC

**CONTRACTOR:** Bechtel Oil, Gas and Chemicals, Inc.

**DATE OF AGREEMENT:** November 11, 2011

**CHANGE ORDER NUMBER:** CO-00013

**DATE OF CHANGE ORDER:** August 29, 2012

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

1. This Change Order is a credit to the EPC contract value for home office professional services and third party engineering work completed under the Bechtel and Cheniere Technical Services Agreement dated June 7, 2010.
2. Schedule C-1 (Milestone Payment Schedule) of Attachment C of the Agreement will be amended by including the milestone(s) listed in Exhibit A of this Change Order.

---

**Adjustment to Contract Price**

The original Contract Price was.....	\$	3,900,000,000
Net change by previously authorized Change Orders (#CO-00011).....	\$	114,674,121
The Contract Price prior to this Change Order was .....	\$	4,014,674,121
The Contract Price will be not changed by this Change Order in the amount of.....	\$	(55,024,780)
The new Contract Price including this Change Order will be .....	\$	3,959,649,341

**Adjustment to dates in Project Schedule**

The following dates are modified *(list all dates modified; insert N/A if no dates modified)*. **No impact to Project Schedule.**

Adjustment to other Changed Criteria *(insert N/A if no changes or impact; attach additional documentation if necessary)*

Adjustment to Payment Schedule: **Yes. See Sections 1, 2, and Exhibit A of this Change Order.**

Adjustment to Minimum Acceptance Criteria: N/A

Adjustment to Performance Guarantees: N/A

Adjustment to Design Basis: N/A

Other adjustments to liability or obligation of Contractor or Owner under the Agreement: N/A

---

Select either A or B:

[A] This Change Order **shall** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall** be deemed to compensate Contractor fully for such change. Initials: \_\_\_\_ Contractor \_\_\_\_ Owner

~~[B] This Change Order **shall not** constitute a full and final settlement and accord and satisfaction of all effects of the change reflected in this Change Order upon the Changed Criteria and **shall not** be deemed to compensate Contractor fully for such change. Initials: \_\_\_\_ Contractor \_\_\_\_ Owner~~

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.

/s/ Ed Lehotsky  
Owner  
Ed Lehotsky  
Name  
VP LNG Project Management  
Title  
September 7, 2012  
Date of Signing

/s/ J. Jackson  
Contractor  
JT Jackson  
Name  
Sr. Vice President  
Title  
August 28, 2012  
Date of Signing

**AMENDED AND RESTATED  
SERVICES AND SECONDMENT AGREEMENT**

This Amended and Restated Services and Secondment Agreement (“Agreement”), dated as of August 9, 2012 (the “Effective Date”), is entered into between CHENIERE LNG O&M SERVICES, LLC (“O&M”), a Delaware limited liability company, and CHENIERE ENERGY PARTNERS GP, LLC (“MLP GP”), a Delaware limited liability company. O&M and MLP GP are hereinafter each referred to as a “Party” and collectively referred to as the “Parties.”

**RECITALS:**

WHEREAS, Sabine Pass LNG, a subsidiary of the Partnership, owns and operates the LNG Terminal;

WHEREAS, Partnership formed Liquefaction, to own, develop and operate the Liquefaction Facilities;

WHEREAS, on January 1, 2005, O&M and the State of Louisiana entered into the Louisiana State Quality Jobs contract which provides certain payroll tax rebates and sales and use tax rebates for the creation of quality jobs, as defined in the Louisiana Quality Jobs contract, related to the LNG Terminal and the Pipeline;

WHEREAS, on January 1, 2012, O&M and the State of Louisiana entered into the Louisiana State Quality Jobs contract which provides certain payroll tax rebates and sales and use tax rebates for the creation of quality jobs, as defined in the Louisiana Quality Jobs contract, related to the Liquefaction Facilities and the Pipeline;

WHEREAS, the Parties had previously entered into the Original Agreement pursuant to which O&M seconded to MLP GP certain individuals listed in Exhibit B of the Original Agreement to provide services with respect to the LNG Terminal;

WHEREAS, MLP GP and Sabine Pass LNG are parties to the LNG O&M Agreement with respect to the operation and maintenance of the LNG Terminal;

WHEREAS, MLP GP and Liquefaction are parties to the Liquefaction O&M Agreement with respect to the construction, operation and maintenance of the Liquefaction Facilities;

WHEREAS, O&M and Creole are parties to that certain Operation and Maintenance Agreement dated as of November 26, 2007, with respect to the operation and maintenance of the Pipeline, which agreement is anticipated to be amended and restated on or before the Partnership acquires the Pipeline;

WHEREAS, O&M will provide to MLP GP the operational and maintenance resources and services necessary for MLP GP to meet its obligations under the O&M Agreements;

---

WHEREAS, the Parties desire to amend and restate the Original Agreement in its entirety to provide for O&M to second, or cause its Affiliate to second, to MLP GP certain personnel employed by O&M or its Affiliates in connection with the Facilities.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, O&M and MLP GP hereby agree as follows:

## **ARTICLE 1 DEFINITIONS; INTERPRETATION**

### **1.1 Definitions.**

As used in this Agreement, (a) the terms defined in this Agreement will have the meanings so specified, and (b) capitalized terms not defined in this Agreement will have the meanings ascribed to those terms on Exhibit A to this Agreement.

### **1.2 Interpretation.**

In this Agreement, unless a clear contrary intention appears: (a) the singular includes the plural and vice versa; (b) reference to any Person includes such Person's successors and assigns but, in the case of any Party, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity; (c) reference to any gender includes each other gender; (d) reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms of this Agreement; (e) reference to any Section means such Section of this Agreement, and references in any Section or definition to any clause means such clause of such Section or definition; (f) "hereunder," "hereof," "hereto" and words of similar import will be deemed references to this Agreement as a whole and not to any particular Section or other provision hereof or thereof; (g) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and (h) relative to the determination of any period of time, "from" means "from and including," "to" means "to but excluding" and "through" means "through and including."

### **1.3 Legal Representation of Parties.**

This Agreement was negotiated by the Parties with the benefit of legal representation, and any rule of construction or interpretation requiring this Agreement to be construed or interpreted against any Party merely because such Party drafted all or a part of such Agreement will not apply to any construction or interpretation hereof or thereof.

### **1.4 Titles and Headings.**

Section titles and headings in this Agreement are inserted for convenience of reference only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

## **ARTICLE 2 OPERATIONAL AND MAINTENANCE SERVICES**

### **2.1 Operational and Maintenance Services.**

O&M shall second, or cause its applicable seconding Affiliate to second, the Provided Personnel to MLP GP to provide the Services. O&M acknowledges and agrees that the Provided Personnel are, and during the term of this Agreement, will be, experienced (to the extent required to perform the Services) and qualified (and if required, licensed) in the duties to which they are assigned by MLP GP. O&M shall (or shall cause the applicable appropriate seconding Affiliate) to be responsible for paying the salaries and all benefits of the Provided Personnel and meeting all governmental liabilities with respect to the Provided Personnel.

### **2.2 Louisiana Quality Jobs Contract Services.**

O&M hereby agrees to abide by all legal and administrative requirements of the Louisiana Quality Jobs Contract. O&M shall timely submit all Louisiana Quality Job Program tax rebate filings to the appropriate Louisiana governmental authority. Within five business days of receipt of such tax rebate, O&M shall transfer 100% of such tax rebate amount to MLP GP.

### **2.3 Fees and Expenses.**

Each month, MLP GP will pay to O&M, within a reasonable time following receipt thereof, all payments that MLP GP receives pursuant to Articles VIII and IX of the applicable O&M Agreement less any reasonable costs of, or incidental to, MLP GP's engaging (or engaging a third party to engage) personnel to provide Services pursuant to Section 3.6 hereof.

### **2.4 Suspension of Services.**

In the event MLP GP fails to meet its payment obligations under Section 2.3 hereof for any reason other than a Dispute and such failure continues for 30 days after MLP GP's receipt of written notice of such failure, O&M may suspend the performance of its obligations under Section 2.1 hereof until such time as MLP GP cures such failure

**ARTICLE 3**  
**SECONDMENT**

3.1 Provided Personnel.

Subject to the terms of this Agreement, O&M agrees to second to MLP GP, and MLP GP agrees to accept the Secondment of, the personnel necessary or appropriate to perform the Services (the "Provided Personnel"), which currently includes those certain specifically identified individuals listed in Exhibit B (the "Provided Personnel Schedule"). The Provided Personnel will be temporary service providers of MLP GP during the Period of Secondment and shall, at all times during the Period of Secondment, work under the direction, supervision and control of MLP GP. Provided Personnel shall have no authority or apparent authority to act on behalf of O&M during the Period of Secondment. The Provided Personnel Schedule sets forth, as of the Effective Date, the names of the Provided Personnel seconded by O&M, the job functions of the Provided Personnel, and the starting and ending dates, if known, for the Period of Secondment of the Provided Personnel. Individuals may be added or removed from the Provided Personnel Schedule from time to time by the execution by the Parties of a completed "Addition/Removal/Change of Responsibility of Provided Personnel" form, the form of which shall be similar to the form attached to this Agreement as Exhibit C, which will be fully binding on the Parties for all purposes under this Agreement. Those rights and obligations



of the Parties under this Agreement that relate to individuals that were on the Provided Personnel Schedule but then later removed from the Provided Personnel Schedule, which rights and obligations accrued before the removal of such individual, will survive the removal of such individual from the Provided Personnel Schedule to the extent necessary to enforce such rights and obligations.

### 3.2 Period of Secondment.

O&M will second, or cause its applicable seconding Affiliate to second, to MLP GP such Provided Personnel on the start date set forth on the Provided Personnel Schedule and continuing, during the period (and only during the period) that the Provided Personnel are performing Services for MLP GP, until the earlier of

- (a) the end of the term of this Agreement with respect to such Provided Personnel;
- (b) the end date set forth for the Provided Personnel on the Provided Personnel Schedule (or another end date for such Provided Personnel as mutually agreed in writing by the Parties) (the “End Date”);
- (c) a withdrawal, departure, resignation or termination of such Provided Personnel under Section 3.3; or
- (d) a termination of Secondment of such Provided Personnel under Section 3.4.

The period of time that any Provided Personnel is provided by O&M to MLP GP is referred to in this Agreement as the “Period of Secondment.” At the end of the Period of Secondment for any Provided Personnel, such Provided Personnel will no longer be subject to the direction by MLP GP with respect to the Provided Personnel's day-to-day activities. The Parties acknowledge that certain of the Provided Personnel may also provide services to Cheniere Energy and its Affiliates in connection with their respective operations, including other services provided to MLP GP and its Affiliates (“Shared Provided Personnel”), and the Parties intend that such Shared Provided Personnel shall only be seconded to MLP GP during those times that the Shared Provided Personnel are performing Services for MLP GP hereunder.

### 3.3 Withdrawal, Departure or Resignation.

O&M will use reasonable efforts to prevent any early withdrawal, departure or resignation of any Provided Personnel prior to the End Date for such Provided Personnel's Period of Secondment. If any Provided Personnel tenders his resignation to O&M as its employee, O&M will promptly notify MLP GP. During the Period of Secondment of any Provided Personnel, O&M will not voluntarily withdraw or terminate any Provided Personnel except with the written consent of MLP GP (which may be through the execution of a completed “Addition/Removal/Change of Responsibility of Provided Personnel” form, which shall be similar to the form set forth on Exhibit C hereto) such consent not to be unreasonably withheld. O&M will indemnify, defend and hold harmless MLP GP, its directors, officers and employees against all Losses arising out of or in any way connected with or related to the termination of employment of the Provided Personnel by O&M EVEN THOUGH SUCH LOSS MAY BE CAUSED BY THE NEGLIGENCE OF ONE OR MORE OF MLP GP AND ITS DIRECTORS, OFFICERS AND EMPLOYEES, except to the extent that such Losses arise out of or result from the gross negligence or willful misconduct of any of MLP GP or its directors, officers or employees. Upon the termination of employment, the Provided Personnel will cease performing Services for MLP GP.

### 3.4 Termination of Secondment.

MLP GP will have the right to terminate the Secondment to MLP GP of any Provided Personnel for any reason at any time. Upon the termination of any Provided Personnel's Period of Secondment, O&M will be solely liable for any costs or expenses associated with the termination of the Secondment, except as otherwise specifically set forth in this Agreement. O&M will indemnify, defend and hold harmless MLP GP, its directors, officers and employees against all Losses arising out of or in any way connected with the termination of Secondment of the Provided Personnel by O&M EVEN THOUGH SUCH LOSS MAY BE CAUSED BY THE NEGLIGENCE OF ONE OR MORE OF MLP GP AND ITS DIRECTORS, OFFICERS AND EMPLOYEES, except to the extent that such Losses arise out of or result from the gross negligence or willful misconduct of any of MLP GP or its directors, officers or employees. Upon the termination of a Secondment, the Provided Personnel will cease performing Services for MLP GP.

### 3.5 Supervision.

During the Period of Secondment, MLP GP shall:

- (a) be ultimately and fully responsible for the daily work assignments of the Provided Personnel (and with respect to Shared Provided Personnel, during those times that the Shared Provided Personnel are performing Services for MLP GP hereunder), including supervision of their the day-to-day work activities and performance consistent with the purposes stated in Section 3.1 and the job functions set forth in the Provided Personnel Schedule;
- (b) set the hours of work and the holidays and vacation schedules (other than with respect to Shared Provided Personnel, as to which MLP GP and O&M shall jointly determine) for Provided Personnel; and
- (c) have the right to determine training which will be received by the Provided Personnel.

In the course and scope of performing any Provided Personnel job functions, the Provided Personnel will be integrated into the organization of MLP GP, will report into MLP GP's management structure, and will be under the direct management and supervision of MLP GP employees or Provided Personnel designated by MLP GP to be responsible for the supervisory functions set forth in this Section 3.5 on behalf of MLP GP.

3.6 Provided Personnel Qualifications: Approval.

O&M will provide such suitably qualified and experienced Provided Personnel as O&M is able to make available to MLP GP, and MLP GP will have the right to approve such Provided Personnel. In the event that O&M is unable to provide suitably qualified and experienced personnel, as determined in good faith by MLP GP, MLP GP may engage (or hire a third party to engage) personnel to provide Services.

**ARTICLE 4**  
**TERM**

The term of this Agreement shall commence on the Effective Date and shall continue in full force and effect until the latest of the dates of termination of each of the O&M Agreements.

**ARTICLE 5**  
**INDEMNIFICATION**

5.1 Loss or Damage to the Facilities.

O&M shall be responsible for any physical loss or damage to the Facilities resulting from O&M's gross negligence or willful misconduct in the course of the performance of its obligations under this Agreement, in an amount not to exceed for any such loss or damage incurred during a given calendar year the greater of (i) the applicable deductible under MLP GP's and its Affiliates physical damage insurance policies that covers such loss or damage or (ii) four hundred thousand dollars (\$400,000).

5.2 O&M Indemnity.

**To the fullest extent permitted by law, O&M shall defend, indemnify and hold harmless the MLP GP 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 (i) injury to or death of any member of the O&M Group or (ii) damage to or destruction of property of any member of the O&M Group occurring in connection with the services, regardless of the cause of such injury, death, physical damage or destruction, including the sole or joint negligence, breach of contract or other basis of liability of any member of the MLP GP Group.**

To the fullest extent permitted by law, O&M shall indemnify, defend, and hold harmless the MLP GP Group against any and all Losses of whatever kind and nature, including all related costs and expenses incurred in connection therewith, in respect of personal injury to or death of third parties and in respect of Loss of or damage to any third party property to the extent that the same arises out of:

- (a) any breach by O&M of its obligations hereunder;
- (b) any negligent act or omission on the part of O&M; and
- (c) any gross negligence or willful misconduct of O&M.

Any indemnification payable by O&M to MLP GP hereunder shall be net of any insurance proceeds received by MLP GP under MLP GP's, O&M's or any of their respective Affiliates' insurance policies with respect to the circumstances giving rise to O&M's indemnification of MLP GP hereunder, and shall be subject to the limitation set forth in Section 6.1.

### 5.3 MLP GP Indemnity.

**To the fullest extent permitted by law, MLP GP shall defend, indemnify and hold harmless the O&M 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 (i) injury to or death of any member of the MLP GP Group or (ii) damage to or destruction of property of MLP GP Group (excluding the facilities) occurring in connection with the services, regardless of the cause of such injury, death, physical damage or destruction, including the sole or joint negligence, breach of contract or other basis of liability of any member of the O&M Group.**

To the fullest extent permitted by law, MLP GP shall indemnify, defend, and hold harmless O&M against any and all claims for Losses of whatever kind and nature, including all related costs and expenses incurred in connection therewith, in respect of personal injury to or death of third parties and in respect of loss of or damage to any third party property to the extent that the same arises out of:

- (a) any breach by MLP GP of its obligations hereunder;
- (b) any negligent act or omission on the part of MLP GP; and
- (c) any gross negligence or willful misconduct of MLP GP.

Any indemnification payable by MLP GP to O&M hereunder shall be net of any insurance proceeds received by O&M under O&M's, MLP GP's or any of their respective Affiliates' insurance policies with respect to the circumstances giving rise to MLP GP's indemnification of O&M hereunder.

#### 5.4 Other Indemnity Rules.

If any Losses arise, directly or indirectly, in whole or in part, out of the joint or concurrent negligence of both Parties, each Party's liability therefor shall be limited to such Party's proportionate degree of fault. Payments required to be paid by O&M to MLP GP under this Article 5 shall not constitute an Operating Expense or be reimbursable to O&M from MLP GP, and shall be subject to the limitation set forth in Section 6.1.

### **ARTICLE 6 LIMITATION OF LIABILITY**

#### 6.1 Limitation of Liability.

The aggregate amount of damages, compensation, or other such liabilities (other than with respect to the indemnity provided in the first paragraph of Section 5.3) payable by MLP GP under this Agreement for any damages, compensation or liabilities incurred in any calendar year shall be limited to, and shall in no event exceed, the amount payable to O&M under Section 2.3 hereof plus reimbursable Operating Expenses for that calendar year.

The aggregate amount of damages, compensation, or other such liabilities (other than (i) with respect to the losses or damages described in Section 5.1, to the extent such losses or damages exceed the limitation set forth in clause (ii) of Section 5.1 but only to extent of the limitation set forth in clause (i) of Section 5.1, and (ii) the indemnity provided in the first paragraph of Section 5.2) payable by O&M under this Agreement for any damages, compensation or liabilities incurred in any calendar year shall be limited to, and shall in no event exceed, four hundred thousand dollars (\$400,000.00).

#### 6.2 Consequential Damages.

Neither party shall be liable under this agreement or under any cause of action related to the subject matter of this agreement, whether in contract, warranty, tort including negligence, strict liability, professional liability, product liability, contribution, or any other cause of action for special, exemplary, punitive, indirect, incidental or consequential losses or damages, including loss of profit, loss of use, loss of opportunity, loss of revenues, or loss of good will; *provided that* the foregoing shall not apply to indemnities FOR THIRD PARTY CLAIMS expressly provided in this agreement.

**ARTICLE 7**  
**GENERAL PROVISIONS**

7.1 Accuracy of Recitals.

The paragraphs contained in the recitals to this Agreement are incorporated in this Agreement by this reference, and the Parties to this Agreement acknowledge the accuracy thereof.

7.2 Notices.

Any notice, demand, or communication required or permitted under this Agreement shall be in writing and delivered personally, by reputable courier, or by telecopier, and shall be deemed to have been duly given as of the date and time reflected on the delivery receipt if delivered personally or sent by reputable courier service, or on the automatic telecopier receipt if sent by telecopier, addressed as follows:

To MLP GP:

Cheniere Energy Partners GP, LLC  
700 Milam Street, Suite 800  
Houston, Texas 77002

Telecopy: 713-375-6000

with a copy to:

Sabine Pass Liquefaction, LLC  
700 Milam Street, Suite 800  
Houston, Texas 77002

and:

Sabine Pass LNG, L.P.  
700 Milam Street, Suite 800  
Houston, Texas 7702

and from and after the time that the Partnership acquires the Pipeline:

Cheniere Creole Trail Pipeline, L.P.  
700 Milam Street, Suite 800  
Houston, Texas 77002

To O&M:

Cheniere LNG O&M Services, LLC  
700 Milam Street, Suite 800  
Houston, Texas 77002  
Telecopy: 713-375-6000

Any Person may change its address for the purposes of notices hereunder by giving notice to the Parties specifying such changed address in the manner specified in this Section 7.2.

7.3 Further Assurances.

The Parties agree to execute such additional instruments, agreements and documents, and to take such other actions, as may be necessary to effect the purposes of this Agreement.

7.4 Modifications.

Any actions or agreement by the Parties to modify this Agreement, in whole or in part, shall be binding upon the Parties, so long as such modification shall be in writing and shall be executed by all Parties with the same formality with which this Agreement was executed.

7.5 No Third Party Beneficiaries.

No Person not a Party to this Agreement will have any rights under this Agreement as a third party beneficiary or otherwise, including, without limitation, Provided Personnel.

7.6 Relationship of the Parties.

Nothing in this Agreement will constitute the Partnership Entities, O&M or its Affiliates as members of any partnership, joint venture, association, syndicate or other entity.

7.7 Assignment.

Neither Party shall, without the prior written consent of the other Party, assign, mortgage, pledge or otherwise convey this Agreement or any of its rights or duties hereunder; *provided, however*, that no such consent shall be unreasonably withheld in the case of an assignment to an Affiliate and no such consent is required for assignment or grant of a security interest to any Person for purposes of any financing arrangement. Unless written consent is not required under this Section 7.7, any attempted or purported assignment, mortgage, pledge or conveyance by a Party without the written consent of the other Party shall be void and of no force and effect. No assignment, mortgage, pledge or other conveyance by a Party shall relieve such Party of any liabilities or obligations under this Agreement.

7.8 Binding Effect.

This Agreement will be binding upon, and will inure to the benefit of, the Parties and their respective successors, permitted assigns and legal representatives.

7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which together shall constitute one and the same Agreement. Each Party may execute this Agreement by signing any such counterpart.

7.10 Time of the Essence.

Time is of the essence in the performance of this Agreement.

7.11 Governing Law.

This Agreement shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with and governed by, the laws of the State of Texas excluding its conflicts of laws principles that would apply the laws of another jurisdiction.

7.12 Delay or Partial Exercise Not Waiver.

No failure or delay on the part of any Party to exercise any right or remedy under this Agreement will operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy under this Agreement preclude any other or further exercise thereof or the exercise of any other right or remedy granted hereby or any related document. The waiver by either Party of a breach of any provisions of this Agreement will not constitute a waiver of a similar breach in the future or of any other breach or nullify the effectiveness of such provision.

7.13 Entire Agreement.

This Agreement constitutes and expresses the entire agreement between the Parties with respect to the subject matter hereof. All previous discussions, promises, representations and understandings relative thereto are hereby merged in and superseded by this Agreement.

7.14 Waiver.

To be effective, any waiver or any right under this Agreement will be in writing and signed by a duly authorized officer or representative of the Party bound thereby.

7.15 Signatories Duly Authorized.

Each of the signatories to this Agreement represents that he is duly authorized to execute this Agreement on behalf of the Party for which he is signing, and that such signature is sufficient to bind the Party purportedly represented.



7.16 Incorporation of Exhibits by References.

Any reference herein to any exhibit to this Agreement will incorporate it herein, as if it were set out in full in the text of this Agreement.

7.17 Dispute Resolution.

(a) Negotiation. In the event that any Dispute cannot be resolved informally within 30 days after the Dispute arises, either Party may give written notice of the Dispute (a "Dispute Notice") to the other Party requesting that a representative of MLP GP's senior management and O&M'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 30 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 7.17(a) be construed to limit either Party's right to take any action under this Agreement. The Parties agree that if any Dispute is not resolved within 90 days after receipt of the Dispute Notice given in this Section 7.17(a), 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 7.17(b).

(b) 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 Section 7.17(b), be governed by the AAA's International Arbitration Rules (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, O&M'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 7.17(b), *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.

(c) Continuation of Work During Dispute. Subject to Section 2.4 hereof, notwithstanding any Dispute it shall be the responsibility of each Party to continue to perform its obligations under this Agreement pending resolution of Disputes.

**[Signature page follows]**

AS WITNESS HEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives on the date herein above mentioned.

**CHENIERE ENERGY PARTNERS GP, LLC**

By: /s/ Meg A. Gentle  
Name: Meg A. Gentle  
Title: Senior Vice President and  
Chief Financial Officer

**CHENIERE LNG O&M SERVICES, LLC**

By: /s/ Graham A. McArthur  
Name: Graham A. McArthur  
Title: Treasurer

## EXHIBIT A

### *Definitions*

“AAA” has the meaning set forth in Section 7.17(b).

“AAA Rules” has the meaning set forth in Section 7.17(b).

“Affiliate” means, with respect to any Person, (a) any other Person directly or indirectly controlling, controlled by or under common control with such Person, (b) any Person owning or controlling fifty percent (50%) or more of the voting interests of such Person, (c) any officer or director of such Person, or (d) any Person who is the officer, director, trustee, or holder of fifty percent (50%) or more of the voting interest of any Person described in clauses (a) through (c). For purposes of this definition, the term “controls,” “is controlled by” or “is under common control with” shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. For purposes of this Agreement, no Partnership Entities shall be deemed to be an Affiliate of O&M nor shall O&M be deemed to be an Affiliate of any Partnership Entities.

“Agreement” shall mean this Amended and Restated Services and Secondment Agreement, including all Exhibits and amendments to this Agreement.

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

“Creole” means Cheniere Creole Trail Pipeline, L.P., a Delaware limited partnership.

“Creole O&M Agreement” means the Amended and Restated Operation and Maintenance Agreement (Cheniere Creole Trail Pipeline) entered into between O&M, MLP GP and Creole, to be entered into at such time that the Partnership acquires the Pipeline, as may be amended, restated or otherwise modified from time to time.

“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, as well as any dispute over arbitrability or jurisdiction.

“Dispute Notice” has the meaning set forth in Section 7.17(a).

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

“End Date” has the meaning set forth in Section 3.2(b).

“Facilities” means the LNG Terminal, the Liquefaction Facilities and, from and after the time that the Partnership acquires the Pipeline, the Pipeline.

“Liquefaction” means Sabine Pass Liquefaction, LLC, a Delaware limited liability company.

“Liquefaction Facilities” means liquefaction facilities adjacent to or at the same location as the LNG Terminal.

“Liquefaction O&M Agreement” means the Operation and Maintenance Agreement (Sabine Pass Liquefaction Facilities) dated as of May 14, 2012, entered into among O&M, MLP GP and Liquefaction, as may be amended, restated or otherwise modified from time to time.

“LNG O&M Agreement” means the Amended and Restated Operation and Maintenance Agreement (Sabine Pass LNG Facilities) dated as of August 9, 2012, entered into among O&M, MLP GP and Sabine Pass LNG, as may be amended, restated or otherwise modified from time to time.

“LNG Terminal” means the liquefied natural gas receiving terminal in Cameron Parish, Louisiana owned by Sabine Pass LNG.

“Losses” means any and all costs, expenses (including reasonable attorneys' fees), claims, demands, losses, liabilities, obligations, actions, lawsuits and other proceedings, judgments and awards.

“Louisiana Quality Jobs Contract” means all rights, responsibilities, benefits and duties pursuant to the Louisiana Quality Jobs contracts dated January 1, 2005 and January 1, 2012 between O&M and the State of Louisiana.

“MLP GP” has the meaning set forth in the preamble to this Agreement.

“MLP GP Group” means (i) the Partnership Entities and (ii) the respective directors, officers, agents, partners, employees and representatives of each Person specified in clause (i) above.

“O&M” has the meaning set forth in the preamble to this Agreement.

“O&M Agreements” shall mean, collectively, the LNG O&M Agreement, the Liquefaction O&M Agreement and, from and after the time that the Partnership acquires the Pipeline, the Creole O&M Agreement.

“O&M Group” means (i) O&M and its Affiliates (other than MLP GP) and (ii) the respective directors, officers, agents, employees, partners, representatives of each Person specified in clause (i) above.

“Original Agreement” means the Services and Secondment Agreement dated as of March 26, 2007, entered into between O&M and MLP GP.

“Operating Expense” has the meaning set forth in the applicable O&M Agreement.

“Partnership” means Cheniere Energy Partners L.P., a Delaware limited partnership.

“Partnership Entities” means MLP GP and the Partnership and its subsidiaries.

“Party” or “Parties” has the meaning set forth in the preamble to this Agreement.

“Period of Secondment” has the meaning set forth in Section 3.2.

“Person” means any individual or any partnership, corporation, limited liability company, trust or other legal entity.

“Pipeline” means approximately 94 miles of natural gas pipeline owned by Creole and connecting the LNG Terminal to numerous interconnections points with existing interstate, and intrastate natural gas pipelines in southwest Louisiana.

“Provided Personnel” has the meaning set forth in Section 3.1.

“Provided Personnel Schedule” has the meaning set forth in Section 3.1.

“Sabine Pass LNG” means Sabine Pass LNG, L.P., a Delaware limited partnership.

“Secondment” means each assignment of any Provided Personnel to MLP GP from O&M in accordance with the terms of this Agreement.

“Services” means all of the services to be provided by MLP GP to each of Sabine Pass LNG, Liquefaction and, from and after the time that the Partnership acquires the Pipeline, Creole pursuant to the O&M Agreements, including the “Services” as defined in each of the O&M Agreements.

“Shared Provided Personnel” has the meaning set forth in Section 3.2.

**EXHIBIT B**

**Provided Personnel**

In reference to that certain Amended and Restated Services and Secondment Agreement, dated August 9, 2012 (the “Amended and Restated Secondment Agreement”; terms with initial capital letters used but not defined herein shall have the meanings ascribed to such terms in the Amended and Restated Secondment Agreement), between CHENIERE LNG O&M SERVICES, LLC, a Delaware limited liability company, and CHENIERE ENERGY PARTNERS GP, LLC, a Delaware limited liability company. All information on this form must be filled in for this form to be valid.

Seconding Company	Name of Provided Personnel	Title and Job Functions	Start Date	End Date

**EXHIBIT C**

**Addition/Removal/Change of Responsibility of Provided Personnel Form**

In reference to that certain Amended and Restated Services and Secondment Agreement, dated August 9, 2012 (the “Amended and Restated Secondment Agreement”; terms with initial capital letters used but not defined herein shall have the meanings ascribed to such terms in the Amended and Restated Secondment Agreement), CHENIERE LNG O&M SERVICES, LLC, a Delaware limited liability company, and CHENIERE ENERGY PARTNERS GP, LLC, a Delaware limited liability company.

In accordance with Section 3.1 of the Amended and Restated Secondment Agreement, the Parties hereto wish to add, remove or change the responsibilities of the following individual or individuals to the Provided Personnel Schedule (all information must be filled in for this form to be valid):

Seconding Company	Name of Provided Personnel	Title and Job Functions	Start Date	End Date

CHENIERE LNG O&M SERVICES, LLC      CHENIERE ENERGY PARTNERS GP, LLC

By: \_\_\_\_\_      By: \_\_\_\_\_  
Name:                      Name:  
Title:                      Title:



August 9, 2012

Cheniere Energy Partners, L.P.  
700 Milam Street, Suite 800  
Houston, Texas 77002  
Attention: President

Re: Management and Administrative Services to be Provided by Cheniere LNG Terminals, Inc. ("Terminals") to Cheniere Energy Partners, L.P. (the "Partnership")

Gentlemen:

The purpose of this letter agreement is to amend and restate the arrangement between Terminals and the Partnership, as originally set forth in that certain letter agreement, dated as of March 26, 2007, and amended as of June 24, 2010, which is hereby amended and restated in its entirety as set forth herein effective as of August 9, 2012. Except as otherwise defined herein, all capitalized terms shall have the meaning set out in the Third Amended and Restated Agreement of Limited Partnership of Cheniere Energy Partners, L.P. dated as of August 9, 2012 (as it may be amended or modified and in effect from time to time, the "Partnership Agreement").

1. Effective as of March 26, 2007 (the "Effective Date"), Terminals agrees to provide or cause to be provided to or for the benefit of the Partnership and its Subsidiaries, all technical, commercial, regulatory, financial, accounting, treasury, tax and legal staffing and related support and all management and other services necessary or reasonably requested on behalf of the Partnership (by its general partner) in order to conduct its business as contemplated by the Partnership Agreement (such support and services, collectively, the "Services"); provided, however, that the Services shall not include support or services provided or to be provided (a) by Cheniere Energy Partners GP, LLC ("MLP GP") to Sabine Pass LNG, L.P. pursuant to the Amended and Restated Operation and Maintenance Agreement (Sabine Pass LNG Facilities) dated August 9, 2012, (b) by Cheniere LNG O&M Services, LLC ("O&M") pursuant to the Amended and Restated Services and Secondment Agreement dated as of August 9, 2012, (c) by Terminals to Sabine Pass LNG, L.P. pursuant to the Amended and Restated Management Services Agreement (Sabine Pass LNG Facilities) dated August 9, 2012, (d) by O&M (or MLP GP, as applicable) to Cheniere Creole Trail Pipeline, L.P. ("CCTP") pursuant to the Operation and Maintenance Agreement dated November 26, 2007, (e) by MLP GP to Sabine Pass Liquefaction, LLC pursuant to the Operation and Maintenance Agreement (Sabine Pass Liquefaction Facilities) dated May 14, 2012 (the "Liquefaction O&M Agreement"), (f) by Terminals to Sabine Pass Liquefaction, LLC pursuant to the Management Services Agreement (Sabine Pass Liquefaction Facilities) dated May 14, 2012 or (g) by Terminals to CCTP pursuant to any management services agreement entered into between such parties (collectively, the agreements in (a) through (g) each as amended, restated or otherwise modified from time to time the "Service Agreements"). In connection with the Services, Terminals shall, as soon as reasonably practicable, provide the Partnership with such reports, contracts, agreements arrangements, documents and other information relating to or in connection with the Services (including, without limitation, any subcontracts, other third party contracts and any agreement or arrangements related thereto) as the Partnership may reasonably request from time to time.

2. In consideration of the Services to be provided by Terminals to the Partnership under paragraph 1 above, the Partnership agrees to pay Terminals: (i) upon signing of this letter agreement, to the extent not previously paid, \$2.8 million for the deferred Services Fee (defined below) for the quarter ended June 30, 2012, (ii) on the date of, and immediately after, each quarterly distribution made pursuant to Section 6.4 or Section 6.5 of the Partnership Agreement commencing with the distribution in respect of the Quarter ending September 30, 2012, an non-accountable overhead reimbursement charge (the "Services Fee") equal to \$2.8 million, subject to adjustment for inflation as provided below; and (ii) within 30 days of receipt of an invoice therefor as described below, external audit, external tax (excluding

outsourcing substantially all of such function), external legal (excluding outsourcing substantially all of such function) and financing fees incurred by Terminals that are necessary to perform the services hereunder ("Ancillary Expenses"), not previously invoiced; provided that, prior to incurrence of any material Ancillary Expense, Terminals provides written notice of such Ancillary Expenses to the Partnership, along with reasonable detail related thereto, and the Partnership provides written approval of such Ancillary Expenses after receipt of such written notice which approval will not be unreasonably withheld. The Services Fee shall be adjusted annually effective each January 1 for changes in the United States Consumer Price Index for All Urban Consumers as published from time to time by the Bureau of Labor Statistics of the U.S. Department of Labor (All Urban Consumers, U.S., All Items, 1982-1984, Not Seasonally Adjusted, Series I.D. CUUR0000SA0). Terminals shall submit an invoice on or prior to the tenth (10th) day of each month reflecting the Ancillary Expenses incurred during the previous month, including documentation identifying and substantiating in reasonable detail the nature of such Ancillary Expenses and the basis for reimbursement thereof.

In no event shall Ancillary Expenses include any costs or expenses (a) incurred by Terminals or any of its Affiliates in or with respect to any month prior to the applicable month to which the invoice related thereto relates or (b) which results in the Partnership or any of its Subsidiaries paying twice for the same service provided pursuant to this Agreement or any other operation and maintenance agreement, any other management service agreement or similar agreement or arrangement.

3. This letter agreement is solely and exclusively between Terminals and the Partnership, and any obligations created herein shall be the sole obligation of the parties hereto. Neither party shall have any recourse to any parent, partner, Subsidiary, joint venture, Affiliate, director or officer of the other party for the performance of such obligations, unless such obligations are assumed in writing by the Person against whom recourse is sought. The Partnership will indemnify and hold Terminals harmless in respect of any losses as a result of breach of this letter agreement by the Partnership; provided that the aggregate amount of such losses payable by the Partnership under this letter agreement in any calendar year shall be limited to, and shall in no event exceed, the amount paid or payable to Terminals by the Partnership pursuant to paragraph 2 above in such calendar year; provided that the foregoing limitation on liability shall not apply with respect to any intentional breach of this letter agreement by the Partnership. Terminals will indemnify and hold the Partnership harmless in respect of any losses as a result of breach of this letter agreement by Terminals; provided that the aggregate amount of such losses payable by Terminals under this Letter Agreement in any calendar year shall be limited to, and shall in no event exceed, the amount paid or payable to Terminals by the Partnership pursuant to paragraph 2 above in such calendar year.

4. Terminals may in its sole discretion assign this letter agreement and all rights and obligations of Terminals under this letter agreement to another entity wholly owned, directly or indirectly, by CEI (other than MLP GP and its Subsidiaries), such assignment to be effective upon delivery to the Partnership by Terminals and such assignee of a written instrument of assumption and assignment providing for the assumption of this letter agreement and all such rights and obligations by the assignee, and the prospective release of Terminals with respect thereto, and otherwise reasonably satisfactory to the Partnership.

5. The term of this letter agreement shall commence on the Effective Date and shall continue in full force and effect until twenty (20) years after Substantial Completion (as defined in the Liquefaction O&M Agreement) of the last Train (as defined in the Liquefaction O&M Agreement) to attain Substantial Completion. The term of this letter agreement shall continue for twelve (12) months following the end of the initial term and for each twelve-month period following each anniversary of the end of the initial term unless terminated prior to the end of any twelve-month period by the Partnership or Terminals. Notwithstanding anything to the contrary in this paragraph 5:

(a) in the event (i) Terminals is bankrupt, insolvent, incurs a dissolution, or cessation of its business, (ii) Terminals ceases to provide all Services required to be performed by it hereunder for ten (10) consecutive days except as required or permitted hereunder, or (iii) Terminals materially fails to perform its obligations hereunder (including, without limitation, the performing of Services) which continues for thirty (30) days after Terminals' receipt of notice of such failure from the Partnership which notice shall include the Partnership's recommendation for a cure of such failure, unless Terminals commences to cure such failure within said thirty (30) days and cures such failure within seventy-five (75) days after its receipt of the aforesaid notice, then the Partnership shall have the right, in its sole and absolute discretion, to do any or all of the following: (1) terminate this letter agreement; (2) obtain specific performance of Terminals' obligations hereunder; (3) perform (or engage a third party to perform) Terminals' obligations hereunder, and (4) pursue any and all other remedies available at law or in equity; and

(b) in the event (i) the Partnership is bankrupt, insolvent, incurs a dissolution, or cessation of its business, (ii) the Partnership materially fails to perform its obligations hereunder which continues for thirty (30) days after the Partnership's receipt of notice of such failure from the Partnership, unless the Partnership commences to cure such failure within said thirty (30) days and either cures or continues diligently to cure, or (iii) a default by the Partnership in its payment obligations to Terminals, unless the Partnership has cured such default within thirty (30) days from receipt of written notice of such default from Terminals, then Terminals shall have the right, in its sole and absolute discretion, to do any or all of the following: (1) terminate this letter agreement; and (2) pursue any and all other remedies available at law or in equity.

6. Neither party shall be in default in the performance of any of its obligations under this letter agreement or liable to the other party for failing to perform its obligations hereunder (other than the obligation to pay money when due) to the extent prevented by any circumstance or event beyond the reasonable control of such party ("Force Majeure Event"). The affected party shall provide prompt written notice of the Force Majeure Event to the other party and use all reasonable efforts to continue to perform its obligations hereunder.

Following the occurrence of a Force Majeure Event, Terminals (a) shall take all reasonable measures to mitigate or limit the amount of Ancillary Expenses until the effects of the Force Majeure Event are remedied, (b) shall reduce or eliminate the Services Fee as appropriate to reflect modifications to levels of Service provided, and (c) shall take such actions as are reasonably directed by the Partnership after consultation with Terminals. The Partnership shall continue to pay such reduced Ancillary Expenses and Services Fee.

7. This letter agreement shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with and governed by, the laws of the State of Texas excluding its conflicts of laws principles that would apply the laws of another jurisdiction.

*(Signature page follows)*

If the foregoing memorializes our agreement, please sign in the space provided below and return a fully executed counterpart to the undersigned.

Sincerely,

Cheniere LNG Terminals, Inc.

By: /s/ Graham A. McArthur

Name: Graham A. McArthur

Title: Treasurer

Agreed as of the above date:

Cheniere Energy Partners, L.P.

By: Cheniere Energy Partners GP, LLC,  
its general partner

By: /s/ Meg A. Gentle

Name: Meg A. Gentle

Title: Senior Vice President and  
Chief Financial Officer

Cheniere Energy, Inc.

By: /s/ Graham A. McArthur

Name: Graham A. McArthur

Title: Vice President and Treasurer

**AMENDED AND RESTATED OPERATION AND MAINTENANCE AGREEMENT**

**(SABINE PASS LNG FACILITIES)**

**BY AND AMONG**

**CHENIERE LNG O&M SERVICES, LLC (“O&M SERVICES”),**

**CHENIERE ENERGY PARTNERS GP, LLC (“OPERATOR”)**

**AND**

**SABINE PASS LNG, L.P. (“OWNER”)**

## TABLE OF CONTENTS

<b>Article I.</b>	DEFINITIONS AND INTERPRETATION.....	1
<b>1.1</b>	Definitions .....	1
<b>1.2</b>	Rules of Construction .....	9
<b>Article II.</b>	APPOINTMENT OF OPERATOR AND TERM.....	10
<b>2.1</b>	Appointment.....	10
<b>2.2</b>	Term.....	10
<b>Article III.</b>	SCOPE OF SERVICES.....	11
<b>3.1</b>	Generally.....	11
<b>3.2</b>	Services.....	11
<b>3.3</b>	Operator to Act as Independent Contractor.....	11
<b>3.4</b>	Exclusions from Services.....	11
<b>3.5</b>	Cooperation and Coordination with EPC Contractor and Manager.....	12
<b>3.6</b>	Risk of Loss.....	12
<b>3.7</b>	Standard for Performance of Obligations.....	12
<b>3.8</b>	Government Approvals.....	13
<b>3.9</b>	Liens.....	13
<b>3.10</b>	Qualification to Operator's Obligations.....	13
<b>Article IV.</b>	RESPONSIBILITIES AND RIGHTS OF OWNER.....	14
<b>4.1</b>	Owner Responsibilities.....	14
<b>4.2</b>	Owner's Retained Rights.....	15
<b>4.3</b>	Review and Approval.....	15
<b>4.4</b>	Government Approvals.....	16
<b>Article V.</b>	O&M EMPLOYEES AND REPRESENTATIVES OF PARTIES.....	16
<b>5.1</b>	O&M Employees; Subcontractors.....	16
<b>5.2</b>	Employee Compliance with Regulations.....	16
<b>5.3</b>	Representative of Operator.....	16
<b>5.4</b>	Representative of Owner.....	16
<b>5.5</b>	Commercial Designee.....	17
<b>5.6</b>	Operator Employment of O&M Employees.....	17
<b>5.7</b>	Statutory Employees for Purposes of Louisiana Worker's Compensation Act.....	17
<b>Article VI</b>	INFORMATION, REPORTS, AUDITS, RECORDS, FERC AND HOMELAND SECURITY REQUIREMENTS.....	18
<b>6.1</b>	Information; Project Contracts.....	18
<b>6.2</b>	Reports and Written Notices.....	19

---

	Cooperation With and Reporting to the 6.3 FERC.....	19
	6.4 Notice of Certain Matters.....	22
	6.5 Notice of Other Matters.....	22
	6.6 Books and Records.....	23
	6.7 Audits.....	23
	6.8 Requirements of Department of Homeland Security.....	23
<b>Article VII.</b>	MAINTENANCE PROGRAM, OPERATING PLANS AND BUDGETS.....	24
	7.1 Maintenance Program.....	24
	7.2 Operating Plans and Budgets.....	24
	7.3 Approval of Operating Plans, Budgets, and Maintenance Program.....	26
	7.4 Changes in Plans or Budgets.....	26
	7.5 Monthly Meetings; Modification of Operating Plan.....	27
	7.6 Deviation.....	28
<b>Article VIII.</b>	RESPONSIBILITY FOR COSTS AND EXPENSES.....	28
	8.1 Owner and Operator Responsibility; Procurement of Materials and Services.....	28
	8.2 Operating Expenses.....	28
	8.3 Limitations.....	29
	8.4 O&M Account.....	29
	8.5 Estimated Operating Expenses.....	30
	8.6 Billing Reports; Invoices.....	30
	8.7 Budget Reconciliation.....	30
	8.8 Taxes.....	31
<b>Article IX.</b>	FEES AND BONUSES.....	31
	9.1 Fees During Pre-Mobilization Period and Mobilization and Start-Up Period.....	31
	9.2 Fees During the Operating Period.....	31
	9.3 Bonus.....	32
<b>Article X.</b>	FORCE MAJEURE.....	32
	10.1 Nonperformance.....	32
	10.2 Obligation to Diligently Cure Force Majeure.....	32
	10.3 Effect of Continued Event of Force Majeure.....	32
<b>Article XI.</b>	EVENTS OF DEFAULT AND REMEDIES.....	33

<b>11.1</b>	Operator Events of Default.....	33
	Owner Events of	
<b>11.2</b>	Default.....	33
<b>11.3</b>	Remedies.....	33
	Termination	
<b>11.4</b>	Procedure.....	34
	Termination for	
<b>11.5</b>	Convenience.....	34



11.6	Successor to Operator.....	34
11.7	Survival of Certain Provisions.....	35
<b>Article XII.</b>	<b>INDEMNIFICATION.....</b>	<b>35</b>
	Loss or Damage to the Facility.....	
12.1		35
12.2	Operator Indemnity.....	35
12.3	Owner Indemnity.....	36
12.4	Louisiana Anti-Indemnity Act.....	37
12.5	Other Indemnity Rules.....	37
<b>Article XIII.</b>	<b>LIMITATION OF LIABILITY.....</b>	<b>37</b>
13.1	Limitation of Liability.....	37
13.2	CONSEQUENTIAL DAMAGE.....	37
<b>Article XIV.</b>	<b>INSURANCE.....</b>	<b>38</b>
14.1	Owner's Insurance.....	38
14.2	Operator's Insurance.....	38
14.3	Other Requirements and Insurance Certificates.....	38
14.4	Budget.....	38
14.5	Disclosure of Claims.....	38
<b>Article XV.</b>	<b>ASSIGNMENT.....</b>	<b>39</b>
<b>Article XVI.</b>	<b>CONFIDENTIALITY.....</b>	<b>39</b>
16.1	Confidential Information.....	39
16.2	Permitted Disclosure.....	39
16.3	Additional Undertakings of Operator.....	39
16.4	Public Announcements.....	40
<b>Article XVII.</b>	<b>EMERGENCIES.....</b>	<b>40</b>
17.1	Emergencies.....	40
17.2	Notice; Further Action.....	40
17.3	Owner's Notice.....	40
<b>Article XVIII.</b>	<b>DISPUTE RESOLUTION.....</b>	<b>41</b>
18.1	Negotiation.....	41
18.2	Arbitration.....	41
18.3	Continuation of Work During Dispute.....	42
<b>Article XIX.</b>	<b>NOTICES.....</b>	<b>42</b>
19.1	Notice.....	42

19.2	Effective Time of Notice.....	42
<b>Article XX.</b>	<b>REPRESENTATIONS AND WARRANTIES.....</b>	<b>43</b>
20.1	Representations and Warranties by Each Party.....	43
20.2	Additional Representations and Warranties by Operator.....	44
<b>Article XXI.</b>	<b>MISCELLANEOUS.....</b>	<b>44</b>
21.1	Severability.....	44
21.2	Entire Agreement.....	44
21.3	Amendment.....	44
21.4	Additional Documents and Actions.....	44
21.5	Schedules.....	44
21.6	Interest for Late Payment.....	44
21.7	Services Only Contract.....	44
21.8	Counterparts.....	45
21.9	Governing Law.....	45
21.10	Third Party Beneficiary.....	45
21.11	No Partnership.....	45

- SCHEDULE 1 - DESCRIPTION OF SERVICES
- SCHEDULE 2 - OPERATING PLAN AND BUDGET INFORMATION
- SCHEDULE 3 - DESCRIPTION OF INSURANCE COVERAGE
- SCHEDULE 4 - STANDING PROCEDURES
- SCHEDULE 5 - LIST OF PROJECT CONTRACTS

**AMENDED AND RESTATED OPERATION AND MAINTENANCE AGREEMENT  
(SABINE PASS LNG FACILITIES)**

THIS AMENDED AND RESTATED OPERATION AND MAINTENANCE AGREEMENT (this “Agreement”), dated August 9, 2012, is by and among (a) Cheniere Energy Partners GP, LLC, a Delaware limited liability company (“Operator”), (b) solely for purposes of Section 3.1, 5.1, 8.8, Article XI, Article XII, Article XIII, Article XVIII, Article XIX and Section 21.3 and the related definitions with respect to terms used therein, Cheniere LNG O&M Services, LLC (“O&M Services”) and (c) Sabine Pass LNG, L.P., a Delaware limited partnership (“Owner”). Operator and Owner are referred to herein, individually, as a “Party” and, collectively, as the “Parties”.

**Recitals:**

- A. Cheniere LNG O&M Services, L.P., whose interest was assigned to Operator, and Owner entered into that certain Operation and Maintenance Agreement dated as of February 25, 2005 (the “Original Agreement”).
- B. Operator and Owner desire to amend and restate the Original Agreement in its entirety as set out below.
- C. NOW, THEREFORE, the Parties agree that effective as of the Effective Date (as defined below) the Original Agreement is amended and restated in its entirety as follows:

**ARTICLE I.  
DEFINITIONS AND INTERPRETATION**

**1.1 Definitions.** When used in this Agreement, the following terms shall have the following meanings:

“**AAA**” is defined in Section 18.2.

“**AAA Rules**” is defined in Section 18.2.

“**Actual Operating Expenses**” means, with respect to any period, the aggregate of all expenses incurred by Operator in connection with the performance of the Services during such period, including expenses incurred by Operator in accordance with Article XVII in responding to an Emergency.

“**Additional Agreement**” is defined in Section 6.1.

“**Affiliate**” means, in relation to any Person, a Person that controls, is controlled by or is under common control with such Person. As used in this definition the terms “control,” “controlled by,” or “under common control with” shall mean the ownership, directly or indirectly, of fifty percent (50%) or more of the voting securities of such Person or the power or authority, through the ownership of voting securities, by contract, or otherwise, to direct the management, activities, or policies of such Person.

---

“**Agreement**” means the Original Agreement as amended and restated by this Amended and Restated Operation and Maintenance Agreement, as modified, supplemented or amended from time to time.

“**Applicable Laws**” means the applicable laws, rules, and regulations, including common law, of any Government Authority.

“**Applicable Period**” means the Pre-Mobilization Period, the Mobilization and Start-Up Period or the Operating Period, individually or collectively, as the context may require.

“**Approved Budget**” means for the Pre-Mobilization Period, the Mobilization and Start-Up Period and each Operating Year, the Budget which is part of an Operating Plan approved by Owner pursuant to Article VII, as modified from time to time in accordance with the terms hereof.

“**Approved Maintenance Program**” means for each Operating Year, the Maintenance Program as approved by Owner pursuant to Article VII, as modified from time to time in accordance with the terms hereof.

“**Approved Operating Plan**” means for the Pre-Mobilization Period, the Mobilization and Start-Up Period and each Operating Year, the Operating Plan approved by Owner pursuant to Article VII, as modified from time to time in accordance with the terms hereof.

“**Base Rate**” means the interest rate per annum equal to the lesser of (a) the prime rate (sometimes referred to as the base rate) for corporate loans as published by *The Wall Street Journal* in the money rates section on the applicable date (or if *The Wall Street Journal* ceases or fails to publish such a rate, the prime rate (or an equivalent thereof) in the United States for corporate loans determined as the average of the rates referred to as prime rate, base rate or the equivalent thereof, quoted by J.P. Morgan Chase & Co., or any successor thereof, for short term corporate loans in Texas on the applicable date) plus two percent (2%) or (b) the maximum lawful rate from time to time permitted by Applicable Law. The Base Rate shall change as and when the underlying components thereof change, without Notice to any Person.

“**Billing Report**” means a monthly report prepared by Operator pursuant to Section 8.6 which shall set forth all amounts reasonably and properly incurred by Operator in the performance of the Services and its obligations under this Agreement during that Month for the Facility and which shall include all amounts reasonably and properly incurred by Operator in respect of the employment of O&M Employees and Subcontractors performing the Services.

“**Budget**” means for the Pre-Mobilization Period, the Mobilization and Start-Up Period and each Operating Year, the budget comprising part of the Operating Plan for such Operating Year prepared by Operator and submitted to Owner for its approval under Article VII.

“**CMMS**” is defined in Part 1 Schedule 1.

“**Collateral**” means the Shared Collateral as defined in the Indenture.

“**Collateral Trustee**” means the Collateral Trustee as defined under the Indenture.

“**Commercial Designee**” is defined in Section 5.5.

“**Confidential Information**” is defined in Section 16.1.

“**Contractor**” means a party other than Owner or Operator to a Project Contract.

“**COTP**” is defined in Section 6.8(a).

“**CPI**” means the United States Consumer Price Index for All Urban Consumers as published from time to time by the Bureau of Labor Statistics of the U.S. Department of Labor (All Urban Consumers, U.S., All Items, 1982-1984, Not Seasonally Adjusted, Series I.D. CUUR0000SA0), or if such index is no longer published then such other index as Operator may select, by reference to any replacement index that is used in sales contracts of LNG produced by the Facility, and Owner shall approve, which approval shall not be unreasonably withheld; provided that, if an incorrect value is published for such index, and such error is corrected and published within ninety (90) Days of the date of the publication of such incorrect index, such corrected index will be substituted for the incorrect index and any calculations involving such index will be recalculated and the Parties will take any necessary actions based upon these revised calculations, including adjustments of amounts previously invoiced and/or paid.

“**CPT**” means prevailing local time in the Central time zone.

“**Customer**” means a party to a Terminal Use Agreement with Owner.

“**Day**” or “day” means each twenty-four (24) Hour period from 00:00:01 a.m. to 24:00:00 p.m. CPT.

“**Discriminatory Practice**” means a pattern or practice of favoring the interests of Affiliates of Operator (other than Cheniere Energy Partners, L.P. and its subsidiaries) above the interests of Cheniere Energy Partners, L.P. and its subsidiaries when there is a conflict in such interests related to the provision of Services under this Agreement.

“**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.

“**Dispute Notice**” is defined in Section 18.1

“**Effective Date**” means the eleventh (11th) Business Day (as defined in the Indenture) after the delivery to the Collateral Trustee of a copy of this Agreement along with the certificate described in Section 4.33 (i) of the Indenture.

“**Emergency**” means any situation which is likely to impose an immediate threat of injury to any individual or material damage or material economic loss to all or any part of the Facility or to any other property located at the Site; provided that a situation resulting from the failure to adhere to an Approved Budget shall not constitute an Emergency to the extent such failure was reasonably foreseeable at the time Operator proposed the then-applicable Operating

Plan. The Operating Plan shall not include budget contingencies for unknown leaks or spills and/or any unplanned release of LNG, Natural Gas, lubricants, refrigerants or other consumables, nor shall it include budget contingencies for mitigation and/or recovery associated with future tropical storms, hurricanes, or other future Force Majeure Events.

“**EPC Contract**” means the Engineering, Procurement and Construction Agreement dated December 16, 2004 between the Owner and the EPC Contractor.

“**EPC Contractor**” means Bechtel Corporation.

“**Extension Term**” is defined in Section 2.2.

“**Facility**” means the Sabine Pass LNG Terminal, being Owner's facilities for the receipt, storage and regasification, and send-out of Natural Gas located in Cameron Parish, Louisiana.

“**FERC**” means the Federal Energy Regulatory Commission.

“**FERC Authorization**” means the authorization by the FERC issued on December 21, 2004 granting to Owner the approvals requested in that certain application filed by Owner with the FERC on December 22, 2003, in Docket No. CP04-47-000 (as may be amended from time to time) pursuant to Section 3(a) of the Natural Gas Act and the corresponding regulations of the FERC.

“**Force Majeure Event**” means any circumstance or event beyond the reasonable control of a Party including the following events:

- (1) explosion, fire, nuclear radiation or chemical or biological contamination, hurricane, tropical storm, tornado, lightning, earthquake, flood, unusually severe weather, natural disaster, epidemic, any other act of God, and any other similar circumstance;
- (2) war and other hostilities (whether declared or not), revolution, public disorder, insurrection, rebellion, sabotage, or terrorist action;
- (3) failure of any third party supplier, where the failure is due to an event which constitutes force majeure under Owner's or Operator's contract with that party;
- (4) any action taken by any Government Authority after the date of this Agreement, including any order, legislation, enactment, judgment, ruling, or decision thereof;
- (5) Labor Disputes;  
and
- (6) major equipment  
failure;

but (i) no event or circumstance shall be considered to be a Force Majeure Event (x) to the extent such event or circumstance is due to the negligence, gross negligence, breach of this Agreement or willful misconduct of the Party claiming a Force Majeure Event or the Manager or (y) if such event or circumstance would have been avoided or prevented had Operator exercised

due diligence in the performance of the Services and (ii) Force Majeure Events shall expressly exclude (x) failure of a Subcontractor to perform its obligations under a Subcontract unless the failure is due to an event which constitutes force majeure under the Subcontract, and (y) a Party's financial inability to perform hereunder.

“**FSA**” is defined in Section 6.8(b).

“**FSP**” is defined in Section 6.8(a).

“**Full Insurable Value**” is defined in 5(d) Schedule 3.

“**GAAP**” means United States generally accepted accounting principles, consistently applied.

“**Government Approvals**” means all permits, licenses, approvals, certificates, consents, concessions, acknowledgments, agreements, decisions, and other forms of authorizations from, or filing with, or notice to, any Government Authority.

“**Government Authority**” means any federal, state, local or municipal governmental body, and any governmental, regulatory, or administrative agency, commission, body, or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative policy, regulatory, or taxing authority or power, or any court or governmental tribunal.

“**GP Board**” means the Board of Directors of Cheniere Energy Partners GP, LLC.

“**Hour**” or “**hour**” means sixty (60) minute intervals in each Day.

“**Indenture**” means the Indenture dated November 9, 2006 among The Bank of New York Mellon as trustee among the Owner, the Guarantors (as defined therein) and The Bank of New York Mellon as trustee.

“**Indexed**” means that the amount to be indexed is to be multiplied on each anniversary of February 25, 2005 by a fraction the numerator of which is the CPI on said anniversary of February 25, 2005 and the denominator of which is the CPI on February 25, 2005.

“**Initial Term**” is defined in Section 2.2.

“**International LNG Terminal Standards**” means to the extent not inconsistent with the express requirements of this Agreement, the international standards and practices applicable to the operation and maintenance of LNG receiving and regasification terminals, established by the following (such standards to apply in the following order of priority): (i) a Government Authority having jurisdiction over Owner; (ii) the Society of International Gas Tanker and Terminal Operators; and (iii) any other internationally recognized non-governmental agency or organization with whose standards and practices it is customary for Reasonable and Prudent Operators of LNG receiving and regasification terminals to comply. In the event of a conflict between any of the priorities noted above, the priority with the lowest roman numeral noted above shall prevail.

“**Labor Costs**” means all payroll costs, including salaries, employee benefits and payroll taxes (net of any related tax refunds, rebates or similar reductions received by any member of the Operator Group) payable by Operator in accordance with the Approved Budget and Operating Plan.

“**Labor Disputes**” means any national, regional or local labor strikes, work stoppages, boycotts, walkouts, or other labor difficulties or shortages, including any of the foregoing which affects access to the Facility or the ability to ship or receive goods (including spare parts).

“**Lien**” means any liens for Taxes or assessments, builder, mechanic, warehousemen, materialmen, contractor, workmen, repairmen, or carrier liens, or other similar liens.

“**LLC Agreement**” means the Third Amended and Restated LLC Agreement of Cheniere Energy Partners GP, LLC, dated as of August 9, 2012, as may be amended from time to time.

“**LNG**” means Natural Gas in a liquid state at or below its boiling point at a pressure of approximately one atmosphere.

“**LNG Vessel**” means an ocean-going vessel suitable for transporting LNG.

“**Loss**” means any losses, liabilities, costs, expenses, claims, proceedings, actions, demands, obligations, deficiencies, lawsuits, judgments, awards, or damages.

“**Main Automation Contractor**” means Owner's contractor responsible for developing an Integrated Business, Information and Control System (IBICS) that will encompass both the operation of the Facility and other related systems.

“**Maintenance Program**” means the major equipment maintenance program for the Facility prepared by Operator and submitted to Owner for its approval under Section 7.1.

“**Management Services Agreement**” means the Amended and Restated Management Services Agreement of even date herewith between Owner and Cheniere LNG Terminals, Inc., as Manager.

“**Manager**” means the Manager under the Management Services Agreement.

“**Manufacturer's Recommendations**” means the instructions, procedures, and recommendations which are issued by the manufacturer of any equipment used at the Facility relating to the operation, maintenance, or repair of such equipment, and any revisions or updates thereto from time to time issued by the manufacturer.

“**Marine Services Company**” means the company contracted to provide tug boat and other marine services at the Facility.

“**Mobilization and Start-Up Fee**” is defined in Section 9.1.

“**Mobilization and Start-Up Period**” means the period from (i) the date as mutually agreed by Owner and Operator after consultation with the EPC Contractor upon which O&M



Employees mobilize at the Site through and including (ii) the last day immediately preceding the Substantial Completion Date.

“**Month**” means the period beginning at 00:00:01 a.m., CPT, on the first Day of each calendar month and ending at the same time on the first Day of the next succeeding calendar month.

“**Natural Gas**” means any mixture of hydrocarbons and other gases consisting primarily of methane which at a temperature of sixty degrees Fahrenheit (60°F) and at an absolute pressure of 1.01325 bar is predominately in the gaseous state.

“**Notice**” is defined in Section 19.1.

“**O&M Account**” is defined in Section 8.4.

“**O&M Employees**” means the employees of Operator or any Affiliate of Operator (other than Cheniere Energy Partners, L.P. and its subsidiaries (including Owner)) who are engaged by Operator to perform Services under this Agreement, but excludes all senior officers of Cheniere Energy, Inc.

“**O&M Fee**” is defined in Section 9.2.

“**O&M Procedures Manual**” means the manual containing the operation and maintenance procedures prepared by Operator and EPC Contractor and approved by Owner.

“**O&M Services**” is defined in the introductory paragraph of this Agreement.

“**Operating Expenses**” is defined in Section 8.2.

“**Operating Period**” means the period commencing on the Substantial Completion Date and ending upon termination of the term of this Agreement.

“**Operating Plan**” means the operating plan and where required related budget for the Facility prepared by Operator and submitted to Owner for its approval pursuant to Article VII.

“**Operating Year**” means the period commencing 12:00 midnight, CPT, time on the Substantial Completion Date for the Facility through 12:00 midnight, CPT, on the next December 31, and each Year thereafter in the term hereof commencing 12:00 midnight, CPT, on December 31 of the prior Year and ending 11:59 p.m., CPT, on December 31 of the following Year.

“**Operator**” is defined in the introductory paragraph of this Agreement.

“**Operator Events of Default**” is defined in Section 11.1.

“**Operator Group**” means (i) Operator and its Affiliates (other than Cheniere Energy Partners, L.P. and its subsidiaries (including Owner)) and (ii) the respective directors, officers, agents, employees, representatives of each Person specified in clause (i) above.

“**Operator's Representative**” is defined in Section 5.3.

“**Owner**” is defined in the introductory paragraph of this Agreement.

“**Owner Events of Default**” is defined in Section 11.2.

“**Owner Group**” means (i) Cheniere Energy Partners, L.P. and its subsidiaries (including Owner) and Owner's lenders and each of their Affiliates and (ii) the respective directors, officers, agents, employees and representatives of each Person specified in clause (i) above.

“**Owner's Representative**” is defined in Section 5.4.

“**Party**” is defined in the introductory paragraph of this Agreement.

“**Person**” means any natural person, firm, corporation, company, voluntary association, general or limited partnership, limited liability company, joint venture, trust, unincorporated organization, Government Authority or any other entity, whether acting in an individual, fiduciary, or other capacity.

“**Pipeline Delivery Point**” means the point downstream of the high pressure vaporizers at which custody transfer of the vaporized Natural Gas takes place.

“**Pre-Mobilization Fee**” is defined in Section 9.1.

“**Pre-Mobilization Period**” means the period from (i) the February 25, 2005 until but excluding (ii) the first Day of the Mobilization and Start-Up Period.

“**Project Contracts**” means the agreements described in Schedule 5 and all other agreements related to the development, financing, construction, operation, and maintenance of the Facility, including Additional Agreements.

“**Quality Jobs Program**” means all rights, responsibilities, benefits and duties pursuant to the Louisiana Quality Jobs contracts effective as of January 1, 2005 between Cheniere O&M Services, L.P. and the State of Louisiana.

“**Ready For Cool Down**” has the meaning provided in the EPC Contract.

“**Reasonable and Prudent Operator**” means a Person seeking in good faith to perform its contractual obligations, and in so doing, and in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a skilled and experienced operator engaged in the same type of undertaking under the same or similar circumstances and conditions.

“**Retained Rights**” is defined in Section 4.2.

“**Secondment Agreement**” means the Services and Secondment Agreement related to among other things the Services hereunder to be entered into between O&M Services and Cheniere Energy Partners GP, LLC, as may be amended from time to time.

“**Services**” means all of the services to be provided by Operator pursuant to this Agreement, including those services described in Article III and Schedule 1, but excluding those services which are expressly to be provided by (a) the Manager under the Management Services Agreement or (b) Operator or any of its Affiliates (other than Cheniere Energy Partners, L.P. and its subsidiaries) under any other operation and maintenance, management service or similar agreement.

“**Site**” means the land on which all or any part of the Facility is to be built, including any adjacent working areas required by Owner, or any other contractor or subcontractor of Owner, and all rights of way and access rights.

“**Standing Procedures**” means the procedures prepared by Operator under Schedule 4.

“**Subcontract**” means any contract for the supply of goods, work, materials, or equipment in connection with the Services provided hereunder entered into between Operator and any Subcontractor.

“**Subcontractor**” means any Person party to a Subcontract with Operator.

“**Substantial Completion Date**” is the date that Substantial Completion as defined in the EPC Contract occurs.

“**Successor Operator**” is defined in Section 11.6.

“**Supermajority Holders**” means the Holders (as defined in the Indenture) of 66 2/3% of the aggregate principal amount of the then outstanding Notes (as defined in the Indenture).

“**Tax**” means any tax, duty, impost, and levy of any nature (whether state, local, or federal) whatsoever and wherever charged, levied, or imposed, together with any interest and penalties in relation thereto.

“**Terminal Use Agreement**” means an agreement between Owner and a Customer pursuant to which Owner agrees to accept, store and regasify LNG delivered by a Customer to the Facility and deliver Natural Gas to the Customer.

“**Termination Date**” is defined in Section 11.4.

“**Termination Notice**” is defined in Section 11.4.

“**Year**” means a period beginning at 0000 hours on the first Day of a calendar Year and ending at 2400 hours on the last Day of such calendar Year.

**1.2 Rules of Construction.** In construing and interpreting this Agreement, the following rules of construction shall be followed:

- (a) words imparting the singular shall include the plural and vice versa;

- (b) a reference in this Agreement to any Article, Section, clause, or paragraph is, except where it is expressly stated to the contrary or the context otherwise requires, a reference to such Article, Section, clause, or paragraph herein;
- (c) headings are for convenience of reference only and shall not be used for purposes of construction or interpretation of this Agreement;
- (d) each reference to any Applicable Law shall be construed as a reference to such Applicable Law as it may have been, or may from time to time be, amended, replaced, or re-enacted and shall include any rule or regulation promulgated under any such Applicable Law;
- (e) the terms “hereof,” “herein,” “hereto,” “hereunder,” and words of similar or like import, refer to this entire Agreement and not any one particular Article, Section, Schedule, or other subdivision of this Agreement;
- (f) any accounting terms used but not expressly defined herein shall have the meanings given to them under GAAP as consistently applied by the Person to which they relate;
- (g) the word “including” and its syntactical variants means “includes, but not limited to” and corresponding syntactical variant expressions;
- (h) in computing any period of time prescribed or allowed under this Agreement, the Day of the act, event, or default from which the designated period of time begins to run shall be included and if the last Day of the period so computed is not a business day in the place where performance is due, then the period shall run until the close of business on the immediately succeeding business day; and
- (i) this Agreement shall be deemed to be the work product of each Party hereto, and there shall be no presumption that an ambiguity should be construed in favor of or against Owner or Operator solely as a result of such Party's actual or alleged role in the drafting of this Agreement.

## ARTICLE II.

### APPOINTMENT OF OPERATOR AND TERM

**2.1 Appointment.** Owner hereby appoints Operator, and Operator accepts the appointment, to operate and maintain the Facility, and to perform the Services, on and subject to the terms and conditions of this Agreement.

**2.2 Term.** The term of this Agreement commenced on February 25, 2005 and unless sooner terminated as provided herein, shall continue in full force and effect until twenty (20) years after the Substantial Completion Date (the “Initial Term”). The term of this Agreement shall continue for twelve (12) Months following the end of the Initial Term and for twelve (12) month periods following each anniversary of the end of the Initial Term (each an “Extension Term”) unless either Party shall have given the other Notice of termination at least twelve (12) months prior to the end of the Initial Term or the end of an Extension Term, as the case may be.

**ARTICLE III.**  
**SCOPE OF SERVICES**

**3.1 Generally.** Operator shall, operate and maintain the Facility and perform the Services in accordance with the provisions of this Agreement. O&M Services shall provide Operator with the personnel required to be provided by O&M Services under the Secondment Agreement.

**3.2 Services.** During each of the Pre-Mobilization Period, the Mobilization and Start-Up Period and the Operating Period, Operator will perform the Services indicated on Schedule 1.

**3.3 Operator to Act as Independent Contractor.** Operator hereby agrees to carry out the functions of, and to act as, an independent contractor in the performance of the Services under this Agreement.

**3.4 Exclusions from Services.** Except as expressly provided in this Agreement or as authorized by Owner from time to time, Operator shall not:

- (a) describe itself as agent or representative of Owner;
- (b) pledge the credit of Owner in any way in respect of any commitments for which it has not received written authorization from Owner;
- (c) make any warranty or representation relating to Owner;
- (d) sell, lease, pledge, mortgage, encumber, convey, license, exchange, or make any other transfer, assignment, or disposition of the Facility or any other property or assets of Owner, other than the removal and disposal of waste material from the Site;
- (e) except for Disputes between Operator and Owner arising under this Agreement, settle, compromise, assign, pledge, transfer, release, waive, or consent to the compromise, assignment, settlement, pledge, transfer, waiver, or release of, any claim, suit, debt, demand, or judgment against or due by Owner, or submit any such claim, dispute, or controversy to arbitration or judicial process, or stipulate to a judgment or consent with respect thereto;
- (f) make, enter into, execute, amend, modify, or supplement any Project Contract or any other contract or agreement on behalf of, or in the name of, Owner;
- (g) engage in any other transaction on behalf of, or in the name of, Owner which is not expressly permitted by this Agreement;
- (h) provide administrative, financial, Tax or other commercial services with respect to the business of Owner except to the extent they relate solely to the operation and maintenance of the Facility; or
- (i) exercise any of the Retained Rights.

**3.5 Cooperation and Coordination with EPC Contractor and Manager.** Operator acknowledges that during the Pre-Mobilization Period and Mobilization and Start-Up Period the EPC Contractor shall be in control of the Facility to the extent provided in the EPC Contract, and Operator agrees that it shall cooperate with all reasonable requests made by Owner and the EPC Contractor to achieve the completion of the Facility and prepare for the commercial operation of the Facility. Where Operator is not required to perform certain services for the operation and maintenance of the Facility and such services are provided by the EPC Contractor, Operator shall coordinate with the EPC Contractor to the extent required for the performance of its obligations hereunder and the efficient operation of the Facility.

During the Operating Period, Operator agrees that it shall cooperate with the Manager to ensure that the operation and maintenance of the Facility is performed in a manner required by the Project Contracts and in accordance with this Agreement.

**3.6 Risk of Loss.** Beginning on the Substantial Completion Date, Operator shall be responsible for the operation and maintenance of the Facility and shall ensure that all necessary services required to operate and maintain the Facility are properly performed in accordance with the terms hereof. Except as otherwise provided herein, Operator does not have risk of loss for the Facility, LNG or Natural Gas owned by Customers or Owner.

**3.7 Standard for Performance of Obligations.** In the performance of Services hereunder, Operator shall not use any tangible assets of Owner for Operator's own benefit (except in the exercise of its rights and obligations under this Agreement) or for the benefit of Operator's Affiliates (other than Cheniere Energy Partners, L.P. and its subsidiaries) without the written consent of Owner which consent will not be unreasonably withheld. Operator will not engage in any Discriminatory Practice with respect to the performance of its obligations under this Agreement which adversely affects its performance of its obligations to the Owner under this Agreement. Operator shall operate and maintain the Facility and perform all the Services hereunder in accordance with:

- (a) all Applicable Laws;
- (b) all Government Approvals, including the FERC Authorization;
- (c) the Project Contracts;
- (d) the terms of Operator's and Owner's insurance policies;
- (e) the terms of this Agreement;
- (f) International LNG Terminal Standards;
- (g) the applicable Approved Operating Plan, Approved Budget, and Approved Maintenance Program;
- (h) the Standing Procedures;
- (i) the instructions of the Commercial Designee; and

(j) the instructions of the Manager in accordance with the terms of the Management Service Agreement.

If Operator is aware of a conflict between any of the above requirements, Operator shall inform Owner, and Owner shall promptly resolve the conflict. Prior to such resolution by Owner, Operator shall give precedence to the obligations in the priority set forth above.

Notwithstanding anything herein to the contrary, in no event shall Operator be required to operate the Facility if it determines in its reasonable opinion that to do so would violate the mutually agreed upon safety or environmental standards as determined by Owner and Operator.

**3.8 Government Approvals.** Operator shall procure, obtain, maintain and comply with all Government Approvals, including all modifications, amendments and renewals of Governmental Approvals which may be required under any Applicable Laws for the operation and maintenance of the Facility and the performance of its obligations hereunder and which need to be procured and maintained by or in the name of Operator. Owner shall provide Operator with such assistance and cooperation as may reasonably be required in order to obtain and maintain all such Government Approvals. Operator shall provide Owner and any other Person nominated by Owner with such assistance and cooperation as may be reasonably required in order to obtain and maintain all necessary Government Approvals for the operation and maintenance of the Facility. Operator shall perform the Services, including the operation and maintenance of the Facility in accordance with the terms and conditions of the FERC Authorization and all other Government Approvals applicable to the operation and maintenance of the Facility.

**3.9 Liens.** Operator shall not permit any Lien to be filed or otherwise imposed on any part of the Facility or Site as a result of the performance of the Services or its engagement or employment of any Subcontractor for the performance of the Services. If any Lien is filed as a result of Operator's breach of its responsibilities hereunder, and if Operator does not within thirty (30) days of the filing of the Lien cause such Lien to be released and discharged, or file a bond satisfactory to Owner in lieu thereof, Owner shall have the right to pay all sums necessary to obtain such release and discharge such Lien. Operator shall reimburse Owner for all such costs, including reasonable attorneys' fees, within five (5) days of Owner's written demand therefor. Notwithstanding the foregoing, Operator shall not be responsible for any Lien filed on the Facility or Site that was permitted by, or that arises out of or was caused by the actions of, Owner.

**3.10 Qualification to Operator's Obligations.** Operator shall: (i) not be liable to Owner for any Loss suffered or incurred by Owner or any third Person and (ii) be indemnified and held harmless by Owner for any Loss suffered or incurred by Operator or in respect of the claims of any third Person to the extent in each such case that such Loss is as a direct result of:

(a) Operator's compliance with the terms of this Agreement or any other Project Contract;

(b) Operator's compliance with any instruction or direction given by Owner or any constraint imposed by Owner at any time upon Operator which is different from those otherwise provided by this Agreement;

(c) Owner's failure to comply with its obligations under this Agreement, including failure to make timely payment of Operating Expenses included in the Approved Operating Plan or otherwise payable in accordance with this Agreement, or any other Project Contract (unless any such obligation was to be performed by Operator pursuant to the terms of this Agreement or any other Project Contract), which failure has an adverse effect on Operator's ability to perform the Services except to the extent that such failure is a result of any negligence, willful misconduct or breach of this Agreement by Operator;

(d) a design, manufacturing or construction defect in the Facility or any component incorporated therein;

(e) the absence or lapse of any Government Approval, other than any absence or lapse resulting from Operator's failure to comply with its obligations under Section 3.8;

(f) a Contractor's failure to comply with its obligations under any Project Contract or any other contract between a Contractor and Owner relating to the Facility, which failure results in Operator's inability to perform its obligations hereunder, except to the extent that such failure is a result of any negligence, willful misconduct or breach of this Agreement by Operator; or

(g) lack of spare parts except to the extent that it is the result of any negligence, willful misconduct or breach of this Agreement by Operator.

#### **ARTICLE IV.**

##### **RESPONSIBILITIES AND RIGHTS OF OWNER**

**4.1 Owner Responsibilities.** Owner shall perform and be responsible for the following ongoing activities:

(a) providing and maintaining insurance in accordance with Section 14.1;

(b) providing utilities reasonably required by Operator to perform the Services;

(c) providing all public relations (except for those referred to in the Services) and assist Operator, if requested, in performing all necessary public relations activities with the local community and public agencies;

(d) contracting with the Marine Services Company;

(e) paying Operator the amounts owed under this Agreement;



- (f) complying, with Operator's assistance, with all Owner requirements in Government Approvals identified in Section 4.4; and
- (g) managing all loan or financing agreements.

**4.2 Owner's Retained Rights.** Owner shall retain all rights and powers relating to the operation and maintenance of the Facility not specifically granted to Operator under this Agreement (the "Retained Rights"), including the following rights and powers to:

- (a) review and determination of general policies and procedures not delegated to Operator;
- (b) approve of all press releases and publicity material relating to this Agreement or the Facility;
- (c) approve of commitments to incur expenditures in relation to any expenditures not included in the applicable Approved Budget;
- (d) approve of any amendment to, waiver or revision of or termination of any Project Contract;
- (e) conduct or resolve any dispute in relation to any Project Contract (other than this Agreement in relation to Operator);
- (f) perform (or engage a third party to perform) any obligations of Operator if Operator fails to perform such obligations hereunder (which will result in a reduction in the Operating Expenses included in the Approved Operating Plan associated with such obligations equal to the reasonable costs of, or incidental to, performing (or engaging a third party to perform) such obligations);
- (g) other than routine and ordinary course matters regarding the operation and maintenance of the Facility, notify and communicate with Government Authorities regarding the Facility;
- (h) enter and inspect the Facility by Owner's employees or agents, to accompany or send prospective Customers to the Facility for review, including any environmental assessment or review, and to make repairs or improvements. Prior to such access, notice shall be given to Operator, whenever it is reasonable to do so; and
- (i) provide office space for Owner's employees or agents to work, have meetings, conduct audits, investigations, entertain visitors and customers, access to high speed internet network connection, private phone line, access to copiers, fax machines, use of general office supplies, toilets, showers and kitchen facilities, and capability to reserve conference rooms.

**4.3 Review and Approval.** Except (i) for a request for consent to assignment of Operator's rights under this Agreement to a Person who is not an Affiliate of Operator and (ii) as expressly otherwise set forth in this Agreement, Owner shall review in a timely fashion and not

unreasonably withhold its approval of all items submitted by Operator to Owner for its approval. Notwithstanding the foregoing, the Approved Operating Plan, Approved Budget and Approved Maintenance Program shall govern Operator's performance of its obligations hereunder until a new such plan, program or budget is approved by Owner in accordance with Section 7.3.

**4.4 Government Approvals.** Owner shall procure, obtain, and maintain all Government Approvals required under any Applicable Law to be obtained in the name of Owner for the operation and maintenance of the Facility. Operator shall provide Owner with such assistance and cooperation as may reasonably be required by Owner to obtain and maintain all such Government Approvals.

## **ARTICLE V. O&M EMPLOYEES AND REPRESENTATIVES OF PARTIES**

**5.1 O&M Employees; Subcontractors.** Operator and O&M Services shall identify, recruit, interview, and, subject to Owner's approval, hire or engage the O&M Employees and any Subcontractors. Operator and O&M Services shall cause all O&M Employees to be, and ensure that all persons providing services through Subcontractors are, qualified (and if required, licensed) in the duties to which they are assigned. The working hours, rates of compensation, and all other matters relating to the engagement of the O&M Employees and any Subcontractors shall be determined in accordance with any Approved Budget.

**5.2 Employee Compliance with Regulations.** Operator shall ensure that each O&M Employee and Person providing services through a Subcontractor shall at all times comply with Applicable Laws and Governmental Approvals applicable to the Site and the regulations and safety requirements of Owner at the Site.

**5.3 Representative of Operator.** Operator shall appoint, subject to Owner's prior approval, a properly qualified individual to act as the representative of Operator (the "Operator's Representative"). Operator's Representative shall advise Owner on issues regarding the operation and maintenance of the Facility. Operator's Representative is authorized and empowered to act for and on behalf of Operator on all matters concerning this Agreement and its obligations hereunder, other than any amendments to or waivers under this Agreement. In all such matters, Operator shall be bound by the written communications, directions, requests, and decisions given or made by Operator's Representative (or its designee) within the scope of its responsibilities.

**5.4 Representative of Owner.** Owner shall appoint an individual ("Owner's Representative") to act as the representative of Owner in connection with the operation and maintenance of the Facility. Owner shall notify Operator of the identity of Owner's Representative and any individual appointed in replacement thereof. Owner's Representative shall have full authority to act on behalf of Owner in all matters concerning the operation and maintenance of the Facility and the performance of Owner's obligations under this Agreement, other than authority to agree to any amendments, modifications, or waivers of this Agreement, and except in relation to matters which Owner may from time to time by Notice to Operator reserve to itself. Owner shall, subject to the foregoing, be bound by the written communications, directions, requests, and decisions given or made by Owner's Representative within the scope o

f its responsibilities. Notwithstanding anything to the contrary herein, the Parties acknowledge and agree that (a) Owner and Owner Representative shall act at the direction of the GP Board as determined by the LLC Agreement, (b) no approval, consent, determination, decision, waiver, consultation or other similar action of Owner, through Owner Representative or otherwise, under or with respect to this Agreement (each, an "Owner Action") shall be deemed to occur and be effective without the prior written approval of (i) the GP Board and (ii) to the extent the GP Board does not have authority to take such action under the LLC Agreement without approval of the Executive Committee (as defined in the LLC Agreement), as determined by the GP Board, the Executive Committee, (c) any Notice provided to Owner by Operator in connection with the performance of Services, termination of Services, Disputes or the Operating Plan shall be provided concurrently to the GP Board, and (d) Owner shall be entitled to, and, upon request, shall, provide the GP Board with all documentation, reports and other materials received under this Agreement; provided that the GP Board may delegate its authority to direct Owner and/or approve Owner Actions in its sole discretion, subject to any limitations in the LLC Agreement, and such delegation of authority shall be provided in writing to Operator.

**5.5 Commercial Designee.** Owner appoints the Manager as its commercial designee ("Commercial Designee"). The Commercial Designee shall have the right to direct Operator to vaporize such quantities of LNG as specified by the Commercial Designee and deliver the resulting Natural Gas into the downstream pipeline designated by the Commercial Designee. Subject to Section 3.10, Operator shall comply with such directions from the Commercial Designee.

**5.6 Operator Employment of O&M Employees.** Operator acknowledges and agrees that all O&M Employees shall be employed by Operator or an Affiliate of Operator (other than Cheniere Energy Partners, L.P. and its subsidiaries (including Owner)). Operator will be responsible for, or arrange for, paying the salaries and all benefits of such employees, meeting all governmental liabilities with respect to such employees, and supervising and determining all job classifications, staffing levels, duties, and other terms of employment for the O&M Employees in accordance with Applicable Laws. Operator shall have full supervision and control over the O&M Employees and shall use all reasonable efforts to maintain appropriate order and discipline among its personnel and shall cause each Subcontractor to maintain similar standards with respect to such Subcontractor's personnel.

**5.7 Statutory Employees for Purposes of Louisiana Worker's Compensation Act.** In all cases where Operator's or any of its Affiliates' employees (defined to include the direct, borrowed, special, or statutory employees of Subcontractors of any tier) are performing Services in or offshore the state of Louisiana or are otherwise covered by the Louisiana Workers' Compensation Act, La. R.S. 23:1021, et seq., Owner and Operator agree that the Services performed by Operator, Subcontractors of any tier, and Operator's and its Affiliates', and Subcontractors' (of any tier) employees pursuant to this Agreement are an integral part of and are essential to the ability of Owner to generate Owner's goods, products, and work for the purpose of La. R.S. 23:1061A(1). Furthermore, Owner and Operator agree that Owner is the statutory employer of Operator's and its Affiliates' and Subcontractors' (of any tier) employees for purposes of La. R.S. 23:1061A(3), and that Owner shall be entitled to the protections afforded a statutory employer under Louisiana law. Regardless of Owner's status as the statutory or special employer (as defined in La. R.S. 23:1031(c)) of the employees of Operator and its

Affiliates and Subcontractors of any tier, and regardless of any other relationship or alleged relationship between such employees and Owner, Operator and its Affiliates (other than Cheniere Energy Partners, L.P. and its subsidiaries) shall be and remain at all times primarily responsible for the payment of all workers compensation and medical benefits to Operator's and its Affiliates', and Subcontractors' (of any tier) employees, and none of Operator, its Affiliates, or Subcontractors, or their respective insurers or underwriters shall be entitled to seek contribution or indemnity for any such payments from Owner or any other member of the Owner Group. Notwithstanding the foregoing, under no circumstances shall this Section 5.7 be interpreted to relieve Operator from its full responsibility and liability to Owner under this Agreement for the employees of Operator and its Affiliates or Subcontractors of any tier (whether or not such employees are a statutory, special or borrowed employee, or otherwise), including Operator's obligations to defend, indemnify and hold harmless the Owner Group from and against injury or death to such employees or damage to or destruction of property of such employees, as provided in this Agreement.

**ARTICLE VI.**  
**INFORMATION, REPORTS, AUDITS, RECORDS, FERC AND HOMELAND SECURITY REQUIREMENTS**

**6.1 Information; Project Contracts.** Owner shall provide Operator with all information in Owner's possession reasonably necessary for Operator to carry out its duties hereunder.

Owner shall deliver to Operator (a) a copy of each of the Project Contracts which is currently in effect to Operator promptly after the execution of this Agreement and (b) a copy of each of the Project Contracts which are executed after the date hereof promptly after their execution. Before executing any amendment, modification or supplement to a Project Contract, or any other agreements which may affect the performance of the Services by Operator (each an "Additional Agreement"), Owner shall to the extent reasonably practicable consult with Operator to determine the impact (if any) of such Additional Agreement on any then-effective Approved Operating Plan, Approved Maintenance Program, Approved Budget, this Agreement or Operator's performance of the Services hereunder.

Within fourteen (14) days (or if additional time is required to review any Additional Agreement such longer period as may be agreed by the Parties) of receiving a proposed Additional Agreement for review, Operator shall notify Owner in writing that:

- (i) it can comply with such Additional Agreement without any amendment to this Agreement, the Services or the then-current Approved Operating Plan, Approved Maintenance Program or Approved Budget; or
- (ii) setting forth any proposed changes to this Agreement, the Services or the then-current Approved Operating Plan, Approved Maintenance Program or Approved Budget and specifying the reasons why such changes are necessary.

Owner may in its sole discretion, enter into the proposed Additional Agreement, on or before receipt of Notice from Operator; provided, however, that in the event that Owner receives a Notice from Operator pursuant to Section 6.1(ii) and has not incorporated each change requested by Operator into this Agreement, then (x) any Dispute relating to the need for such changes shall, following the execution and delivery of such Additional Agreement, be resolved pursuant to Article XVIII, and (y) pending resolution of such Dispute, Operator shall, subject to Section 3.10, comply with the terms and conditions of such Additional Agreement.

Owner shall cause a copy of each Additional Agreement executed and delivered by Owner to be provided to Operator within ten (10) days following execution and delivery thereof by each of the parties thereto.

**6.2 Reports and Written Notices.** Operator shall provide Owner with such reports as are required or reasonably requested from time to time by Owner, and shall comply with those reporting requirements prescribed by Applicable Laws or set out in the Project Contracts, the Approved Operating Plan, Approved Maintenance Program, the Standing Procedures, or any Government Approval, which are defined therein as being Operator responsibilities. If Owner requests any report, contract, agreement, arrangement, document or other information relating to, or in connection with, the Facility or the Services (including any Subcontracts, other third party contracts and any agreements or arrangements related thereto), Operator shall use reasonable efforts (subject to the provisions of any confidentiality or similar agreement to which Operator is a party) to attain such report, contract, agreement, arrangement, document or other information at the request of Owner and shall submit such report, contract, agreement, arrangement document or other information to Owner as soon as reasonably practicable following such request.

Owner may from time to time specify any changes to be made to any of the formats for any report or plan (including any Operating Plan, Budget or Maintenance Program) required hereunder. The relevant revised format shall be adopted by Operator with effect from the date of such revision and shall be applied in relation to the first period to which such report or plan relates commencing after receipt of Owner's Notice specifying such changes.

**6.3 Cooperation With and Reporting to the FERC.** Owner is required to provide regular reports and other information to the FERC. The Facility will also be subject to regular inspections by the FERC staff, and continuous monitoring by inspectors providing reports to the FERC. Operator shall assist Owner with all interfaces with the FERC as follows:

- (a) Operation and maintenance procedures and manuals, as well as emergency plans and safety procedure manuals, shall be filed with the FERC prior to commissioning operations. These documents include selected Standing Procedures as listed in Schedule 4 plus other documents developed by the EPC Contractor. These documents are subject to changes recommended by the FERC and resubmittal to FERC as required by the FERC.
- (b) The FERC staff shall be notified of any proposed revisions to the security plan and physical security of the Facility prior to commissioning the Facilities. Operator shall assist Owner in the development of these plans.

(c) Additional Site inspections and technical reviews will be held by FERC staff prior to commencement of operation of the Facility. Operator shall cooperate with Owner at all times in this regard.

(d) 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 shall 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 piping and instrumentation diagrams 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. Operator shall assist Owner with these FERC reviews, requests, inspections, and reports as required.

(e) Semi-annual operational reports shall be filed with the FERC to identify changes in Facility design and operating conditions, abnormal operating experiences and activities (including ship arrivals, quantity and composition of imported LNG, vaporization quantities, and boil-off/flash gas), as well as Facility modifications including future plans and progress thereof. Abnormalities should include, but not be limited to: unloading/shipping problems, potential hazardous conditions from offsite vessels, storage tank stratification or rollover, geysering, storage tank pressure excursions, cold spots on the storage tanks, storage tank vibrations and/or vibrations in associated cryogenic piping, storage tank settlement, significant equipment or instrumentation malfunctions or failures, non-scheduled maintenance or repair (and reasons therefore), relative movement of storage tank inner vessels, vapor or liquid releases, fires involving Natural Gas and/or from other sources, negative pressure (vacuum) within a storage tank and higher than predicted boil-off rates. Adverse weather conditions and the effect on the Facility also should be reported. Reports should be submitted within forty-five (45) days after each period ending June 30 and December 31. In addition, a section entitled "significant plant modifications proposed for the next 12 months (dates)" also shall be included in the semi-annual operational reports. Such information will provide the FERC staff with early notice of anticipated future construction/maintenance projects at the Facility. Operator shall develop for Owner any semi-annual operational reports that may be due during the period after the Substantial Completion Date.

(f) Significant non-scheduled events, including safety-related incidents (i.e., LNG or Natural Gas releases, fires, explosions, mechanical failures, unusual over pressurization, and major injuries) shall be reported to FERC staff within forty-eight (48) hours or such earlier period as required by Applicable Law. In the event an abnormality is of significant magnitude to threaten public or O&M Employee safety, cause significant property damage, or interrupt service, notification shall be made immediately, without unduly interfering with any necessary or appropriate emergency repair, alarm, or other emergency procedure. This notification practice shall be incorporated into the Facility's emergency plan. Operator shall develop for Owner any such reports that may be required during the Operating Period. Examples of reportable LNG-related incidents include:

- Fire;
- Explosion;
- Property damage exceeding \$10,000;
- Death or injury requiring hospitalization;
- Free flow of LNG for five minutes or more that results in pooling;
- Unintended movement or abnormal loading by environmental causes, such as an earthquake, landslide, or flood, that impairs the serviceability, structural integrity, or reliability of the parts of the Facility that contain, control, or process Natural Gas or LNG;
- Any crack or other material defect that impairs the structural integrity or reliability of any part of the Facility that contains, controls, or processes Natural Gas or LNG;
- Any malfunction or operating error that causes the pressure of a pipeline or a part of the Facility that contains or processes Natural Gas or LNG to rise above its maximum allowable operating pressure (or working pressure for the Facility) plus the build-up allowed for operation of pressure limiting or control devices;
- A leak in a part of the Facility that contains or processes Natural Gas or LNG that constitutes an emergency;
- Inner tank leakage, ineffective insulation, or frost heave that impairs the structural integrity of an LNG storage tank;
- Any safety-related condition that could lead to an imminent hazard and cause (either directly or indirectly by remedial action of Operator), for purposes other than abandonment, a twenty percent (20%) reduction in operating pressure or shutdown of operation of a pipeline or a part of the Facility that contains or processes Natural Gas or LNG;
- Safety-related incidents to LNG trucks or LNG Vessels occurring at the Facility;  
or
- Any other significant non-scheduled event which in the judgment of Operator's or Owner's personnel and/or management should be reported even though it did not meet the above criteria or the guidelines set forth in the Facility's incident management plan.

In the event of an incident, the FERC has authority to take whatever steps are necessary to ensure operational reliability and to protect human life, health, property or the environment, including authority to direct the Facility to cease operations. Following the initial notification, FERC staff

will determine the need for Owner to file a separate follow-up report or follow-up in the upcoming semi-annual operational report. All follow-up reports should include investigation results and recommendations to minimize a reoccurrence of the incident. Operator shall develop for Owner any such reports that may be required if the incident occurred after the Substantial Completion Date.

**6.4 Notice of Certain Matters.** Upon obtaining knowledge thereof, Operator shall submit to Owner prompt Notice of:

- (a) any litigation or claims, disputes, or actions, pending or threatened, concerning the Facility, any Project Contract, or the Services to be performed hereunder;
- (b) any lapse or termination of any Government Approval, or any refusal or threatened refusal to grant, renew, or extend, or any action pending or threatened that might affect the granting, renewal, or extension of any Government Approval;
- (c) any dispute with, or notice of violation or penalty issued by, any Government Authority; or
- (d) any other material information regarding the Facility.

**6.5 Notice of Other Matters.** Operator also shall provide Notice to Owner of the matters described below within the time period specified for each matter:

- (a) Operator shall provide Notice to Owner as soon as possible in the event of any equipment failure which will require an expenditure of greater than \$5,000,000;
- (b) Operator will provide prompt Notice to Owner regarding any material deviations from the Approved Operating Plan;
- (c) With respect to any equipment procured by Operator on behalf of Owner, Operator shall deliver a copy of any relevant Manufacturer's Recommendations or other industry information to Owner as soon as reasonably practicable following receipt thereof by Operator;
- (d) Operator shall provide Notice as soon as possible of the violation of any Government Approval or Applicable Law in the operation and maintenance of the Facility; and
- (e) Operator shall provide Owner with safety incident reports within three (3) Days of the occurrence of any safety incident except for any safety incident involving a significant non-scheduled event such as LNG or Natural Gas releases, fires, explosions, mechanical failures, unusual over-pressurizations 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 O&M Employee safety, cause significant property damage or interrupt the operation of the Facility.



**6.6 Books and Records.** Operator shall maintain, in accordance with International LNG Terminal Standards, complete, accurate, and up-to-date records, books, and accounts relating to the operation and maintenance of the Facility, and as necessary to verify (i) the incurring and payment of all capital and operating expenditures, and (ii) Operator's performance of its obligations hereunder. All financial books, records and accounts maintained by Operator shall be maintained in accordance with generally accepted accounting practices and shall be in a format sufficient to permit the verification referred to above. Operator shall retain all such books and records for five (5) years or longer if required by Applicable Laws.

**6.7 Audits.** Owner or its designee shall have the right at its own expense to carry out audit tasks of a financial, technical, or other nature in relation to the operation and maintenance of the Facility once each Year upon not less than thirty (30) days (or such shorter period if required by Applicable Law) prior Notice to Operator. Operator shall make available, at the Site or at Operator's home office location, to Owner or its designee, and Owner or its designee shall have the right to review, all contracts, books, records, and other documents relating to the Services provided by Operator, and Owner or its respective designee may make such copies thereof or extracts therefrom as Owner or such designee may deem appropriate. Operator shall use reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things required to be done, in connection with any financial report prepared by or on behalf of Owner, including preparing for or providing to Owner reports, certificates, schedules, and opinions.

#### **6.8 Requirements of Department of Homeland Security**

(a) Facility Security Plan. Owner is subject to the requirements found in 33 C.F.R. Part 105, and is required to develop and submit a Facility Security Plan ("FSP") to the cognizant Coast Guard Captain of the Port ("COTP") for review and approval. All submitted security plans will be initially reviewed by a contractor at the National FSP Review Center. Final FSP review and approval will be made by the cognizant COTP. Owner will submit the FSP to the COTP approximately twelve (12) months prior to Ready for Cool Down of the Facility so that adequate time is available for review and revision and for training of personnel. Operator shall assist Owner in the development of this FSP as required. The EPC Contractor will structure all training programs for Owner to comply with the FSP. O&M Employees shall be trained to comply with the FSP.

(b) Facility Security Assessment. Owner is required to develop a Facility Security Assessment ("FSA") which addresses "response procedures for fire or other emergency response conditions" (33 C.F.R. 105.305(a)(2)). The US Coast Guard also requires an emergency manual for LNG terminals in accordance with 33 C.F.R. 127.307. The emergency manual will be prepared and submitted to the COTP, along with the operations manual required by 33 C.F.R. 127.305, for approval before the Facility can be placed in service. Operator shall assist Owner in the development of the FSA and the emergency manual.

(c) Vessel Security Plan. 33 C.F.R. 105.240 requires that Owner address measures for interfacing with vessels calling at the Facility. Those measures will be identified in the FSA and will be included in the FSP. Each vessel calling at the Facility

will also have a vessel security plan. Operator security personnel on behalf of Owner will coordinate Facility activities with the Marine Services Company and the operators of the vessels. It is anticipated that the COTP will establish a moving safety zone around the LNG Vessels while underway and a stationary safety zone around the moored LNG Vessels at the Facility. Except as authorized by the COTP, all vessels other than those attending the LNG Vessel will be excluded from the safety zone area. To the extent deemed necessary by the COTP, the Marine Services Company, in concert with the vessel operators, will provide waterside security patrols to assist the COTP in enforcing the safety zone requirements. In the event that the COTP determines that establishment of a security zone is appropriate, usually in response to a specific known or perceived threat, the Marine Services Company will confer with the COTP and provide any additional forces necessary to meet the security goals established at that time. Operator shall assist the Marine Services Company in coordinating all vessels calling on the Facility during the Operating Period and shall comply with all requirements of the FSP, the appropriate vessel security plan, safety zone requirements, and all other directions of the COTP.

**ARTICLE VII.  
MAINTENANCE PROGRAM, OPERATING PLANS AND BUDGETS**

**7.1 Maintenance Program.** Not later than one hundred and twenty (120) days before the Substantial Completion Date for the Facility and, thereafter, at the same time as it submits each new Operating Plan for the Facility, Operator shall prepare and submit to Owner for its approval, as a part of the Operating Plan, Operator's proposed Maintenance Program for the following Operating Year. The Maintenance Program shall be comprised of a timetable of the proposed number of hours of maintenance and the timing of such maintenance, and shall contain such terms and conditions as required to enable the Facility to comply with Owner's obligations under the Project Contracts. The proposed Maintenance Program will be submitted to Owner for its approval in accordance with the provision of Section 7.3 in conjunction with the approval of the Operating Plan for the Facility. Except as provided in Article XVII, no changes shall be made to the Approved Maintenance Program by Operator without the prior written approval of Owner. However, following the establishment of the Approved Maintenance Program, Owner and Operator may agree to amendments to the Approved Maintenance Program and Operator shall incorporate such amendments into the Approved Maintenance Program promptly after receiving notification from Owner of such amendments.

**7.2 Operating Plans and Budgets.**

(a) **Pre-mobilization Period.** The Operating Plan for the Pre-Mobilization Period included a program and timetable for the performance of Operator's obligations under Article III and a Budget for the Pre-Mobilization Period. The Budget showed in detail reasonably acceptable to Owner and on a Month by Month basis an itemized estimate of Operating Expenses to be incurred in the implementation of this Operating Plan by Operator. The Budget included the expense categories set out in Part 2 of Schedule 2 or was in such other form as Owner reasonably requested.

(b) **Mobilization and Start-Up Period.** Not later than sixty (60) Days prior to the commencement of the Mobilization and Start-Up Period, Operator prepared and submitted to Owner, or updated and revised, if previously submitted to Owner, Operator's proposed Operating Plan for the Mobilization and Start-Up Period. This Operating Plan included a program and timetable for the performance of Operator's obligations under Article III and a Budget for the Mobilization and Start-Up Period. The Budget showed in such detail reasonably acceptable to Owner and on a Month by Month basis an itemized estimate of Operating Expenses to be incurred in the implementation of the Operating Plan by Operator. The Budget included the expense categories set out in Part 2 of Schedule 2 or was in such other form as Owner reasonably requested.

(c) **Operating Period.** Not later than forty-five (45) days before the beginning of each Operating Year, Operator shall prepare and submit to Owner Operator's proposed Operating Plan for the Facility for the following Operating Year. Each Operating Plan shall be prepared so as to comply and be consistent with Operator's obligations set out in Article III and shall only relate to the Services provided under this Agreement. Each Operating Plan shall show, in such detail reasonably required by Owner, and on a Month-by-Month basis, all relevant information relating to the anticipated operation and on-going maintenance of the Facility by Operator, including the relevant information listed in Part 1 of Schedule 2. Together with each proposed Operating Plan submitted to Owner for an Operating Year, Operator shall prepare and submit to Owner a proposed Budget for the Facility for that Operating Year, which shall only relate to the Services provided under this Agreement. The Budget shall show, in such detail reasonably required by Owner and on a Month-by-Month basis, an itemized estimate of the amount of each Operating Expense to be incurred in the implementation of the Operating Plan for the Facility in that Operating Year by Operator. The Budget shall include reasonable detail regarding each expense category set out in Part 2 of Schedule 2 or shall be in such other form as Owner may reasonably request.

(d) **Determination of Operating Plan and Budget.** Operator acknowledges and agrees that no future Operating Plan shall require payment or reimbursement of, whether as Operating Expenses or otherwise, any costs and expenses (A) incurred by Operator or its Affiliates in or with respect to any Applicable Period prior to the Applicable Period to which the Operating Plan relates, (B) except for equity or equity-based compensation to O&M Employees set forth in the Approved Budget, related to equity or equity-based compensation (including any compensation based on or otherwise related to Equity Securities (as defined in the Agreement of Limited Partnership of Cheniere Energy Partners, L.P., as may be amended from time to time), (C) except for cash incentive compensation to O&M Employees set forth in the Approved Budget, related to cash incentive compensation, (D) payable or otherwise related to any senior officer of Cheniere Energy, Inc., (E) related to or otherwise in connection with the Crest Royalty Agreement (as defined in the Agreement of Limited Partnership of Cheniere Energy Partners, L.P., as may be amended from time to time), (F) allocating corporate overhead or administrative costs of or related to any member of the Operator Group (including costs associated with investor and public relations; accounting, finance and Tax functions; human resources; business development efforts; sales and marketing; office space; third party professional, audit and legal expenses; travel and entertainment;

telecommunications; computers and office equipment; insurance; and taxes), (G) of compensation of personnel providing services pursuant to the Management Services Agreement, (H) except for plant-level information technology, of software licenses and similar technology-related expenses to support trading, risk management, gas procurement and LNG sales and marketing, (I) except to the extent approved in the Risk Management Policy, of LNG Vessels, or (J) which results in Cheniere Energy Partners, L.P. and its subsidiaries paying twice for the same service provided pursuant to this Agreement, and the Management Services Agreement or any other operation and maintenance agreement, any other management service or similar agreement or arrangement.

**7.3 Approval of Operating Plans, Budgets, and Maintenance Program.** Upon receipt by Owner of a proposed Operating Plan, Owner shall consider the proposed Operating Plan and the corresponding Budget and Maintenance Program and, within thirty (30) Days after such receipt, shall in its discretion either provide its written approval of the proposed Operating Plan, Budget, or Maintenance Program or request specific amendments to be made thereto. If Owner does not request any amendments within said thirty (30) Day period, the Operating Plan and the corresponding Budget and Maintenance Program shall be deemed approved. During such period, Operator shall promptly provide to Owner all supplemental information as may be reasonably requested by Owner and, at the request of Owner, shall meet with Owner to explain and discuss the proposed Operating Plan, Budget, and Maintenance Program for the Facility.

**7.4 Changes in Plans or Budgets.** If Owner requests an amendment to a proposed Operating Plan, Budget, or Maintenance Program for the Facility, the Parties shall seek to incorporate such requests through the following procedure:

(a) Operator shall, within a reasonable time after its receipt of such request, submit to Owner a revised Operating Plan (including a revised Budget and, if applicable, a revised Maintenance Program) incorporating the amendments requested by Owner, other than any such amendments which, in the reasonable and professional opinion of Operator, will prevent its ability to perform the Services in accordance with Article III. When submitting the revised Operating Plan to Owner, Operator shall identify any amendments requested by Owner which have not been incorporated into such amended Operating Plan, together with its reasons therefor.

(b) Within a reasonable time after its receipt of any revised Operating Plan, Budget, or Maintenance Program, Owner shall either provide its written approval of the same or notify Operator of the amendments which it wishes to make together with its reasons therefor. If Owner requests amendments, Owner and Operator shall attempt to resolve all outstanding issues within thirty (30) Days after receipt by Operator of Owner's notification of amendments to the revised Operating Plan, Budget, or Maintenance Program.

(c) If no agreement can be reached on the proposed Operating Plan, Budget, or Maintenance Program, or any item therein, within a reasonable time, the matters in dispute shall be referred to the senior management of Owner and Operator for resolution and the undisputed matters shall be deemed approved. If such Dispute is not resolved

within fifteen (15) days of the date of such referral, the proposed Operating Plan, Budget and Maintenance Program as modified pursuant to the instructions and directions of Owner shall be adopted as the "Approved Operating Plan," "Approved Budget," and "Approved Maintenance Program" for the applicable Operating Year, Pre-Mobilization Period or Mobilization and Start-Up Period, as the case may be.

(d) Upon approval by the Parties, or the adoption by Owner, of any Operating Plan, Budget, and Maintenance Program for the Facility, Operator shall thereupon be obligated to carry out the work included in the Approved Operating Plan and Approved Maintenance Program in accordance with the timetable and other parameters included therein and in accordance with the financial parameters included in the corresponding Approved Budget; provided, that if Operator has notified Owner in writing of any Dispute regarding such Approved Operating Plan, Approved Maintenance Program or Approved Budget but Owner has adopted such plan, program or budget without resolving such Dispute, Operator's obligations hereunder with respect to performing such disputed matter shall be subject to the terms and conditions of Section 3.10.

**7.5 Monthly Meetings; Modification of Operating Plan.** Operator's and Owner's Representatives shall, if requested by either Party, meet on the fifteenth (15th) day of each Month, or if such day is not a business day, the first business day thereafter, to review and discuss:

- (a) the Billing Report for the Facility for the preceding Month, as submitted by Operator pursuant to Section 8.6; and
- (b) any proposed adjustments in the relevant Approved Operating Plan, Approved Budget, or Approved Maintenance Program for the Facility to reflect:
  - (i) any changes in assumptions in the Approved Operating Plan, Approved Budget, or Approved Maintenance Program which might be desirable in the light of the performance of the Facility;
  - (ii) any other material change in circumstance or assumption in the Approved Operating Plan, Approved Budget, or Approved Maintenance Program; or
  - (iii) any changes to the Services specified in the Approved Operating Plan, Approved Budget, or Approved Maintenance Program.

The Parties shall seek to agree upon (i) each expenditure incurred by Operator in the immediately preceding Month which varies from the Operating Expenses set forth in the Approved Budget for such Month, and (ii) proposed adjustments, if any, to be made to the Approved Operating Plan, in each case on or before the twentieth (20th) day of such Month. If the Parties cannot reach agreement on or before the twentieth (20th) day of the Month, any Dispute shall be referred to dispute resolution in accordance with Article XVIII. Any adjustment to the Approved Operating Plan as agreed to by the Parties or resolved in accordance with Article XVIII shall be incorporated into the relevant Approved Operating Plan and such adjustment shall become effective for purposes of this Agreement from the date of Owner approval thereof (or resolution of such Dispute pursuant to Article XVIII, if applicable) and shall

be applied to the first period to which such adjustment relates following such approval or resolution.

**7.6 Deviation.** Operator shall notify Owner promptly (a) of any material deviations or discrepancies from the projections contained in any applicable Approved Operating Plan, (b) if Operator reasonably anticipates that the Operating Expenses may materially exceed the Operating Expenses set forth in the Approved Budget, or (c) of the occurrence of a Force Majeure Event, change in Applicable Law, or other event or circumstance beyond the reasonable control of Operator which occurs and which results in an increase in costs to Operator in performing its obligations hereunder.

## **ARTICLE VIII. RESPONSIBILITY FOR COSTS AND EXPENSES**

**8.1 Owner and Operator Responsibility; Procurement of Materials and Services.** Owner shall pay, or reimburse Operator for, all Operating Expenses. Operator is specifically authorized, as provided in a relevant Approved Budget, to procure materials and services as agent for and in the name of Owner, for which Owner shall pay the vendors of such materials and services, or at Owner's election, reimburse Operator for such materials and services. All invoices for materials and services procured under this Section 8.1 shall designate Owner as the purchaser of such materials and services.

**8.2 Operating Expenses.** "Operating Expenses" shall mean, except as limited pursuant to Section 7.2(d), the aggregate of all costs and expenses incurred (and substantiated by copies of receipts or other evidence acceptable to Owner) by Operator which are directly related to the performance of the Services or in connection with the operation and maintenance of the Facility less all sales and use Tax rebates relating to the Facility and the construction thereof that any member of the Operator Group receives and that have not been paid to Owner pursuant to Section 8.8, and, except as limited pursuant to Section 7.2(d), shall include:

- (a) Labor Costs;
- (b) the cost of spares, tools, equipment, consumables, materials, chemicals, catalysts, and supplies (other than LNG) procured in accordance with the provisions of this Agreement;
- (c) the cost of Subcontract labor or services procured in accordance with the provisions of this Agreement;
- (d) capital expenditures and maintenance expenses incurred in accordance with the provisions of this Agreement;
- (e) the cost of information technology;
- (f) the cost of any insurance premiums paid by Operator with respect to the insurance obtained and maintained by Operator pursuant to Section 14.2; provided that to the extent that Operator is liable under this Agreement for a Loss covered by insurance, any deductible amount under any such insurance shall not be an Operating Expense;

- (g) the cost of office space, furnishings, equipment and supplies as well as the cost of copies, postage, telephone, and facsimile transmissions;
- (h) the cost of transportation, travel, and relocation of O&M Employees;
- (i) all Taxes chargeable with respect to the operation and maintenance of the Facility in accordance with Section 8.8;
- (j) the cost of recruiting and training O&M Employees; and
- (k) all other costs reasonably incurred in the performance of Operator's duties under this Agreement.

**8.3 Limitations.** Except as provided in the following sentence, Operator shall have no authority to undertake any transaction or incur any expenditure in the name of or on behalf of Owner or otherwise, which is not part of or which exceeds any level specified in the then-current Approved Budget, unless approved in writing by Owner. Operator shall be entitled to incur any expenditure which is not part of or which exceeds any level specified in an Approved Budget if:

- (a) such expenditure is necessary to remedy an Emergency and is otherwise incurred in compliance with Article XVII; or
- (b) such type of expenditure is contemplated by an Approved Budget as it applies to a particular Month in an Operating Year, and such expenditure or expenditures with respect to the same activity:
  - (i) is less than Ten Thousand Dollars (\$10,000);
  - (ii) does not result in Operator exceeding the applicable Monthly total for such Approved Budget by more than ten percent (10%); and
  - (iii) in the reasonable judgment of Operator, does not result in Operator exceeding the total amount of the Approved Budget for such Operating Year, as such Approved Budget may be adjusted from time-to-time during such Operating Year pursuant to Section 7.5.

**8.4 O&M Account.** Operator has established with a bank in its own name an account for receipt of deposits (the "O&M Account") for the purpose of paying Operating Expenses. Owner shall fund the O&M Account in accordance with Section 8.5. The O&M Account shall be the primary source for the payment of Operating Expenses hereunder, and Operator shall draw funds from such account to pay Operating Expenses.

Operator shall nominate individuals, to be approved by Owner, who shall have the written authority to sign checks against the O&M Account within limits to be agreed between Owner and Operator. Interest earned on the O&M Account shall accrue for the benefit of Owner and shall be used by Operator only for the payment of Operating Expenses incurred in accordance with the terms hereof.

**8.5 Estimated Operating Expenses.** On or promptly following February 25, 2005, Operator submitted to Owner an estimate of the amount of Operating Expenses to be incurred (on a cash basis) during the then current and immediately succeeding Month. Not later than the fifteenth (15th) day of each Month thereafter during the Applicable Period, Operator has or shall prepare and submit in writing to Owner an estimate of the total amount of Operating Expenses to be incurred (on a cash basis) during the immediately succeeding Month, with reasonable detail regarding the expected nature and estimated amount of each such Operating Expense. Owner shall ensure sufficient funds are available in the O&M Account to meet the estimated Operating Expenses for the immediately succeeding Month. Operator shall not be obligated to advance its own funds to the O&M Account for the payment of Operating Expenses. If such Monthly estimate is less than or greater than the Actual Operating Expenses for such Month, the difference shall be taken into account when Operator submits its estimate for Operating Expenses in respect of the next Month, with reasonable detail regarding the expected nature and estimated amount of each such Operating Expense. Operator shall document all reconciliations in writing, and with reasonable detail regarding the nature and amount of each Operating Expense incurred and shall provide Owner with copies thereof.

**8.6 Billing Reports; Invoices.** As soon as practicable after the end of each Month, but in any case within thirty (30) days after the end of each Month, Operator shall provide Owner with a Billing Report for the Facility setting forth the Services provided to the Facility, the Actual Operating Expenses incurred during such Month, with reasonable detail regarding the nature and amount of each such Actual Operating Expense, and a comparison between the amount of each Actual Operating Expense incurred during such Month and the amount set forth in the estimate provided by Operator for such Month. Each Billing Report shall only be with respect to this Agreement and the Actual Operating Expenses hereunder (and shall exclude any costs and expenses related to any other operation and maintenance agreement or any management service or similar agreement or arrangement) and shall be accompanied by reasonable detail to verify the Actual Operating Expenses were properly incurred, including appropriate time records, receipts, cost accounting coding, and other information as Owner may reasonably request. Concurrently with each Billing Report, Operator shall also provide Owner with an invoice, payable by Owner within thirty (30) days of receipt, reflecting:

(a) fees and bonuses due under Article IX; and

(b) the Operating Expenses in that Month for the Facility (i) included in the Approved Budget or otherwise permitted under Section 8.3 and (ii) to the extent not already paid by Owner.

**8.7 Budget Reconciliation.** As soon as practicable following the end of each Month, but in any case within thirty (30) days after the end of each Month, Operator shall provide Owner with a detailed reconciliation report which shall set forth (a) the difference between the total amount of all Actual Operating Expenses incurred during such Month for the Facility and the Operating Expenses which were projected to be incurred during such Month in the Approved Budget for the Facility, (b) the actual amount incurred for each line item in and the amount of each line item in the Approved Budget for the Facility in that Month, and (c) the reasons for such deviations. In Operator's final Billing Report submitted after the end of the term of this



Agreement, Operator shall set forth a final reconciliation of the items described in this Section 8.7 and any other items due or payable under this Agreement.

### **8.8 Taxes.**

(a) Notwithstanding anything in this Agreement to the contrary, Operator shall be responsible for the payment of any income, franchise or similar Tax assessed or based upon the gross or net income of Operator and Owner shall be responsible for the payment of any income, franchise or similar Tax assessed or based upon the gross or net income of Owner.

(b) If any Tax (other than payroll or other employee-related Taxes) is chargeable to Operator in respect of Operating Expenses, including the supply of goods and services hereunder to or by Operator, Owner shall pay such Tax directly to the appropriate Government Authority, or, at Owner's election reimburse Operator for such Tax. Operator and O&M Services shall, following consultation with Owner's Representative, apply for any exemption available to it in respect of any Tax payable by Operator or O&M Services.

(c) O&M Services shall participate in the Quality Jobs Program, abide by all legal and administrative requirements of the Quality Jobs Program and timely submit all Quality Jobs Program Tax rebate filings to the appropriate Louisiana governmental authorities. Operator shall cooperate with O&M Services to ensure O&M Services abides by all legal and administrative requirements of the Quality Jobs Program and timely submits all Quality Jobs Program Tax rebate filings to the appropriate Louisiana governmental authorities. Operator shall pay any Tax rebate amounts received pursuant to the Secondment Agreement to Owner within five business days of having received such rebates.

## **ARTICLE IX. FEES AND BONUSES**

**9.1 Fees During Pre-Mobilization Period and Mobilization and Start-Up Period.** For Services performed by Operator during the Pre-Mobilization Period, Owner paid Operator, in addition to the reimbursement of Operating Expenses pursuant to Article VIII, a fixed fee of \$95,000 (as Indexed) per Month during the Pre-Mobilization Period (the "Pre-Mobilization Fee") which was payable in arrears on the date specified in Section 8.6. This fee was prorated for any partial Month, based upon the number of days elapsed in such Month.

For Services performed by Operator during the Mobilization and Start-Up Period, Owner paid Operator, in addition to the reimbursement of Operating Expenses pursuant to Article VIII, a fixed fee of \$95,000 (as Indexed) per Month during the Mobilization and Start-Up Period (the "Mobilization and Start-Up Fee") which was paid in arrears in arrears on the date specified in Section 8.6. This fee was prorated for any partial Month, based upon the number of days elapsed in such Month.

**9.2 Fees During the Operating Period.** For Services performed by Operator during the Operating Period, Owner has or shall pay Operator in addition to the reimbursement of

Operating Expenses pursuant to Article VIII, a fixed fee of \$130,000 (as Indexed) per Month (the “O&M Fee”). The O&M Fee is payable in arrears on each date specified in Section 8.6 during the Operating Period. The O&M Fee is pro rated for any partial Month based upon the number of days Services have been provided in such Month.

**9.3 Bonus.** During the Operating Period, Operator shall be entitled, as part of its personnel compensation plan, to a bonus equal to fifty percent (50%) of the salary component of Labor Costs. Owner and Operator shall agree prior to the beginning of each Operating Year on a bonus formula disbursement program for operating personnel. The bonus formula will award overall performance in relation to benchmarks for safety, operation without incident, efficiency of fuel usage as a ratio of throughput, total throughput, Facility availability, ship demurrage, environmental compliance, and other factors as agreed by Owner and Operator each Operating Year.

## **ARTICLE X FORCE MAJEURE**

**10.1 Nonperformance.** Neither Party shall be in default in the performance of any of its obligations under this Agreement or liable to the other Party for failing to perform its obligations hereunder (other than the obligation to pay money when due) to the extent prevented by the occurrence of a Force Majeure Event; provided that, upon a Force Majeure Event that is a Labor Dispute, Operator shall use commercially reasonable efforts to resolve such Labor Dispute as soon as reasonably practicable.

**10.2 Obligation to Diligently Cure Force Majeure.** The Party affected by a Force Majeure Event shall:

- (a) provide prompt Notice to the other Party of the occurrence of the Force Majeure Event, which Notice shall provide details with respect to the circumstances constituting the Force Majeure Event, an estimate of its expected duration, and the probable impact on the affected Party's performance of its obligations hereunder;
- (b) use all reasonable efforts to continue to perform its obligations hereunder;
- (c) take all reasonable action to correct or cure the event or condition constituting the Force Majeure Event;
- (d) use all reasonable efforts to mitigate or limit the adverse effects of the Force Majeure Event and damages to the other Party, to the extent such action would not adversely affect its own interests; and
- (e) provide prompt Notice to the other Party of the cessation of the Force Majeure Event.

**10.3 Effect of Continued Event of Force Majeure.** Following the occurrence of a Force Majeure Event, Operator (a) shall take all reasonable measures to mitigate or limit the amount of Operating Expenses until the effects of the Force Majeure Event are remedied, (b) shall consult with Owner with respect to its plans to mitigate or limit such Operating

Expenses, and (c) shall take such actions as are reasonably directed by Owner after consultation with Operator. Owner shall continue to pay such reduced Operating Expenses as provided herein.

## **ARTICLE XI EVENTS OF DEFAULT AND REMEDIES**

**11.1 Operator Events of Default.** The following circumstances shall constitute events of default on the part of Operator (“Operator Events of Default”) under this Agreement:

- (a) the bankruptcy, insolvency, dissolution, or cessation of the business of Operator;
- (b) Operator fails to obtain and maintain insurance required to be obtained and maintained by it under this Agreement which failure continues for thirty (30) Days after Operator's receipt of Notice of such failure from Owner;
- (c) Operator assigns its rights under this Agreement except as permitted hereunder;
- (d) Operator ceases to provide all Services required to be performed by it hereunder for ten (10) consecutive days except as required or permitted hereunder; or
- (e) a material failure by Operator or O&M Services to perform its obligations hereunder (including the performing of Services) which continues for thirty (30) Days after Operator's or O&M Services' receipt of Notice of such failure from Owner which Notice shall include Owner's recommendation for a cure of such failure, unless Operator or O&M Services commences to cure such failure within said thirty (30) Days and cures such failure within seventy-five (75) Days after its receipt of the aforesaid Notice.

**11.2 Owner Events of Default.** The following circumstances shall constitute events of default on the part of Owner (“Owner Events of Default”) under this Agreement:

- (a) the bankruptcy, insolvency, dissolution, or cessation of the business of Owner;
- (b) a material failure by Owner to perform its obligations hereunder which continues for thirty (30) Days after Owner's receipt of Notice of such failure, unless Owner commences to cure such failure within said thirty (30) Days and either cures or continues to diligently attempt the cure of such failure; or
- (c) a default by Owner in its payment obligations to Operator, unless Owner has cured such breach within thirty (30) days from receipt of Notice from Operator.

**11.3 Remedies.** Upon the occurrence and during the continuance of an Operator Event of Default, Owner shall have the right, in its sole and absolute discretion, to do any or all of the following: (a) terminate this Agreement pursuant to Section 11.4; (b) obtain specific performance of Operator's or O&M Services' obligations hereunder; (c) perform (or engage a

third party to perform) Operator's obligations hereunder in exchange for a reduction in the Operating Expenses included in the Approved Operating Plan associated with such obligations equal to the reasonable costs of, or incidental to, performing (or engaging a third party to perform) such obligations; and (d) subject to Article XVIII, pursue any and all other remedies available at law or in equity. Upon the occurrence and during the continuance of an Owner Event of Default, Operator shall have the right, in its sole and absolute discretion, to do any or all of the following: (A) terminate this Agreement; and (B) subject to Article XVIII, pursue any and all other remedies available at law or in equity.

**11.4 Termination Procedure.** In the event of an Operator Event of Default or Owner Event of Default, the non-defaulting Party may give a Notice of termination to the other Party (a "Termination Notice") which shall specify in reasonable detail the circumstances giving rise to the Termination Notice. This Agreement shall terminate on the date specified in the Termination Notice ("Termination Date"), which date shall not be earlier than the date upon which the applicable Party is entitled to effect such termination as provided herein.

**11.5 Termination for Convenience.** In the event that with the consent or request of the Supermajority Holders, the Collateral Trustee exercises any rights of a secured creditor with respect to the Collateral, then the Collateral Trustee shall have the right with the consent of the Supermajority Holders at any time prior to the end of six months after the first exercise of such rights of a secured creditor to direct Owner to terminate Operator for convenience by giving Operator six months' Notice of such termination.

**11.6 Successor to Operator.** Upon receipt of a Termination Notice from Owner:

(a) Operator shall use all reasonable efforts to facilitate the appointment and commencement of duties of any Person to be appointed by Owner to provide administrative and advisory services in connection with the operation and maintenance of the Facility (the "Successor Operator") so as not to disrupt the normal operation and maintenance of the Facility and shall provide full access to the Facility and to all relevant information, data, and records relating thereto to the Successor Operator and its representatives, and accede to all reasonable requests made by such Persons in connection with preparing for taking over the operation and maintenance of the Facility.

(b) Promptly after termination, Operator shall deliver to (and shall, with effect from termination, hold in trust for and to the order of) Owner or to the Successor Operator all property in its possession or under its control owned by Owner or leased or licensed to Owner. All spares, supplies, consumables, special tools, operating logs, books, records, operation and maintenance manuals, and any other items furnished as part of the Services hereunder or at direct cost to Owner shall be left at the Site.

(c) Operator, to the extent allowed by such agreements and approvals, shall transfer to the Successor Operator, as from the date of termination, its rights as Operator under all contracts entered into by it, and all Government Approvals obtained and maintained by it, in the performance of its obligations under this Agreement or relating to the operation and maintenance of the Facility. Pending such transfer, Operator shall hold its rights and interests thereunder for the account and to the order of Owner, Successor

Operator, or Owner's designee. Owner shall indemnify Operator for all liabilities incurred by Operator under such contracts to the extent that such liabilities are caused by Owner, the Successor Operator, or Owner's designee during the continuation and performance of such contracts by Owner, the Successor Operator, or Owner's designee, as applicable. Operator shall execute all documents and take all other commercially reasonable actions to assign and vest in Owner all rights, benefits, interest, and title in connection with such contracts.

(d) Upon Notice from Owner to Operator on or prior to the Termination Date, for a period of up to ninety (90) days following the Termination Date, Operator shall provide the services of its O&M Employees as may be required or reasonably requested by Owner to enable Owner to operate and maintain Facility and train any Successor Operator. The Notice invoking this provision may be included in the Termination Notice provided in Section 11.4, and shall provide Owner's good faith estimate of how many days Operator's Services will be required post-Termination Date, up to the ninety (90) days specified herein. Subject to any limitations set forth herein, Operator's Operating Expenses, as set forth in the then-current Approved Operating Budget or as otherwise reasonably incurred and agreed by the Parties in connection with the transition, shall be paid by Owner and additionally, Owner shall pay Operator, for the period for which Owner requests Operator to provide Services hereunder, the Pre-Operating Fee or the O&M Fee, as applicable, prorated for any partial Month, based upon the number of days elapsed in such Month.

**11.7 Survival of Certain Provisions.** The obligations of the Parties in Article XI, Article XII, Article XIII, Article XVI and Article XVIII and Sections 21.9, 21.10 and, 21.11 shall survive the termination or expiration of this Agreement.

## **ARTICLE XII. INDEMNIFICATION**

**12.1 Loss or Damage to the Facility.** Operator shall be responsible for any physical loss or damage to the Facility resulting from Operator's gross negligence or willful misconduct in the course of the performance of its obligations under this Agreement, in an amount not to exceed (i) the applicable deductible under Owner's physical damage insurance policies that covers such loss or damage or (ii) Four Hundred Thousand Dollars (\$400,000) for any such loss or damage caused during a given Year.

**12.2 Operator Indemnity.** TO THE FULLEST EXTENT PERMITTED BY LAW, OPERATOR 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 (I) INJURY TO OR DEATH OF ANY MEMBER OF THE OPERATOR GROUP OR (II) DAMAGE TO OR DESTRUCTION OF PROPERTY OF ANY MEMBER OF THE OPERATOR GROUP OCCURRING IN CONNECTION WITH THE SERVICES, REGARDLESS OF THE CAUSE OF SUCH INJURY, DEATH, PHYSICAL DAMAGE OR DESTRUCTION, INCLUDING THE SOLE OR JOINT

**NEGLIGENCE, BREACH OF CONTRACT OR OTHER BASIS OF LIABILITY OF ANY MEMBER OF THE OWNER GROUP.**

To the fullest extent permitted by law, Operator shall indemnify, defend, and hold harmless the Owner Group against any and all Losses of whatever kind and nature, including all related costs and expenses incurred in connection therewith, in respect of personal injury to or death of third parties and in respect of loss of or damage to any third party property to the extent that the same arises out of:

- (a) any breach by Operator of its obligations hereunder;
- (b) any negligent act or omission on the part of Operator; and
- (c) any gross negligence or willful misconduct of Operator.

Any indemnification payable by Operator to Owner hereunder shall be net of any insurance proceeds received by Owner under Owner's insurance policies with respect to the circumstances giving rise to Operator' indemnification of Owner hereunder.

**12.3 Owner Indemnity. TO THE FULLEST EXTENT PERMITTED BY LAW, OWNER SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS THE OPERATOR 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 (I) INJURY TO OR DEATH OF ANY MEMBER OF THE OWNER GROUP OR (II) DAMAGE TO OR DESTRUCTION OF PROPERTY OF OWNER GROUP (EXCLUDING THE FACILITY) OCCURRING IN CONNECTION WITH THE SERVICES, REGARDLESS OF THE CAUSE OF SUCH INJURY, DEATH, PHYSICAL DAMAGE OR DESTRUCTION, INCLUDING THE SOLE OR JOINT NEGLIGENCE, BREACH OF CONTRACT OR OTHER BASIS OF LIABILITY OF ANY MEMBER OF THE OPERATOR GROUP.**

To the fullest extent permitted by law, Owner shall indemnify, defend, and hold harmless Operator against any and all claims for Losses of whatever kind and nature, including all related costs and expenses incurred in connection therewith, in respect of personal injury to or death of third parties and in respect of loss of or damage to any third party property to the extent that the same arises out of:

- (a) any breach by Owner of its obligations hereunder;
- (b) any negligent act or omission on the part of Owner; and
- (c) any gross negligence or willful misconduct of Owner.

Any indemnification payable by Owner to Operator hereunder shall be net of any insurance proceeds received by Operator under Operator's or Owner's insurance policies with respect to the circumstances giving rise to Owner's indemnification of Operator hereunder.

**12.4 Louisiana Anti-Indemnity Act.** Operator, Owner and O&M Services agree that the Louisiana Anti-Indemnity Act, La. Rev. Stat. § 9:2780, 2780.1, et seq., is inapplicable to this Agreement and the performance of the Services. 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 Services. 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 Operator agrees that the payments made to Operator hereunder compensate Operator 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.

**12.5 Other Indemnity Rules.** If any Losses arise, directly or indirectly, in whole or in part, out of the joint or concurrent negligence of the Parties, each Party's liability therefor shall be limited to such Party's proportionate degree of fault. Payments required to be paid by Operator to Owner under this Article XII or due to breach of this Agreement shall not constitute an Operating Expense or otherwise be reimbursable to Operator from Owner.

### **ARTICLE XIII. LIMITATION OF LIABILITY**

**13.1 Limitation of Liability.** The aggregate amount of damages, compensation, or other such liabilities (other than with respect to the indemnity provided in the first paragraph of Section 12.3) payable by Owner under this Agreement shall be limited to, and shall in no event exceed in each Year, an amount equal to the fee payable to the Operator under Article IX plus reimbursable Operating Expenses for that Year.

The aggregate amount of damages, compensation, or other such liabilities (other than with respect to the indemnity provided in the first paragraph of Section 12.2) payable by O&M Services and Operator collectively under this Agreement shall be limited to, and shall in no event exceed in each Year, an aggregate amount equal to one million five hundred and sixty thousand dollars (\$1,560,000) for that Year.

**13.2 CONSEQUENTIAL DAMAGES. NO PARTY SHALL BE LIABLE UNDER THIS AGREEMENT OR UNDER ANY CAUSE OF ACTION RELATED TO THE SUBJECT MATTER OF THIS AGREEMENT, WHETHER IN CONTRACT, WARRANTY, TORT INCLUDING NEGLIGENCE, STRICT LIABILITY, PROFESSIONAL LIABILITY, PRODUCT LIABILITY, CONTRIBUTION, OR ANY OTHER CAUSE OF ACTION FOR SPECIAL, EXEMPLARY, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL LOSSES OR DAMAGES, INCLUDING LOSS OF PROFIT, LOSS OF USE, LOSS OF OPPORTUNITY, LOSS OF REVENUES, OR LOSS OF GOOD WILL; PROVIDED THAT THE FOREGOING SHALL NOT APPLY TO INDEMNITIES EXPRESSLY PROVIDED IN THIS AGREEMENT.**

## ARTICLE XIV INSURANCE

**14.1 Owner's Insurance.** Owner shall obtain, or cause to be obtained, and maintain such insurance for (i) physical loss or damage to the Facility and (ii) general liability insurance relating to the Facility as described in Schedule 3 to the extent that such insurance is available to Owner on commercially reasonable terms and conditions. Operator shall be named as an additional insured on each policy of insurance required herein. Promptly after having obtained such policy or policies, Owner shall provide Operator with copies of such policies. The insurance maintained by Owner shall contain a clause to the effect that the insurers have agreed to waive all rights of subrogation against Operator and its Subcontractors other than with respect to gross negligence or willful misconduct of Operator, to the extent separate policies are procured by Owner and Operator, or its Subcontractors. Owner shall provide Notice to Operator within ten (10) days of it receiving any Notice of cancellation, non-renewal or any material reduction in coverage or limits with respect to any policy required to be in place pursuant to Schedule 3. All policies obtained by Owner relating to the Facility (other than policies covering third party liability) shall be primary to any insurance taken out by Operator covering the same risks to the extent separate policies are procured by Owner and Operator. All policies obtained by Operator relating to the Facility and covering third party liability shall be non-contributory and primary to any insurance taken out by Owner covering the same risks to the extent separate policies are procured by Owner and Operator.

**14.2 Operator's Insurance.** To the extent that such insurance is available to Operator on commercially reasonable terms and conditions, Operator shall obtain, or cause to be obtained, and maintain with insurers reasonably acceptable to Owner the insurance described in Schedule 3. Operator shall use commercially reasonable efforts to ensure that each Subcontractor obtains and maintains insurance which is customarily provided by Persons providing similar services as such Subcontractor.

**14.3 Other Requirements and Insurance Certificates.** Operator shall provide Notice to Owner within ten (10) days of its receipt of a Notice of cancellation, non-renewal or any material reduction in coverage or limits. The insurance maintained by Operator shall also provide that Operator's insurers' waive all rights of subrogation against Owner and its Affiliates and representatives and that Owner and its representatives and Affiliates are named as additional insureds under such policies (except workers' compensation/employer's liability insurance) to the extent separate policies are procured by Owner and Operator. Operator shall, promptly after having obtained any such policy or policies, provide Owner with a certificate of insurance and shall notify Owner in writing of any changes therein from time to time or, prior to so doing, of the cancellation of any such policy or policies.

**14.4 Budget.** The cost of obtaining and maintaining the insurance policies required by Sections 14.1 and 14.2 are Operating Expenses and shall be included in the Budget for each Operating Year.

**14.5 Disclosure of Claims.** Each Party shall promptly furnish the other Party with all information reasonably available to it relating to the operation and maintenance of the Facility as is necessary to enable the first Party to comply with its disclosure obligations under the insurance



which it has taken out, the terms of which have been disclosed to the other Party in writing. Each Party shall promptly notify the other Party of any claim with respect to any of the insurance policies referred to in Sections 14.1 and 14.2, accompanied by full details of the incident giving rise to such claim. Each Party shall afford to the other Party all such assistance as may reasonably be required for the preparation and negotiation of insurance claims, save where such claim is against the Party required to give assistance.

#### **ARTICLE XV. ASSIGNMENT**

Operator shall not assign or otherwise transfer all or any of its rights under this Agreement without the prior written consent of Owner which consent will not be unreasonably withheld solely in the case of an assignment to an Affiliate of Operator; provided that no such consent is required for assignment or grant of a security interest to any Person for purposes of any financing arrangement. Operator shall not assign or otherwise transfer all or any of its rights under this Agreement without obtaining any Governmental Approval which may be required for such assignment or transfer under Applicable Law. Any assignment not expressly permitted hereunder shall be null and void and have no force or effect. Owner may assign its rights and delegate its duties under this Agreement at any time provided that it shall provide written Notice of such assignment to Operator. Upon the giving of such Notice, Owner shall have no liability under this Agreement for any obligations to be performed after the date of the assignment.

#### **ARTICLE XVI. CONFIDENTIALITY**

**16.1 Confidential Information.** Subject to Section 16.2, Operator shall keep confidential all matters relating to the Services, the Facility, the Project Contracts, and this Agreement, and will not disclose to any Person, any information, data, experience, know-how, documents, manuals, policies or procedures, computer software, secrets, dealings, transactions, or affairs of or relating to Owner, the Facility, the Project Contracts, or this Agreement (the "Confidential Information").

**16.2 Permitted Disclosure.** The restrictions on disclosure of Confidential Information by Operator shall not apply to the following:

- (a) any matter which is already generally available and in the public domain other than through unauthorized disclosure by Operator or is otherwise known to Operator from a source that is not in violation of a confidentiality obligation to Owner;
- (b) any disclosure which may reasonably be required for the performance of Operator's obligations under this Agreement; or
- (c) any disclosure which may be required for the compliance by Operator with Applicable Laws or for the purposes of legal proceedings, if Operator has notified Owner prior to any such disclosure.

**16.3 Additional Undertakings of Operator.** Operator further undertakes:

(a) to limit access to Confidential Information to O&M Employees, Operator's officers, directors, attorneys, agents, employees, or other representatives who reasonably require the Confidential Information to ensure the satisfactory performance of the Services;

(b) to inform each of its Subcontractors officers, directors, attorneys, agents, employees and other representatives to whom Confidential Information is disclosed of the restrictions on disclosure of such information as set forth herein and to use reasonable efforts to ensure that all such Persons comply with such instructions; and

(c) upon receipt of a written request from Owner and, in any event, upon completion of the Services or earlier termination of this Agreement to return to Owner all documents, papers, computer programs, software or records containing Confidential Information, if so requested by Owner.

**16.4 Public Announcements.** Operator shall not, and Operator shall use reasonable efforts to ensure that its Subcontractors and their respective officers, directors, attorneys, agents, employees and other representatives shall not, issue or make any public announcement or statement regarding the Facility, this Agreement or Operator's engagement hereunder unless, prior thereto, Owner has been furnished with a copy thereof and has approved the same, which approval will not be unreasonably withheld. Operator further warrants and undertakes that it shall refer all media inquiries with respect to this Agreement or the matters covered by this Agreement to Owner or Owner's Representative.

## **ARTICLE XVII. EMERGENCIES**

**17.1 Emergencies.** Notwithstanding anything to the contrary herein in the case of an Emergency, Operator shall act in accordance with Applicable Law, the FERC Authorization and International LNG Terminal Standards as Operator deems necessary to prevent damage, injury or loss or to counteract or otherwise mitigate the effects of such Emergency.

**17.2 Notice; Further Action.** In the event of an Emergency, Operator shall notify Owner's Representative of the Emergency as soon as practicable following the occurrence thereof, which Notice shall include detail with respect to any action being taken by Operator in response thereto and any expenditures incurred, or expected to be incurred, by Operator in connection with such Emergency. Operator shall take all reasonable steps to minimize the cost to Owner of its actions, having regard to the circumstances and the need to act promptly. Following such notification, at the request of Owner's Representative, the Parties shall discuss without delay the further actions, which should be taken as a result of the Emergency and the estimated expenditure, associated therewith. Operator shall also comply with the FERC notification procedures described in Section 6.3 of this Agreement or set forth in any other instructions from the FERC. Any communication with the news media or local officials made by Operator shall provide only enough information to satisfy immediate public concern.

**17.3 Owner's Notice.** If Owner believes that an Emergency has arisen in relation to the Facility, Owner may give Notice to Operator specifying the nature of the Emergency which it

has identified and the manner in which it requests such Emergency to be rectified. Operator shall rectify such Emergency with all due diligence. If Operator fails to comply with such Notice promptly, Owner or its designees shall have the right to take such actions as may be necessary to remedy such breach by Operator and rectify the Emergency.

## **ARTICLE XVIII. DISPUTE RESOLUTION**

**18.1 Negotiation.** In the event that any Dispute cannot be resolved informally within thirty (30) days after the Dispute arises, any Party may give written Notice of the Dispute (a "Dispute Notice") to the other Parties requesting that a representative of Owner's senior management, Operator's senior management and O&M Services' senior management meet in an attempt to resolve the Dispute. Each such management representative shall meet at a mutually agreeable time and place within thirty (30) days after receipt by the non-notifying Parties of such Dispute Notice, and thereafter as often as they deem reasonably necessary to exchange relevant information and to attempt to resolve the Dispute. If such representatives agree to resolve any Dispute, such proposed resolution shall be submitted in writing, with reasonable detail regarding the terms thereof, to the GP Board, acting on behalf of Owner, and shall become effective solely upon the written approval thereof by the GP Board in its discretion. In no event shall this Section 18.1 be construed to limit any Party's right to take any action under this Agreement. The Parties agree that if any Dispute is not resolved within ninety (90) days after receipt of the Dispute Notice given in this Section 18.1 (including due to failure of the GP Board to approve any proposed resolution), then any Party may by Notice to the other Parties refer the Dispute to be decided by final and binding arbitration in accordance with Section 18.2.

**18.2 Arbitration.** Any arbitration held under this Agreement shall be held in Houston, Texas, unless otherwise agreed by Owner and O&M Services, shall be administered by the Dallas, Texas office of the American Arbitration Association ("AAA") and shall, except as otherwise modified by this Section 18.2, be governed by the AAA's International Arbitration Rules (the "AAA Rules"). Owner and O&M Services shall be the only Parties that participate in any arbitration under this Agreement. 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. Owner and O&M Services shall be entitled to engage in reasonable discovery, including the right to production of relevant and material documents by the other Parties 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 or Parties 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 either of them. At Owner's or O&M Services' option, any other Person may be joined as an additional party to any arbitration conducted under this Section 18.2, provided that the party to be joined is or may be liable to any 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. For purposes of any arbitration described in this Section 18.2, (a) Owner shall act at the direction of the GP Board and no approval, consent, determination, decision, waiver, consultation or other similar action of Owner shall be deemed to occur and be effective without the prior written approval of (i) the GP Board and (ii) to the extent the GP Board does not have authority to take such action under the LLC Agreement without approval of the Executive Committee, as determined by the GP Board, the Executive Committee and (b) O&M Services shall have the authority to act on behalf of both itself and Operator and its decisions shall be final and binding on both itself and Operator.

**18.3 Continuation of Work During Dispute.** Notwithstanding any Dispute, it shall be the responsibility of each Party to continue to perform its obligations under this Agreement pending resolution of Disputes.

## **ARTICLE XIX NOTICES**

**19.1 Notice.** Any notice, consent, approval or other communication under this Agreement (each a “Notice”) shall be in writing and shall be personally delivered, sent by pre-paid mail or by a courier or transmitted by facsimile to a Party as follows (or to such other address or facsimile number as the Party may substitute by Notice in accordance with this Section 19.1 after the date of this Agreement):

To Owner:

Sabine Pass LNG, L.P.  
700 Milam Street, Suite 800  
Houston, Texas 77002

To Operator:

Cheniere Energy Partners GP, LLC  
700 Milam Street, Suite 800  
Houston, Texas 77002

To O&M Services:

Cheniere LNG O&M Services, LLC  
700 Milam Street, Suite 800  
Houston, Texas 77002

**19.2 Effective Time of Notice.** A Notice given to a Party in accordance with this Article XIX shall be deemed to have been given and received:

- (a) if personally delivered to a Person's address, on the day of delivery;
- (b) if sent by courier or prepaid mail, on the day of delivery; and

(l) if transmitted by facsimile to a Person's facsimile number, and a correct and complete transmission report is received by the sender, on the day of transmission.

**ARTICLE XX.**  
**REPRESENTATIONS AND WARRANTIES**

**20.1 Representations and Warranties by Each Party.** Each Party represents and warrants to the other Party as to itself, that, as of the date hereof:

(a) it is duly organized and validly existing under the laws of its jurisdiction of its organization and has all requisite partnership power and authority to own its property and assets and conduct its business as presently conducted or proposed to be conducted under this Agreement;

(b) it has the partnership or limited liability company power and authority, as the case may be, to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to perform its obligations hereunder;

(c) it has taken all necessary action to authorize its execution, delivery and performance of this Agreement, and this Agreement constitutes the valid, legal and binding obligation of such Party enforceable against it in accordance with its terms except as such enforcement may be limited by bankruptcy, insolvency, moratorium or similar laws affecting the rights of creditors or by general equitable principles (whether considered in a proceeding in equity or at law);

(m) no Government Approval is required for (i) the valid execution and delivery of this Agreement or (ii) the performance by such Party of its obligations under this Agreement, except such as (A) have been duly obtained or made or (B) can reasonably be expected to be obtained or made when needed;

(n) none of the execution or delivery of this Agreement, the performance by such Party of its obligations in connection with the transactions contemplated hereby, or the fulfillment of the terms and conditions hereof shall: (i) conflict with or violate any provision of its organizational documents, (ii) conflict with, violate or result in a breach of, any Applicable Law currently in effect, or (iii) conflict with, violate or result in a breach of, or constitute a default under or result in the imposition or creation of, any security under any agreement or instrument to which it is a Party or by which it or any of its properties or assets are bound;

(o) no meeting has been convened for its dissolution or winding-up, no such step is intended by it and, so far as it is aware, no petition, application or the like is outstanding or threatened for its dissolution or winding-up; and

(p) it is not a party to any legal, administrative, arbitral or other proceeding, investigation or controversy pending, or, to the best knowledge of such Party, threatened, that would materially adversely affect such Party's ability to perform its obligations under this Agreement.

**20.2 Additional Representations and Warranties by Operator.** Operator further represents and warrants to Owner that it or one of its Affiliates (other than Cheniere Energy Partners, L.P. and its subsidiaries (including Owner)) has or will hire O&M Employees who are fully qualified or able to be qualified to operate and maintain the Facility in accordance with the terms hereof.

**ARTICLE XXI.  
MISCELLANEOUS**

**21.1 Severability.** The invalidity or unenforceability, in whole or in part, of any of the sections or provisions of this Agreement shall not affect the validity or enforceability of the remainder of such sections or provisions. If any material provision of this Agreement is held invalid or unenforceable, the Parties shall promptly renegotiate in good faith new provisions to replace such invalid or unenforceable provision so as to restore this Agreement as nearly as possible to its original intent and effect.

**21.2 Entire Agreement.** This Agreement, including any schedules hereto, contains the complete agreement between Owner and Operator with respect to the matters contained herein and supersedes all other agreements, whether written or oral, with respect to the subject matter hereof.

**21.3 Amendment.** No modification, amendment, or other change to this Agreement will be binding on any Party unless executed in writing by the Parties and the Executive Committee. No modification, amendment, or other change to the rights or obligations of O&M Services under this Agreement will be binding on O&M Services unless executed in writing by O&M Services.

**21.4 Additional Documents and Actions.** Each Party agrees to execute and deliver to the other Party such additional documents and to take such additional actions and provide such cooperation as may be reasonably requested by the other Party to consummate the transactions contemplated by, and to effect the intent of, this Agreement.

**21.5 Schedules.** The schedules to this Agreement form part of this Agreement and will be of full force and effect as though they were expressly set out in the body of this Agreement. In the event of any conflict between the other terms, conditions, and provisions of this Agreement and the schedules, the other terms conditions, and provisions of this Agreement shall prevail.

**21.6 Interest for Late Payment.** Any amount due to a Party pursuant to this Agreement and remaining unpaid after the date when payment was due shall bear interest from the date such payment was due until paid at a rate equal to the Base Rate in effect from time to time.

**21.7 Services Only Contract.** This Agreement provides that Operator shall provide Services to Owner and shall otherwise perform in accordance with the terms and conditions hereof. Operator shall never assert, nor be deemed to have acquired, title to LNG or Natural Gas from the Facility.

**21.8 Counterparts.** This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement.

**21.9 Governing Law.** This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the State of Texas.

**21.10 Third Party Beneficiary.** Except for Section 11.5, this Agreement is for the sole and exclusive benefit of the Parties hereto and shall not create a contractual relationship with, or cause of action in favor of, any third party.

**21.11 No Partnership.** Nothing in this Agreement shall be construed to create a partnership, joint venture or any other relationship of a similar nature between the Parties

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

*Owner:*

**SABINE PASS LNG, L.P.**

By: SABINE PASS LNG-GP,  
LLC  
its General Partner

By: /s/ R. Keith Teague  
Name: R. Keith Teague  
Title: President

*Operator:*

**CHENIERE ENERGY PARTNERS GP, LLC**

By: /s/ Meg A. Gentle  
Name: Meg A. Gentle  
Title: Senior Vice President and  
Chief Financial Officer

*O&M Services:*

**CHENIERE LNG O&M SERVICES, LLC**

By: /s/ Graham A. McArthur  
Name: Graham A. McArthur  
Title: Treasurer



**SCHEDULE 1**  
**DESCRIPTION OF SERVICES**

**Part 1- Pre-Mobilization Period**

Services to be provided during the Pre- Mobilization Period are:

1. Appointing an Operator's Representative in accordance with Section 5.3.
2. Obtaining all Government Approvals required to be held in the name of Operator for the performance of Operator's obligations hereunder.
3. Preparing an Operating Plan and Budget for the Pre-Mobilization Period and submitting the same to Owner for its approval in accordance with Section 7.2(a).
4. Reviewing and advising on the engineering documents, design drawings and diagrams (including piping and instrumentation diagrams), manuals, plans and procedures other engineering documents and performance test procedures prepared by EPC Contractor pertaining to the Facility which shall include the following:
  - a. Reviewing the layout of the Facility with respect to:
    - (i) Maintainability, accessibility and operability arrangements of equipment and buildings,
    - (ii) Warehouse and equipment storage areas,
    - (iii) Workshop, administrative facilities, control room and other buildings and offices,
    - (iv) Laboratory including fuel testing facilities,
    - (v) Installed cranes and hoists,
    - (vi) Interconnecting pipelines and metering stations, and
    - (vii) Areas assigned for environmental mitigation and protection.
  - b. Fire protection systems.
  - c. Mechanical systems.
  - d. Electrical systems.
  - e. Automation, instrumentation and control systems.
  - f. EPC Contractor quality control and inspection procedures.
  - g. Metering systems.

- h. HAZOP analysis.

During such review, Operator shall report to Owner on the acceptability of the proposals in these areas, any defects or omissions and proposed improvements, modifications or changes to any such items to ensure that the Facility can be operated and maintained in accordance with this Agreement. Promptly following its review of each item set forth above, Operator shall submit to Owner a memorandum setting forth Operator's findings with respect to such item.

- 5. Reviewing the list of the spare parts, tools, workshop and other equipment and other items provided for within the Project Contracts and prepare a list of inventories of additional items that may be required in accordance with the provisions of this Agreement. Such list of inventories shall include the following:
  - a. Miscellaneous spare parts,
  - b. Operating materials, consumables, chemicals, lubricants and oils,
  - c. Capital and strategic spare parts, including the first two year's supply to be procured by the EPC Contractor,
  - d. Tools and equipment,
  - e. Laboratory equipment and inspection devices,
  - f. Safety equipment,
  - g. Workshop equipment,
  - h. Furniture, office equipment, computers, computer software, and communication equipment, and
  - i. Any other miscellaneous facilities, systems or items as may be necessary for operating and maintaining the Facility.

Upon receipt of Owner's approval of the list of additional items, if and to the extent requested by Owner, Operator will procure the items so identified.

- 6. Obtaining, prior to the performance of any on-site activities, and maintaining the insurance policies required by Operator pursuant to Section 14.2.
- 7. To the extent applicable during the Pre-Mobilization Period, preparing and submitting the Standing Procedures for Owner's review and approval.
- 8. Submitting to Owner for its approval an organizational chart, staffing plan (including O&M Employees' staffing of the Facility), and a description of each job classification and details of the qualifications necessary for an individual to fill such job category during each Applicable Period.

9. To the extent applicable during the Pre-Mobilization Period, review of adequacy and scope of the EPC Contractors training program, as well as planning and, within the expenditure limits set forth in the approved training budget, providing as necessary in conjunction with the EPC Contractors training program, a supplemental training program for the training of O&M Employees, including the following:
  - a. Initial training of newly recruited staff,
  - b. General technical training,
  - c. Emergency response training,
  - d. First aid training,
  - e. Fire Fighting Training,
  - f. Management information system training,
  - g. Safety training,
  - h. Operation and maintenance procedure training,
  - i. Administration procedure training,
  - j. Environmental procedures, and
  - k. Vendor equipment training.
  
10. Interfacing with the Manager, Main Automation Contractor and the EPC Contractor to develop Integrated Business, Information, and Control Systems (IBICS) that will encompass both the operation of the Facility and of other related systems. The EPC Contractor will be required to work with the Main Automation Contractor to design, specify, procure, install, and integrate the following portions of IBICS related to the Facility into the overall Owner systems:
  - a. LNG plant process distributed control systems (dcs) and operator interface console
  - b. Distributed Control System historian
  - c. Electronic flow measurement systems
  - d. Measurement historian and management system
  - e. LNG tank inventory and composition monitoring system
  - f. Fire and gas detection system for process, storage and marine terminal
  - g. Business intelligence and reporting system through web portals

- h. Marine terminal controls of off-loading arm systems
- i. Access control system/security card reader/pob reports
- j. Perimeter fence barrier, marine terminal and access gate intrusion detection systems
- k. Closed circuit television process and security monitoring and recording system
- l. Electrical power management system
- m. Weather station monitoring and data recording system
- n. Equipment reliability and performance monitoring
- o. Work permit & psm management
- p. Document management
- q. Operator qualification and training
- r. Accident investigation
- s. Engineering drawings and documents
- t. Vendor manuals and data
- u. Facility policies and procedures
- v. Industry standards
- w. Government regulations
- x. Engineering references
- y. Marine operations archives
- z. Process safety management
- aa. Regulatory compliance
- bb. Site safety policies and procedures manuals
- cc. Statistics and reporting
- dd. Management of change

ee. Human resource systems

ff. Office applications

- gg. Financial systems
- hh. Purchasing/inventory/warehouse.
- 11. Interfacing with the Marine Services Company.
- 12. Recommending and implementing, at Owner's request and in cooperation with the Main Automation Contractor, a computerized maintenance management system ("CMMS" ), inventory control system and a purchasing system including implementing as part of the CMMS, a system for producing and historically compiling work orders for the preventive, predictive and corrective maintenance of the Facility.
- 13. Recommending and implementing, at Owner's request, personnel procedures, code of conduct and FERC compliance procedures.
- 14. Providing a monthly status report to Owner in form and content reasonably requested by Owner.
- 15. Cooperating with the engineers representing Owner's lenders.
- 16. Performing any other tasks as are reasonably requested by Owner from time to time.

**Part 2 - Mobilization and Start-Up Period**

Services to be provided by Operator to Owner during the Mobilization and Start-Up Period are:

- 1. Preparing an Operating Plan for the Mobilization and Start-Up Period in accordance with Section 7.2(b).
- 2. Promptly reviewing and commenting on piping and instrumentation diagrams, the manuals, other engineering documents and procedures prepared by the EPC Contractor.
- 3. Preparing recommendations to Owner on:
  - a. maintenance and storage facilities, initial tools, lifting tackles, workshop and other equipment, vehicles supplies (including chemicals and lubricants required pursuant to the EPC Contract) and spare parts inventories, security and safety systems and plans, any necessary or desirable special clothing or safety gear for personnel and such other equipment, facilities and systems as may be necessary or desirable for operating and maintaining the Facility in accordance with the provisions of this Agreement,
  - b. an adequate inventory of all consumables to be maintained at the Facility,
  - c. an inventory of all strategic spares considered necessary for the operation and maintenance of the Facility during the first two (2) years after the Substantial Completion Date,

- d. an inventory of all components required for the first planned inspections of the type of equipment installed at the Facility, and
- e. O&M Employee staffing of the Facility.

4. Establishing or procuring to the extent not provided under the EPC Contract and with the approval of Owner those items identified in Section 3 above.
5. Reviewing and commenting on EPC Contractor's pre-commissioning, commissioning cool down and performance test procedures.
6. Reviewing and commenting on the marine manual and other procedures to be prepared by the Marine Services Company.
7. Reviewing and commenting on systems, plans, procedures, and standard reports developed by the Main Automation Contractor for use during the Operating Period.
8. Providing technical expertise and assisting Owner in connection with the monitoring the commissioning, start-up and performance testing of the Facility and, in conjunction with the EPC Contractor, advising Owner as to the progress of the performance testing and as to whether or not the Facility has successfully passed the performance tests under the EPC Contract.
9. Preparing and submitting to Owner the final Standing Procedures no later than one hundred and twenty (120) Days prior to the scheduled Substantial Completion Date.
10. Providing qualified (and if required, licensed) O&M Employees in accordance with Section 5.1, including Subcontractors.
11. Reviewing EPC Contractor's planned training program and commenting on scope and adequacy.
12. Monitoring the training program with respect to the Facility provided by the EPC Contractor.
13. With the assistance of Owner, developing and providing as necessary in conjunction with the EPC Contractor's training program, a supplemental training program for the training of the O&M Employees.
14. Working with Owner to develop policies, procedures, systems and programs required to ensure that Owner's obligations under the Project Contracts in connection with operation and maintenance of the Facility will be satisfied.
15. Assisting Owner in reviewing the punch list prepared by the EPC Contractor with respect to the construction of the Facility.

16. Coordinate with the EPC Contractor and Owner to ensure that the Facility is Ready For Cool Down, performance testing and operation in accordance with the standards of performance set out in this Agreement.
17. Coordinating pipeline nominations with the pipelines which interconnect to the Facility.
18. Maintaining the insurance policies required by Operator pursuant to Section 14.2.
19. Providing a biweekly status report to Owner in form to be agreed upon by Operator and Owner.
20. Preparing Operator's daily walk-through log beginning on the earlier of system flushes or equipment commissioning.
21. Beginning the twenty-four (24) hour monitoring of Facility operation by O&M Employees as agreed with Owner.
22. Developing, providing and implementing a system for trending operating data collected by the O&M Employees on components and systems.
23. Cooperating with the engineers representing Owner's lenders.
24. Performing any other tasks as are reasonably requested by Owner from time to time.

### **Part 3- Operating Period**

Services to be provided by Operator to Owner during the Operating Period are:

1. Coordinating LNG deliveries with Owner and the Commercial Designee, and administering the receipt and handling of LNG.
2. Coordinating Natural Gas nominations with pipelines that interconnect to the Facility.
3. Preparing a Budget, Maintenance Program and Operating Plan for each Operating Year and submitting the same to Owner for its approval in accordance with Article VII of the Agreement.
4. Supervising, managing, directing and controlling all aspects of the day to day operation and maintenance of the Facility.
5. Continuing to implement the training courses and programs developed by Operator.
6. Carrying out such periodic performance tests of the Facility as Owner may request and recommend to Owner any remedial action which Operator considers necessary to correct any operational deficiencies arising from the analysis of test results or otherwise revealed during operation of the Facility.
7. Maintaining sufficient numbers of qualified and, if required, licensed personnel to perform Operator's obligations under this Agreement.



8. Preparing and maintaining daily operating logs and records regarding operation and maintenance of the Facility.
9. Providing such information for technical evaluation thereof as may be reasonably requested by Owner.
10. Causing to be performed, or contract for and oversee the performance of periodic overhauls and scheduled and unscheduled maintenance required for the Facility.
11. Managing, organizing and supervising such contracted and subcontracted maintenance, repair and testing services as shall be required to carry out scheduled inspections, periodic overhauls, unscheduled maintenance and any major breakdown repairs.
12. Promptly providing Notice to Owner and the FERC of planned and forced outages at the Facility.
13. Promptly providing Notice to Owner and the FERC of the likelihood or occurrence of any event including a Force Majeure event materially adversely affecting operation of the Facility.
14. Monitoring the inventory of and purchase, in accordance with the terms of this Agreement, all required spare parts, tools, equipment, consumables and supplies and contract for the services required for the day to day operation and maintenance of the Facility.
15. Causing to be maintained:
  - a. all roads, yards, walkways, dikes, mitigation areas, landscaping and utilities at the Facility,
  - b. the tool room, equipment and instruments pertaining to the Facility, and
  - c. the Facility's fire protection, health equipment and safety equipment.
16. Carrying out the reading, testing and any calibration of meters as requested by Owner and attend and witness the reading, testing and calibration of meters.
17. Furnishing to Owner all information necessary to enable Owner to prepare invoices and review such invoices, as requested by Owner.
18. Causing adequate security to be provided for the Facility and develop such systems to cause Emergency situations to be promptly and adequately responded to.
19. Implement and cause to be maintained adequate safety, health, and environmental management systems to comply with Applicable Laws and the safety, health, and environmental policies, standards, and guidelines of Owner and Operator.
20. Monitoring the quantity and quality of water delivered to the Facility.

21. Implementing and supervising the preventive and predicative maintenance program, including CMMS.
22. Implementing and supervising the applicable systems and procedures developed for the Integrated Business, Information and Control System (IBICS).
23. Providing technical engineering support for solving operation and maintenance problems.
24. Ensuring the implementation of and compliance with the Standing Procedures, including the O&M Procedures Manual, by the O&M Employees, Subcontractors and all other Persons on the Site.
25. Recommending modifications, capital repairs, replacements and improvements to the Facility and components thereof and, at Owner's request, cause the same to be implemented, subject to such terms and conditions as the Parties may agree.
26. Maintaining accounting records regarding its Services hereunder in such detail as required by Owner and the FERC.
27. Co-operating in the provision of information to Owner, its vendors, lenders, consultants, accountants and attorneys.
28. Assisting Owner in the enforcement of vendor warranties and guaranties.
29. Scheduling, hiring and supervising Subcontractors and vendors as may be necessary for the performance of the Services hereunder.
30. Promptly notifying Owner of all known defects in the Facility and if requested by Owner, liaise with the EPC Contractor to ensure that all such defects appearing during the applicable defect correction period or other warranty period are corrected to the reasonable satisfaction of Owner, but shall not agree to any course of action without the consent of Owner.
31. Prior to the termination of this Agreement, preparing a recommended spare parts inventory based upon the condition of the Facility at that time.
32. Carrying out all necessary public relations activities with the local community and public agencies in the vicinity of the Site; provided that all press releases made on behalf of Owner shall first be approved by Owner in writing.
33. Carrying out periodic drills and exercises throughout the Facility to ensure efficient implementation of emergency response plans by the operating personnel in accordance with the terms of this Agreement.
34. Performing daily material balance around the Facility including inventory of LNG tanks, measurement of LNG received at the Facility, fuel gas usage, estimates of blanket gas, and measurement of Natural Gas at the Pipeline Delivery Point.

35. Communicating daily to Owner the available capacity of the Facility for the upcoming period.
36. Cooperating with the engineers representing Owner's lenders.
37. Performing any other tasks reasonably requested by Owner in connection with the operation and maintenance of

**Schedule 2**  
**OPERATING PLAN AND BUDGET INFORMATION**

**Part 1- Operating Plan Information**

The following information, as applicable, will be included in each Operating Plan for the Applicable Period:

1. Planned routine operational services.
2. Planned routine maintenance and repair for each part of the Facility.
3. Information regarding the inventory and proposed procurement of equipment, spares, tools and in the case of major equipment, the residual life, routine operational information, general operating data and other Facility data.
4. Scheduled outages for major equipment.
5. Staffing plans of Operator (indicating any changes in the level of staff or in the management personnel at the Facility) and details of the numbers of part-time and temporary staff, consultants, operating staff and maintenance staff.
6. Planned training program.
7. Contract strategy and a description of material Subcontracts proposed to be entered into and material Subcontracts then in effect.
8. Planned administrative activities and the status of relationships with parties to the Project Contracts, the local community and all Government Authorities having jurisdiction over the operation and maintenance of the Facility or Operator.
9. Operators recommendations on any matters affecting the operation and maintenance of the Facility (such as modifications, capital improvements or capital expenditure or changes in the O&M Procedures Manual or Standing Procedures) together with reasons therefore.
10. A description of any (i) change in Applicable Laws or (ii) proposed change in Applicable Laws of which Operator has knowledge, which in either case may affect the operation or maintenance of any part of the Facility, together with a breakdown of any incremental costs associated therewith.
11. Operator's environmental plan describing the actions necessary to ensure that the Facility complies with all Government Approvals and all Applicable Laws, and
12. Such other works and activities as are necessary for Operator to comply with its obligations under this Agreement.

**Part 2 - Budget Expense Categories**

Operator will maintain expense categories in accordance with the FERC standard Code of Accounts as directed by Owner. The following items are examples of the expense category details to be provided by Operator in each Budget submitted to Owner:

**ADMINISTRATION**

Compensation (separated by base compensation, bonus compensation under each bonus plan or program, and employee benefits under each employee benefit plan)  
Employee Expenses (separated with reasonable specificity based on each type thereof)  
Environmental Safety  
Building/Grounds Office Expenses Rents/Leases Services  
Insurance  
Other

**FACILITY OPERATION, MARINE COORDINATION AND SECURITY**

Compensation (separated by base compensation, bonus compensation under each bonus plan or program, and employee benefits under each employee benefit plan)  
Employee Expenses (separated with reasonable specificity based on each type thereof)  
Chemicals  
Control Room/Laboratory Other

**MAINTENANCE (REPAIR PARTS AND OUTSIDE SERVICES)**

Compensation (separated by base compensation, bonus compensation under each bonus plan or program, and employee benefits under each employee benefit plan)  
Employee Expenses (separated with reasonable specificity based on each type thereof)  
Water Treatment System  
Painting  
Environmental Controls including waste treatment system Electrical and Controls  
Cooling System  
Vaporizers  
Pumps  
Tanks  
Other

**Schedule 3**  
**DESCRIPTION OF INSURANCE COVERAGE**

**Insurance To Be Maintained by Owner**

Owner has and shall procure or cause another Person to procure and maintain in full force and effect at all times on and after February 25, 2005 (unless otherwise specified below) and continuing throughout the term of this Agreement (unless otherwise specified below) insurance policies with insurance companies authorized to do business in Louisiana (if required by law or regulation) with (i) a Best Insurance Reports rating of "A-" or better and a financial size category of "VII" or higher, (ii) a Standard & Poor's financial strength rating of "BBB+" or higher, or (iii) other companies acceptable to the Collateral Trustee, with limits and coverage provisions in no event less than the limits and coverage provisions set forth below.

1. General Liability Insurance: Liability insurance on an occurrence basis against claims filed anywhere in the world and occurring anywhere in the world, except for countries under U.S. sanction, embargo or other restrictions, for Owner's liability arising out of claims for personal injury (including bodily injury and death) and property damage. Such insurance shall provide coverage for, products-completed operations, blanket contractual, broad form property damage, personal injury insurance and independent contractors, with a limit not less than \$10,000,000, increasing to not less than \$100,000,000 on or before giving the Notice To Proceed under the EPC Contract, minimum limit per occurrence for combined bodily injury and property damage provided that policy aggregates, if any, shall apply separately to claims occurring with respect to the Facility. A maximum deductible or self-insured retention of \$250,000 per occurrence shall be allowed.
2. Automobile Liability Insurance: Automobile liability insurance for Owner's liability arising out of claims for bodily injury and property damage covering all owned (if any), leased, non-owned and hired vehicles of Owner, including loading and unloading, with a \$10,000,000 (increased to \$25,000,000 on giving the Notice To Proceed under the EPC Contract) minimum limit per accident for combined bodily injury and property damage and containing appropriate no-fault insurance provisions wherever applicable. A maximum deductible or self-insured retention of \$250,000 per occurrence shall be allowed.
3. Marine General Liability Insurance: On or before giving the Notice To Proceed under the EPC Contract, marine general liability insurance against claims for bodily injury, property damage, marine contractual liability, tankerman's liability, pollution liability, removal of wreck and/or debris, collision liability and tower's liability with the sister-ship clause un-amended arising out of any vessel or barge owned, rented or chartered by Owner, EPC Contractor, subcontractors or Operator with a \$100,000,000 limit per occurrence provided that policy aggregates, if any, shall apply separately to claims occurring with respect to the Facility. A maximum deductible or self-insured retention of \$250,000 per occurrence shall be allowed.
4. Marine Terminal Operators Liability Insurance: No later than 3 months prior to the arrival of the first LNG Vessel, marine terminal operators liability insurance covering

claims arising out of operations including products and completed operations hazard and independent contractors for sums which Owner shall become obligated to pay by reason of bodily injury or property damage as a result of loss, damage, injury or expense (including expenses for removal of the spill of a pollutant) and including loss of use, to any vessel and its equipment, cargo, freight or other interests onboard, the property of others, including the cost of or expense for the removal of wreck or debris of such property, while docking, undocking, or while in EPC Contractor's, Owner's or Operator's custody or possession at the Site or while proceeding to or from the Site or caused directly or indirectly by the freeing or breaking away from such premises. The limit for such insurance shall be set a level that is reasonably acceptable to Owner and the Collateral Trustee and sufficient to cover the maximum probable loss to LNG owned by others and stored at the Site, LNG Vessel and its contents, but in no case less than \$150,000,000. A maximum deductible or self-insured retention of \$250,000 per occurrence shall be allowed.

5. Operational Property Damage Insurance: To the extent not covered by Builder's Risk insurance under the EPC Contract, property damage insurance on an "all risk" basis (x) insuring Owner as the first named insured and (y) solely for the benefit of Cheniere Energy Partners, L.P. and its subsidiaries, including coverage against damage or loss caused by earth movement (including but not limited to earthquake, landslide, subsidence and volcanic eruption), flood, windstorm, boiler and machinery accidents, strike, riot, civil commotion, sabotage and terrorism, with a minimum limit for terrorism of \$25,000,000. Any coverage required in this Section (5) may be satisfied by any combination of property, inland marine, ocean cargo or air cargo policies.
- a. Property Insured: The property damage insurance shall provide coverage for (i) the buildings, structures, boilers, machinery, equipment, facilities, fixtures, supplies, and other properties constituting a part of the Facility, (ii) the cost of recreating plans, drawings or any other documents or computer system records, (iii) electronic equipment, (iv) foundations and other property below the surface of the ground and (v) LNG which is owned by Owner or for which Owner is contractually required to insure.
- b. Additional Coverages: The property damage policy shall insure (i) when needed, insured property prior to its being moved to or from the Site and while located away from the Site, including ocean marine and air transit coverage (if applicable) with limits sufficient to insure the full replacement value of the property or equipment, (ii) if not included in the definition of loss, attorney's fees, engineering and other consulting costs, and permit fees directly incurred in order to repair or replace damaged insured property in a minimum amount of \$1,000,000, (iii) the cost of preventive measures to reduce or prevent a loss (sue & labor) in an amount not less than \$5,000,000, (iv) increased cost of construction and loss to undamaged property as the result of enforcement of building laws or ordinances with sub-limits not less than 10% of the "Full Insurable Value", (v) debris removal with sub-limits not less than \$10,000,000 or 25% of the loss, whichever is greater and (vi) expediting expenses (defined as extraordinary expenses incurred after an insured loss to make temporary repairs and expedite

the permanent repair of the damaged property in excess of the business interruption even if such expense does not reduce the business interruption loss) in an amount not less than \$10,000,000.

- c. **Special Clauses:** The property damage policy shall include (i) a 90 hour clause for flood, windstorm and earthquakes, (ii) an unintentional errors and omissions clause, (iii) a requirement that the insurer pay losses within 30 days after receipt of an acceptable proof of loss or partial proof of loss and (iv) any other insurance clause making this insurance primary over any other insurance.
- d. **Sum Insured:** The property damage policy shall (i) value losses at their repair or replacement cost, without deduction for physical depreciation or obsolescence, including custom duties, taxes and fees, (ii) insure the Facility in an amount not less than the "Full Insurable Value" (for purposes of this Schedule 3, "Full Insurable Value" shall mean the full replacement value of the Facility, including any improvements, equipment, spare parts and supplies, without deduction for physical depreciation and/or obsolescence and (iii) insure flood and windstorm coverage with a sub- limit to be agreed upon between Owner and Operator.
- e. **Deductibles:** The property damage policy may have deductibles of not greater than \$1,000,000 per occurrence, except for the flood and windstorm coverage which may have a deductible not greater than 3% of the values at risk, subject to a maximum of \$10,000,000.

### **Insurance to be Maintained By Operator**

Operator has and will procure or cause to be procured and maintain in full force and effect at all times on or after the February 25, 2005 (unless otherwise specified herein) and continuing throughout the term of this Agreement (unless otherwise specified herein), insurance policies with insurance company(ies) authorized to do business in the State of Louisiana (if required by law or by regulation) with a (i) a Best Insurance Rating of "A-" or better and a financial strength rating of "VII" or higher, or (ii) a Standard & Poor's financial strength rating of "BBB+" or higher, or (iii) other companies acceptable to Owner, with limits and coverage provisions set forth below:

1. **Workers Compensation and Employers Liability Insurance:** Operator shall comply with all applicable law with respect to workers' compensation requirements and other similar requirements where the Services are performed. Such coverage shall include coverage for all states and other applicable jurisdictions, voluntary compensation coverage, alternate employer endorsement and occupational disease. If the Services are to be performed on or near navigable waters, the policy(ies) shall include coverage for United States Longshoremen's and Harbor Workers Act, and, if applicable, coverage for the Death on the High Seas Act, the Jones Act, the Outer Continental Shelf Lands Act and any other applicable law regarding maritime law. A maritime employers liability policy may be used to satisfy applicable parts of this requirement with respect to Services performed on navigable waters. If Operator is not required by applicable law to carry



Workers' Compensation insurance, then Operator shall provide the types and amounts that are mutually agreed between Operator and Owner.

Limits to be provided:

Workers' Compensation: Statutory

Employer's Liability: US \$1,000,000 each accident, US \$1,000,000 disease each employee, US \$1,000,000 disease policy limit.

2. **Commercial General Liability:** Operator shall provide or cause to be provided Commercial General Liability insurance on an occurrence basis covering against claims occurring anywhere in the world, except for countries under U.S. sanction, embargo or other restriction, for Operator's liability for bodily injury (including bodily injury and death), property damage (including loss of use) and personal injury. Such insurance shall provide coverage for products and completed operations, blanket contractual, broad form property damage and independent contractors.

Limits to be provided:

US \$1,000,000 combined single limit in any one occurrence; US \$1,000,000 general aggregate;

US \$ 1,000,000 products and/or completed operations aggregate.

This coverage will be subject to a maximum deductible of US \$250,000 in any one occurrence.

3. **Automobile Liability:** Operator shall provide or cause to be provided Commercial Automobile Liability covering Operator's liability arising out of claims for bodily injury and property damage for all owned and non-owned, leased or hired vehicles of Operator, including loading and unloading thereof and appropriate no-fault provisions wherever applicable.

Limit to be provided:

US \$ 1,000,000 combined single limit for Bodily Injury and Property Damage.

This coverage will be subject to a maximum deductible of US \$25,000 in any one accident or occurrence.

6. **Umbrella or Excess Liability:** On or prior to the initial Substantial Completion Date, Operator shall provide Umbrella or Excess Liability insurance on a "following form" basis. Coverage shall be excess of limits provided by Operator for Commercial General Liability and Automobile Liability insurance. The aggregate limit shall apply separately to each annual policy period.

Limits to be provided:

\$100,000,000 combined single limit each occurrence; and \$100,000,000 aggregate limit

5. **Fidelity:** On or prior to the initial Substantial Completion Date, Fidelity insurance providing coverage for employee dishonesty including theft, computer funds transfer fraud, alteration and forgery insuring loss of money, securities or other property resulting from any fraudulent or dishonest act committed by Operator's or any of its Affiliates' employees, whether acting alone or in collusion with others in an amount not less than \$10,000,000 and a deductible not greater than \$25,000 each loss.

Such insurance shall also include (a) a discovery period not less than 12 months, (b) loss by unidentified employees, (c) temporary employees, (d) automatic cover for all employees and officers and (e) auditor charges with a limit not less than \$20,000.

**Schedule 4**  
**STANDING PROCEDURES**

Operator shall:

1. Develop organization and staffing proposals for the Facility together with a human resources policy to include a profile of suitable recruits, training requirements, compensation package, terms of employment (including, if agreed between the Parties as appropriate, an employee incentive scheme), mobilization requirements, industrial relations policy, union policy (if applicable) and job design;
2. Prepare a set of safety procedures for working on all electrical, mechanical and chemical items located at the Facility;
3. Prepare a system and procedure for the control of material modifications to the Facility;
4. Obtain or initiate all registers, documentation, or records required by Applicable Law and in accordance with International LNG Terminal Standards, including:
  - a. a register of all equipment tests subject to statutory inspection, including recording all test dates and results;  
and
  - b. a project status report, which shall be updated at regular intervals, in which the current conditions of all major items of plant and equipment is to be recorded, together with proposals and timing for major repair work and cost/benefit analyses;
5. Prepare and maintain a confidential Facility Security Plan (FSP) regarding Facility security including interface with the U.S. Coast Guard, Homeland Security and other Government Authorities;
6. Prepare the O&M Procedures Manual which will contain the following specific manual instructions and procedures for the Facility:
  - a. Safety;
  - b. Operating  
Instructions;
  - c. Laboratory  
procedures;
  - d. Maintenance  
Instructions;
  - e. Chemical handling and disposal  
procedures;
  - f. Administration  
procedures;
  - g. Incident reporting  
procedures;

- h. Security procedures;
  - i. Performance monitoring procedures;
  - j. Planned maintenance schedules;
  - k. First Aid;
  - l. Fire Fighting;
  - m. Emergencies;
  - n. Environmental Compliance;
  - o. Testing procedures;
  - p. Emergency response plan;
  - q. Spill prevention plan;
  - r. Community emergency response plan;
7. prepare a work control system;
  8. prepare a budget and expenditure control system;
  9. prepare a stores and spares inventory recording and requisitions system; and
  10. prepare a procedure for the procurement of all supplies and services required by Operator to perform its obligations hereunder, including Subcontractor control and supervision system and prepare a system for the review and updating of O&M Procedures Manual for the Facility.
  11. prepare regulatory compliance and safe work practices procedures, including:
    - Access Control Plan and Procedures
    - Homeland Security Compliance Procedures
    - LNG Plant Operating Procedures

- Valve Isolation Policy
- Emergency Response Plan and Procedures
- Site Safety Plan and Procedures
- Safe Work Practices

- DOT 199 Substance Abuse Prevention Program
- Training and Operator Qualification Plan in accordance with DOT 193
- Marine Fire Protection and Emergency Procedures Plans
- Marine Staff Training
- LNG Marine Terminal Operating Procedures
- LNG Marine Terminal Regulations Manual

12. Prepare General Operations Plans and Procedures, including:

- IT Plan and Procedures
- Budget Planning and Procedures
- Facilities Integration and Shared Services Plan
- Security Plan and Procedures
- Management Control and Reporting; Daily, Weekly, Monthly, Annual KPI's and Reports
- Meeting Schedules and Agenda
- Plant Tours for Outside Visitors Plan and Procedures
- Risk Management Plan and Risk Register
- Contract Management Plan
- Local Contracts Requirements for Materials and Services
- Long Term Service Agreements
- Maintenance Contracting Strategies and Selection
- Radios, Telephones, Pagers, Satellite, Cellular Phone Plan
- Measurement Manual
- Vehicle Policies and Procedures
- Management of Change Procedures

- Medical Emergency Response Plan and Procedures

- Waste Management, Collection and Disposal Plan
- Maintenance Plan
- Equipment and Vehicles Purchase, Receipt
- Vaporizer Repair Plan
- Owner Equipment Handling Study
- Operability Assurance Plan
- Startup and Commissioning Plan
- EPC Contractor Document Handover and Review
- Prepare Recruitment and Staffing Plans including:
  - Manpower Plan Forecast
  - Job Positions and Titles
  - Recruitment Timeline
  - Competencies by Position Families
  - Position Descriptions
  - Detailed Training Matrix
  - Specialized Training
  - Local Content Plan
  - Recruitment and Interviewing of candidates
  - HR Policies and Procedures
  - Training and Operator Qualification Plan
  - Training Schedules, Logistics and Activities
  - Training Evaluation and Employee Assessment

13. Prepare Readiness Plan, including:



- Procurement Plans and Procedures

- Material Management Plan
- Warehouse and Inventory Plan
- 2 Year Operating and Capital Spare Review
- Capital Spares Purchase, Receipt, Stocking
- Shelving Plan, Design, Purchase, Receipt, Installation
- Set Up Warehouse
- Set Up Laboratory
- Set Up Main Control Room
- Set Up Maintenance Shops

14. Provide CMMS Development including:

- Review EPC Contractor documentation and data as well as load database and index provided by EPC Contractor
- Reliability Centered Maintenance and Criticality Studies
- Review integration with Shared Resources
- Award Engineering Services Contract
- Manage Resources and Engineering Services

15. Prepare Marine Operations Plans and Procedures including:

- Terminal Design, Bathymetry, Environmental and Maneuverability Studies
- Integration with Shared Services
- Marine Fire Protection and Emergency Procedures Plans
- Marine Staff Training
- Tugs and Service Boats decisions
- LNG Marine Terminal Operating Procedures
- LNG Marine Terminal Regulations Manual

- Marine Terminal Maintenance Plan

- Tugs and Service Boats decisions

## Schedule 5

### LIST OF PROJECT CONTRACTS

1. Engineering, Procurement and Construction Agreement dated December 18, 2005 between the Owner and Bechtel Corporation, as amended.
2. Terminal Use Agreement dated as of September 2, 2004 between Total LNG USA, Inc. and the Owner; as amended by the Amendment of LNG Terminal Use Agreement, dated as of January 24, 2005.
3. Omnibus Agreement dated as of September 2, 2004 between Total LNG USA, Inc. and the Owner.
4. Terminal Use Agreement dated as of November 8, 2004 between Chevron U.S.A. Inc. and the Owner.
5. Omnibus Agreement dated as of November 8, 2004 between the Owner and Chevron U.S.A. Inc.
6. Lease Agreement, dated January 15, 2005, among Crain Brothers Ranch, Inc., Marguerite Domatti as Trustee of M. A. Domatti Management Trust, Eva L. Domatti, individually and as Trustee, Domatti Family Living Trust, Erika Domatti and Renata Domatti, collectively as Lessor, and Owner, as Lessee, amended by that Amendment to Lease, dated as of February 24, 2005, among Lessor and Owner.
7. Lease Agreement, dated January 15, 2005, between Crain Lands, L.L.C., as Lessor and Owner, as Lessee, as amended by that Amendment to Lease, dated as of February 24, 2005, among Lessor and Owner.
8. Lease Agreement, dated January 15, 2005, among George A. Davis, Carmen V. Gebhardt Trust-Carmen V. Gebhardt, Trustee, Linda D. Dlouhy Trust - Robert Dlouhy and Linda Dlouhy, Trustees, Mary P. Davis Lakhardi, Edwin Scott Henry, Charles Gregory Henry, Candace Henry Oliver, Wilma Davis Bride, James Austin Guthrie, Earl Guthrie, Lonnie A. Davis, Jr., Daniel D. Davis, Sandra Denise Davis, Martha Davis Johnson, Sharon Davis Faulk, Daniel Ellender, and Sally Ellender Gay, collectively as Lessor, and Owner as Lessee.
9. Second Amended and Restated LNG Terminal Use Agreement dated as of the 31st day of July, 2012 between Sabine Pass Liquefaction, LLC and the Owner.
10. Indenture.
11. Collateral Trust Agreement as defined in the Indenture.
12. Third Amended and Restated Multiple Indebtedness Mortgage, Assignment of Leases and Rents, and Security Agreement by the Owner as Mortgagor in favor of Collateral Trustee as the Mortgagee.

13. Amended and Restated Parity Lien Security Agreement dated November 9, 2006 between the Owner and the Collateral Trustee.

Schedule 5 - 2

**AMENDED AND RESTATED MANAGEMENT SERVICES AGREEMENT**

This **AMENDED AND RESTATED MANAGEMENT SERVICES AGREEMENT** is dated August 9, 2012, by and between Cheniere LNG Terminals, Inc., a Delaware corporation (the “Manager”) and Sabine Pass LNG, L.P., a Delaware limited partnership (the “Project Company”). The Manager and the Project Company are sometimes individually referred to as a “Party” and, collectively, referred to as the “Parties”.

**WHEREAS**, the Project Company and Sabine Pass LNG-GP, LLC, whose interest was assigned to Manager, entered into a Management Services Agreement dated February 25, 2005 (the “Original Management Services Agreement”) with respect to the Facility (as defined below) in Cameron Parish, Louisiana;

**WHEREAS**, the Parties wish to amend and restate the Original Management Services Agreement in its entirety; and

**WHEREAS**, the Project Company has, concurrently with the date hereof, entered into an Amended and Restated Operations and Maintenance Agreement (the “O&M Agreement”) with Cheniere Energy Partners GP, LLC (the “Operator”) for the operation and maintenance of the Facility;

**NOW, THEREFORE**, the Parties agree that effective as of the Effective Date (as defined below) the Original Management Services Agreement is amended and restated in its entirety as follows:

**ARTICLE 1  
DEFINITIONS**

1.1 When used in this Agreement, the following capitalized terms shall have the following meanings:

“**AAA**” has the meaning given in Section 8.2.

“**AAA Rules**” has the meaning given in Section 8.2.

“**Adjustment**” has the meaning given in Section 5.2.

“**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 fifty percent (50%) or more of the voting rights in a Person.

“**Agreement**” means the Original Management Services Agreement as amended and restated by this Amended and Restated Management Services Agreement, as modified, supplemented or amended from time to time.

“**Ancillary Expenses**” means external audit, external tax (excluding outsourcing substantially all of such function), external legal (excluding outsourcing substantially all of such function) and financing fees incurred by the Manager on behalf of the Project Company that are necessary to perform the Services during any Operating Year.

“**Base Rate**” means the interest rate per annum equal to the lesser of (a) the prime rate (sometimes referred to as the base rate) for corporate loans as published by *The Wall Street Journal* in the money rates section on the applicable date (or if *The Wall Street Journal* ceases or fails to publish such a rate, the prime rate (or an equivalent thereof) in the United States for corporate loans determined as the average of the rates referred to as prime rate, base rate or the equivalent thereof, quoted by J.P. Morgan Chase & Co., or any successor thereof, for short term corporate loans in Texas on the applicable date) plus two percent (2%) or (b) the maximum lawful rate from time to time permitted by applicable law. The Base Rate shall change as and when the underlying components thereof change, without notice to any Person.

“**Budget For Management Services**” means the annual budget of the Project Company with respect to the Services to be provided by the Manager hereunder, to be prepared by the Manager as described in Article 3.

“**Collateral**” means the Shared Collateral as defined in the Indenture.

“**Collateral Trustee**” means the Collateral Trustee as defined under the Indenture.

“**Commercial Start Date**” has the meaning provided in the Total TUA.

“**Confidential Information**” has the meaning given in Section 12.1.

“**CPI**” means the United States Consumer Price Index for All Urban Consumers as published from time to time by the Bureau of Labor Statistics of the U.S. Department of Labor (All Urban Consumers, U.S., All Items, 1982-1984, Not Seasonally Adjusted, Series I.D. CUUR0000SA0), or if such index is no longer published then such other index as the Manager may select, by reference to any replacement index that is used in sales contracts of LNG produced by the Facility, and the Project Company shall approve, which approval shall not be unreasonably withheld; provided that, if an incorrect value is published for such index, and such error is corrected and published within ninety (90) days of the date of the publication of such incorrect index, such corrected index will be substituted for the incorrect index and any calculations involving such index will be recalculated and the Parties will take any necessary actions based upon these revised calculations, including adjustments of amounts previously invoiced and/or paid.

“**Discriminatory Practice**” means a pattern or practice of favoring the interests of Affiliates of Operator (other than Cheniere Energy Partners, L.P. and its subsidiaries) above the interests of Cheniere Energy Partners, L.P. and its subsidiaries when there is a conflict in such interests related to the provision of Services under this Agreement.

“**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, without limitation, any dispute as to the construction, validity, interpretation, termination, enforceability or breach of this Agreement, as well as any dispute over arbitrability or jurisdiction or failure of the Project Company to approve a Budget For Management Services within thirty (30) days of its receipt of the Budget For Management Services.



“**Dispute Notice**” has the meaning given in Section 8.1.

“**Effective Date**” means the eleventh (11th) Business Day (as defined in the Indenture) after the delivery to the Collateral Trustee of a copy of this Agreement along with the certificate described in Section 4.33 (i) of the Indenture .

“**Executive Committee**” has the meaning given it in the LLC Agreement.

“**Facility**” means the Project Company's facilities for the receipt, storage and regasification, and send-out of Natural Gas located in Cameron Parish, Louisiana.

“**Force Majeure Event**” means any circumstance or event beyond the reasonable control of a Party, including, without limitation, the following events:

- (a) explosion, fire, nuclear radiation or chemical or biological contamination, hurricane, tropical storm, tornado, lightning, earthquake, flood, unusually severe weather, natural disaster, epidemic, any other act of God, and any other similar circumstance;
- (b) war and other hostilities (whether declared or not), revolution, public disorder, insurrection, rebellion, sabotage, or terrorist action;
- (c) failure of any third party supplier, where the failure is due to an event which constitutes force majeure under the Manager's or the Project Company's contract with that party;
- (d) any action taken by any government authority after the date of this Agreement, including, without limitation, any order, legislation, enactment, judgment, ruling, or decision thereof;
- (e) Labor Disputes;  
and
- (f) major equipment  
failure;

but (i) no event or circumstance shall be considered to be a Force Majeure Event (x) to the extent such event or circumstance is due to the negligence, gross negligence, breach of this Agreement or willful misconduct of the Party claiming a Force Majeure Event or the Operator (y) if such event or circumstance would have been avoided or prevented had the Manager exercised due diligence in the performance of the Services and (ii) Force Majeure Events shall expressly exclude (x) failure of a Subcontractor to perform its obligations under a Subcontract except as a result of a force majeure under its Subcontract and (y) a Party's financial inability to perform hereunder.

“**GAAP**” means generally accepted accounting principles, as consistently applied in the United States.

“**GP Board**” means the Board of Directors of Cheniere Energy Partners GP, LLC.

“**Indenture**” means the Indenture dated November 9, 2006 among The Bank of New York Mellon as trustee among the Project Company, the Guarantors (as defined therein) and The Bank of New York Mellon as trustee.

“**Indexed**” means that the amount to be indexed is to be multiplied on each anniversary of February 25, 2005 by a fraction, the numerator of which is the CPI on said anniversary of February 25, 2005 and the denominator of which is the CPI on February 25, 2005.

“**Labor Disputes**” means any national, regional or local labor strikes, work stoppages, boycotts, walkouts, or other labor difficulties or shortages, including, without limitation, any of the foregoing which affects access to the Facility or the ability to ship or receive goods (including without limitation, spare parts).

“**LLC Agreement**” means the LLC Agreement of Cheniere Energy Partners GP, LLC, as may be amended from time to time.

“**LNG**” means liquefied Natural Gas.

“**Loss**” means any losses, liabilities, costs, expenses, claims, proceedings, actions, demands, obligations, deficiencies, lawsuits, judgments, awards, or damages.

“**Manager**” has the meaning given in the preamble hereto.

“**Manager Event of Default**” has the meaning given in Section 7.1.

“**Manager Fee**” has the meaning given in Section 6.2.

“**Monthly Expenditures**” has the meaning given in Section 6.4.

“**Natural Gas**” means any mixture of hydrocarbons and other gases consisting primarily of methane which at a temperature of sixty degrees Fahrenheit (60°F) and at an absolute pressure of 1.01325 bar is predominately in the gaseous state.

“**O&M Agreement**” has the meaning given in the recitals hereto.

“**Operating Year**” has the meaning given in the O&M Agreement.

“**Operator**” has the meaning given in the recitals hereto.

“**Parties**” and “**Party**” have the meaning given in the preamble hereto.

“**Person**” means any individual, sole proprietorship, corporation, trust, company, voluntary association, partnership, joint venture, limited liability company, unincorporated organization, institution, governmental authority or any other legal entity.

“**Pre-COD Fee**” has the meaning given in Section 6.1.

“**Project Company**” has the meaning given in the preamble hereto.

“**Project Company Action**” has the meaning given in Section 5.3.

“**Project Company Event of Default**” has the meaning given in Section 7.2.

“**Project Contract**” means any agreement related to the development, financing, construction, operation, and maintenance of the Facility to which the Project Company is a party other than this Agreement.

“**Risk Management Policy**” means the risk management policy for the Project Company as adopted and approved by the GP Board.

“**Service Providers**” means the Operator and each other Person hired by the Project Company, or by the Manager on behalf of the Project Company, to perform services for the Project Company, including, without limitation, Subcontractors and other providers of maintenance, repair and warranty services, certified public accountants, tax return preparers, law firms, engineering firms, and other professional advisors and consultants.

“**Services**” means managing all of the operations and business of the Project Company, including, without limitation, the Services listed on Appendix I hereto but excluding those services which are expressly to be provided by (a) the Operator under the O&M Agreement or (b) the Manager or any of its Affiliates (other than Cheniere Energy Partners, L.P. and its subsidiaries) under any other operation and maintenance, management service or similar agreement or arrangement.

“**Subcontract**” means any subcontract entered into between the Manager and any Subcontractor for the furnishing of Services to be provided hereunder by the Manager.

“**Subcontractor**” means any Person party to a Subcontract with the Manager.

“**Substantial Completion Date**” has the meaning given in the O&M Agreement.

“**Successor Manager**” has the meaning given in Section 7.5.

“**Supermajority Holders**” means the Holders (as defined in the Indenture) of 66 2/3% of the aggregate principal amount of the then outstanding Notes (as defined in the Indenture).

“**Termination Date**” has the meaning given in Section 7.4.

“**Termination Notice**” has the meaning given in Section 7.4.

“**Total TUA**” means the Terminal Use Agreement dated as of September 2, 2004 between Total LNG USA, Inc. and the Project Company, as amended.

## ARTICLE 2 APPOINTMENT OF MANAGER

2.1 The Project Company hereby appoints and authorizes the Manager to provide all Services and the Manager hereby accepts the appointment and agrees to perform the Services in accordance with this Agreement. The Manager shall not enter into, amend, modify, supplement or terminate any material Subcontract for purposes of providing the Services without the consent of the Project Company. No Subcontract shall (a) relieve the Manager of its obligations hereunder or (b) result in an increase in the amount of the fees payable by the Project Company under Article 6 or the then-current or future Ancillary Expenses.

2.2 The Manager shall use such diligence, care and prudence in the performance of its duties hereunder, and shall devote such time, effort and skills as an ordinary manager in like position would do in like circumstances and shall perform its Services in good faith in compliance with applicable laws and the Project Contracts to which the Project Company is a party and in accordance with this Agreement. It is understood and agreed that the Manager does not guarantee or undertake to procure any financial, operational, accounting, legal or other outcome with respect to the Project Company or the Facility. The Manager will perform its obligations under this Agreement in accordance with established policies of its Affiliates relating to conflicts of interest, and in accordance with the Risk Management Policy. The Manager will not engage in any Discriminatory Practice with respect to the performance of its obligations under this Agreement which adversely affects its performance of its obligations to the Project Company under this Agreement. The Project Company shall make available on a timely basis to the Manager true and complete copies of all Project Contracts, governmental approvals, plans and policies with respect to which the Project Company is to conduct Services under this Agreement.

2.3 The Manager shall not be liable to the Project Company for any Loss suffered or incurred by the Project Company or any third Person as a direct result of:

(a) the Manager's compliance with the terms of this Agreement or any Project Contract;

(b) the absence or lapse of any government approval, other than any absence or lapse resulting from the Manager's failure to comply with its obligations under this Agreement; or

(c) a contractor's failure to comply with its obligations under any Project Contract, except to the extent that such failure is a result of any negligence, willful misconduct or breach of this Agreement by the Manager.

2.4 If the Manager becomes aware of any event or circumstance which would prevent or materially delay its performance of any of its material obligations under this Agreement, it shall promptly notify the Project Company of such event or circumstance and shall attempt in good faith to minimize any such delay, provided, however, that the Manager shall not be obligated to undertake or perform any actions which are prohibited by contract or any applicable law or that would expose the Manager to any material liability or to any material expense which is not reasonably expected to be promptly reimbursed hereunder.

### **ARTICLE 3 BUDGETS**

3.1 The Manager shall cooperate with and support the Operator in preparing any budget with respect to the O&M Agreement.

3.2 The Budget For Management Services shall be prepared by the Manager on an annual basis in consultation with, and subject to the written approval of, the Project Company. No later than forty-five (45) days before the beginning of each Operating Year, the Manager shall provide to the Project Company the proposed Budget For Management Services, which shall include, in such detail reasonably acceptable to the Project Company and on a month by month basis, its itemized estimate of all Ancillary Expenses expected to be incurred by or at the direction of the Manager during the current Operating Year, in the case of the Budget For Management Services for the first Operating Year, and the following Operating Year, in the case of the Budgets For Management Services for the Operating Years after the first operating Year, in connection with providing the Services and in funding the activities contemplated by the Services to the extent such expenditures are not included in the budget for the O&M Agreement. All unbudgeted costs of providing the Services shall be borne by the Manager. The Manager acknowledges and agrees that no Budget For Management Services shall require payment or reimbursement of any costs and expenses incurred by the Manager, or its Affiliates in or with respect to any Operating Year prior to the Operating Year to which the Budget For Management Services relates. In the event that the Project Company fails to provide its approval with respect to a Budget For Management Services within thirty (30) days of its receipt of the Budget For Management Services provided by the Manager, the matter may be submitted by either Party for determination pursuant to Article 8 of a reasonable Budget For Management Services based on the terms of this Agreement. With respect to Budgets For Management Services for Operating Years after the first Operating Year, until the matter is resolved pursuant to Article 8, the Budget For Management Services for such Operating Year will be increased by a percentage amount equal to the percentage increase in the CPI during the preceding Operating Year.

#### **ARTICLE 4 TERM**

4.1 The term of this Agreement commenced on February 25, 2005 and unless sooner terminated as provided herein, shall continue in full force and effect until twenty (20) years after the Commercial Start Date. The term of this Agreement shall continue for twelve (12) months following the end of the initial term and for each twelve (12)-month period following each anniversary of the end of the initial term unless terminated prior the end of any such twelve (12)-month period by the Manager or the Project Company. This Agreement shall automatically terminate upon and concurrently with the dissolution or termination of the Project Company.

4.2 In the event that with the consent or request of the Supermajority Holders , the Collateral Trustee exercises any rights of a secured creditor with respect to the Collateral, then the Collateral Trustee shall have the right with the consent of the Supermajority Holders at any time prior to the end of six months after the first exercise of such rights of a secured creditor to direct the Project Company to terminate the Manager for convenience by giving the Manager six month's written notice of such termination.

**ARTICLE 5**  
**REPRESENTATIVES, INFORMATION AND AGREEMENTS**

5.1 The Manager shall provide the Project Company and any member of the GP Board with such reports as are required or reasonably requested from time to time by Project Company or such member of the GP Board, as applicable, and shall comply with those reporting requirements prescribed by applicable laws or set out in the Project Contracts, the Budget For Management Services or any government approval. If the Project Company or a member of the GP Board requests any report, contract, agreement, arrangement, document or other information relating to or in connection with the Facility or the Services (including, without limitation, any Subcontracts, other third party contracts and any agreements or arrangements related thereto), the Manager shall use reasonable efforts (subject to the provisions of any confidentiality or similar agreement to which the Manager is a party) to obtain such report, contract, agreement, arrangement, document or other information at the request of the Project Company or such member of the GP Board, as applicable, and shall submit such report, contract, agreement, arrangement document or other information to the Project Company or such member of the GP Board, as applicable, as soon as reasonably practicable following such request. The Project Company may from time to time specify any changes to be made to any of the formats for any report or plan (including, without limitation, any Budget For Management Services) required hereunder. The relevant revised format shall be adopted by the Manager with effect from the date of such revision and shall be applied in relation to the first period to which such report or plan relates commencing after receipt of Project Company's notice specifying such changes.

5.2 Prior to the Project Company entering into any amendment, modification or supplement to a Project Contract, or any other agreement that may affect the performance of the Services by the Manager (such amendment, modification or supplement or other agreement, an "Adjustment"), the Manager shall determine the impact (if any) of such Adjustment on any then-effective Budget For Management Services, this Agreement and/or the Manager's performance of the Services hereunder, and shall notify the Project Company in writing its cost to comply with such Adjustment without incurring material additional cost or administrative burden under this Agreement, and the current Budget For Management Services shall be deemed amended as appropriate to include such additional cost; provided that such Adjustment shall not affect the current Budget For Management Services in any way prior to (a) the provision of written notice of such Adjustment to the Project Company, along with reasonable detail related thereto, and (b) the Project Company's written approval of such Adjustment after receipt of such written notice which approval will not be unreasonably withheld.

5.3 Notwithstanding anything to the contrary herein, the Parties acknowledge and agree that (a) the Project Company and any representatives thereof shall act at the direction of the GP Board as determined by the LLC Agreement, and (b) no approval (including, without limitation, approval of the Budget For Management Services and entering into agreements on behalf of Project Company), consent, determination, decision, waiver, consultation or other similar action of the Project Company, through a representative or otherwise, under or with respect to this Agreement (each, a "Project Company Action") shall be deemed to occur and be effective without the prior written approval of (i) the GP Board and (ii) to the extent the GP Board does not have authority to take such action under the LLC Agreement without approval of the Executive Committee, as determined by the GP Board, the Executive Committee, (d) any notice provided to the Project Company by the Manager in connection with performance of Services, termination of Services, Disputes or the Budget For Management Services shall be provided concurrently to the GP Board, and (e) the Project Company shall be entitled to, and, upon request, shall, provide the GP Board with all documentation, reports and other materials received under this Agreement; provided that the GP Board may delegate its authority to direct the Project Company and/or approve Project Company Actions in its sole discretion, subject to any limitations in the LLC Agreement, and such delegation of authority shall be provided in writing to the Manager.

**ARTICLE 6**  
**FEES AND PAYMENT**

6.1 On February 25, 2005, the Project Company paid the Manager (i) a fixed fee of three hundred forty thousand dollars (\$340,000) (the "Pre-COD Fee"), stated as a monthly amount, which amount was prorated on a daily basis for each day until the end of February 2005, plus (ii) the Pre-COD Fee for the subsequent month. The Pre-COD Fee was thereafter paid monthly as set forth below until the Substantial Completion Date, and was Indexed on an annual basis.

6.2 On the Substantial Completion Date the Project Company paid the Manager (i) a fixed fee of five hundred twenty thousand dollars (\$520,000) (the "Manager Fee"), stated as a monthly amount, which amount was prorated on a daily basis for each day until the end of the month in which the Substantial Completion Date occurred, plus (ii) the Manager Fee for the subsequent month. The Manager Fee was and shall thereafter be payable monthly as set forth below for the duration of the term of this Agreement, and shall be Indexed on an annual basis.

6.3 As soon as practicable after the end of each month, but in any case within thirty (30) days after the end of each month, the Manager has submitted or shall submit, as the case may be, an invoice reflecting the Manager Fee or the Pre-COD Fee for the prior month, and any Ancillary Expenses incurred during the previous month, including, without limitation, documentation identifying and substantiating in reasonable detail the nature of such Ancillary Expenses and the basis for reimbursement thereof. The Project Company has or shall pay, as the case may be, any Manager Fee, any Pre-COD Fee and any Ancillary Expenses on or before the thirtieth (30th) day after it receives an invoice for such fees and expenses. Amounts not paid by the thirtieth (30th) day after the Project Company receives an invoice related thereto shall bear interest at the Base Rate from the due date until paid. The payments described in this Section 6.3 shall be the sole payments made by the Project Company to the Manager and its Affiliates in respect of costs and expenses incurred by the Manager and its Affiliates in connection with the Services.

6.4 Concurrently with its monthly submission of any invoice, the Manager shall provide a statement showing (a) all expenditures made in the previous month pursuant to this Agreement, including, without limitation, expenditures pursuant to any approved Budget For Management Services, (b) any other expenditures made by Manager during such month (the expenditures described in subsections (a) and (b), collectively, "Monthly Expenditures") and (c) reasonable detail regarding the nature and amount of each Monthly Expenditure to verify it was properly incurred, including, without limitation, receipts, cost accounting coding, and other information as the Project Company may reasonably request. The Project Company or its designee shall have the right to carry out at the Project Company's expense audit tasks of a financial, technical, or other nature in relation to the Services once each Operating Year upon not less than thirty (30) days (or such shorter period if required by applicable law) prior notice to the Manager. The Manager shall make available, at the Facility or at the Manager's home office location, to the Project Company or its designee, and the Project Company or its designee shall have the right to review, all contracts, books, records, and other documents relating to the Services provided by the Manager, and the Project Company or its respective designee may make such copies thereof or extracts therefrom as the Project Company or such designee may deem appropriate. The Manager shall use reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things required to be done, in connection with any financial report prepared by or on behalf of the Project Company, including, without limitation, preparing or arranging for the preparation of reports, certificates, schedules, and opinions.

6.5 The Manager shall retain copies of invoices submitted by it and copies of any third party invoices or similar documentation supporting claims for Ancillary Expenses or Monthly Expenditures for a minimum period of two (2) years.

**ARTICLE 7**  
**EVENTS OF DEFAULT; TERMINATION; FORCE MAJEURE**

7.1 The following circumstances shall each constitute an event of default on the part of the Manager (“Manager Event of Default”) under this Agreement:

- (a) the bankruptcy, insolvency, dissolution, or cessation of the business of the Manager;
- (b) the Manager fails to obtain and maintain insurance required to be obtained and maintained by it under this Agreement which failure continues for thirty (30) days after the Manager's receipt of written notice of such failure from the Project Company;
- (c) the Manager assigns its rights under this Agreement except as permitted hereunder;
- (d) the Manager ceases to provide all Services required to be performed by it hereunder for ten (10) consecutive days except as required or permitted hereunder; or
- (e) a material failure by the Manager to perform its obligations hereunder (including, without limitation, the performing of Services) which continues for thirty (30) days after the Manager's receipt of written notice of such failure from the Project Company which notice shall include the Project Company's recommendation for a cure of such failure, unless the Manager commences to cure such failure within said thirty (30) days and cures such failure within seventy-five (75) days after its receipt of the aforesaid notice.

7.2 The following circumstances shall each constitute an event of default on the part of the Project Company (“Project Company Event of Default”) under this Agreement:

- (a) the bankruptcy, insolvency, dissolution, or cessation of the business of the Project Company;
- (b) a material failure by the Project Company to perform its obligations hereunder which continues for thirty (30) days after the Project Company's receipt of written notice of such failure, unless the Project Company commences to cure such failure within said thirty (30) days and either cures or continues to diligently attempt the cure of such failure; or



(c) a default by the Project Company in its payment obligations to the Manager, unless the Project Company has cured such breach within thirty (30) days from receipt of written notice of such default from the Manager.

### 7.3 Rights Upon Event of Default and Other Events

(a) Upon the occurrence and during the continuance of a Manager Event of Default, the Project Company shall have the right in its sole and absolute discretion to do any or all of the following: (i) terminate this Agreement pursuant to Section 7.4; (ii) obtain specific performance of the Manager's obligations hereunder; (iii) exercise its rights to perform the Manager's obligations hereunder; and (iv) subject to Article 8, pursue any and all other remedies available at law or in equity.

(b) Upon the occurrence and during the continuance of a Project Company Event of Default, the Manager shall have the right, in its sole and absolute discretion, to do any or all of the following: (i) terminate this Agreement pursuant to Section 7.4; and (ii) subject to Article 8, pursue any and all other remedies available at law or in equity.

7.4 In the event of a Manager Event of Default or Project Company Event of Default, the non-defaulting Party may give a written notice of termination to the other Parties (a "Termination Notice") which shall specify in reasonable detail the circumstances giving rise to the Termination Notice. Except for any rights and obligations set forth in Section 7.5 and Article 9, this Agreement shall terminate on the date specified in the Termination Notice ("Termination Date"), which date shall not be earlier than the date upon which the applicable Party is entitled to effect such termination as provided herein.

7.5 Upon receipt of a Termination Notice from the Project Company, the Manager shall use all reasonable efforts to facilitate the appointment and commencement of duties of any Person to be appointed by the Project Company to provide the Services (the "Successor Manager") so as not to disrupt the normal operation of the Facility and shall provide full access to the Facility and to all relevant information, data, and records relating thereto to the Successor Manager and its representatives, and accede to all reasonable requests made by such Persons in connection with preparing for taking over the management of the Facility.

Promptly after termination, the Manager shall deliver to (and shall, with effect from termination, hold in trust for and to the order of) the Project Company or to the Successor Manager all property in its possession or under its control owned by the Project Company or leased or licensed to the Project Company. All books, records, and any other items furnished as part of the Services hereunder or at direct cost to the Project Company shall be delivered to the Successor Manager.

The Manager, to the extent allowed by such agreements and approvals, shall transfer to the Successor Manager, as from the date of termination, its rights as the Manager under all contracts entered into by it (including, without limitation, any Subcontracts), and all government approvals obtained and maintained by it, in the performance of its obligations under this Agreement or relating to the Facility. Pending such transfer, the Manager shall hold its rights and interests thereunder for the account and to the order of the Project Company, the Successor Manager, or the Project Company's designee. The Project Company shall indemnify the Manager for all liabilities incurred by the Manager under such contracts to the extent that such liabilities are caused by the Project Company, the Successor Manager, or the Project Company's designee, to the extent relating to the continuation and performance of such contracts by the Project Company, the Successor Manager, or the Project Company's designee, as applicable. The Manager shall execute all documents and take all other commercially reasonable actions to assign and vest in the Project Company all rights, benefits, interest, and title in connection with such contracts.

Upon written request from the Project Company to the Manager, on or prior to the Termination Date, the Manager shall provide the services of its employees as may be required or reasonably requested by the Project Company to enable the Project Company to manage the Facility and perform the Services for a period of up to ninety (90) days following the Termination Date. The written request invoking this provision may be included in the Termination Notice provided in Section 7.4, and shall provide the Project Company's good faith estimate of how many days the Manager's Services will be required post-Termination Date, up to the ninety (90) days specified herein. Subject to any limitations set forth herein, the Manager's reasonable expenses, as set forth in the then-current Budget For Management Services or as otherwise reasonably incurred and agreed by the Parties in connection with the transition, shall be paid by the Project Company, and additionally the Project Company shall pay Manager, for the period for which the Project Company requests the Manager, to provide Services hereunder after the Termination Date, the Manager Fee, including if applicable, a pro rated amount for any partial month, based upon the number of days elapsed in such month.

7.6 Neither Party shall be in default in the performance of any of its obligations under this Agreement or liable to the other Party for failing to perform its obligations hereunder (other than the obligation to pay money when due) to the extent prevented by the occurrence of a Force Majeure Event; provided that, upon a Force Majeure Event that is a Labor Dispute, the Manager shall use commercially reasonable efforts to resolve such Labor Dispute as soon as reasonably practicable.

7.7 The Party affected by a Force Majeure Event shall:

(a) provide prompt written notice to the other of the occurrence of the Force Majeure Event, which notice shall provide details with respect to the circumstances constituting the Force Majeure Event, an estimate of its expected duration, and the probable impact on the performance of its obligations hereunder;

(b) use all reasonable efforts to continue to perform its obligations hereunder;

(c) take all reasonable action to correct or cure the event or condition constituting the Force Majeure Event;

(d) use all reasonable efforts to mitigate or limit the adverse effects of the Force Majeure Event, to the extent such action would not adversely affect its own interests; and

(e) provide prompt written notice to the other Party of the cessation of the Force Majeure Event.

7.8 Following the occurrence of a Force Majeure Event, the Manager (a) shall take all reasonable measures to mitigate or limit the amount of Ancillary Expenses until the effects of the Force Majeure Event are remedied, (b) shall consult with the Project Company with respect to its plan to mitigate or limit such Ancillary Expenses, and (c) shall take such actions as are reasonably directed by the Project Company after consultation with the Manager. The Project Company shall continue to pay such reduced Ancillary Expenses and the Manager Fee as provided herein.

## ARTICLE 8 REMEDIES AND DISPUTE RESOLUTION

8.1 In the event that any Dispute (including, without limitation, the breach, termination or invalidity thereof, and whether arising out of tort or contract) cannot be resolved informally within thirty (30) days after the Dispute arises, either Party may give written notice of the Dispute (a "Dispute Notice") to the other Party and the GP Board requesting that a representative of the Project Company's senior management and the Manager's senior management and one or more representatives of the GP Board meet in an attempt to resolve the Dispute. Each such representative shall meet at a mutually agreeable time and place within thirty (30) days after receipt by the non-notifying Party and the GP Board of such Dispute Notice, and thereafter as often as they deem reasonably necessary to exchange relevant information and to attempt to resolve the Dispute. If such representatives agree to resolve any Dispute, such proposed resolution shall be submitted in writing, with reasonable detail regarding the terms thereof, to the GP Board and shall become effective solely upon the GP Board's written approval thereof. In no event shall this Section 8.1 be construed to limit either Party's right to take any action under this Agreement. The Parties agree that if any Dispute is not resolved within ninety (90) days after receipt of the Dispute Notice given in this Section 8.1 (including, without limitation, due to failure of the GP Board to approve any proposed resolution), then either Party may by notice to the other Party and the GP Board refer the Dispute to be decided by final and binding arbitration in accordance with Section 8.2.

8.2 Any arbitration held under this Agreement shall be held in Houston, Texas, unless otherwise agreed by the Parties, shall be administered by the American Arbitration Association ("AAA") and shall, except as otherwise modified by this Section 8.2, be governed by the AAA's International Arbitration Rules (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. The Parties shall be entitled to engage in reasonable discovery, including, without limitation, 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 their successors and permitted assigns. At either Party's option, any other Person may be joined as an additional party to any arbitration conducted under this Section 8.2, 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.

8.3 Notwithstanding any Dispute, it shall be the responsibility of each Party to continue to perform its obligations under this Agreement pending resolution of Disputes.

## **ARTICLE 9 INDEMNITY AND LIMITATION OF LIABILITY**

9.1 The Manager shall indemnify, defend, and hold harmless the Project Company against any and all Losses of whatever kind and nature, including, without limitation, all related costs and expenses incurred in connection therewith, in respect of personal injury to or death of third parties and in respect of Loss of or damage to any third party property to the extent that the same arises out of:

- (a) any breach by the Manager of its obligations hereunder;
- (b) any negligent act or omission on the part of the Manager; and
- (c) any gross negligence or willful misconduct of the Manager.

Any indemnification payable by the Manager to the Project Company hereunder shall be net of any insurance proceeds received by the Project Company under insurance policies with respect to the circumstances giving rise to the Manager's indemnification of the Project Company hereunder.

9.2 The aggregate amount of damages, compensation, or other such liabilities payable by the Manager under this Agreement shall be limited to, and shall in no event exceed in each Operating Year, an amount equal to \$6,240,000.

9.3 THE MANAGER SHALL NOT BE LIABLE UNDER THIS AGREEMENT OR UNDER ANY CAUSE OF ACTION RELATED TO THE SUBJECT MATTER OF THIS AGREEMENT, WHETHER IN CONTRACT, WARRANTY, TORT, INCLUDING, WITHOUT LIMITATION, NEGLIGENCE, STRICT LIABILITY, PROFESSIONAL LIABILITY, PRODUCT LIABILITY, CONTRIBUTION, OR ANY OTHER CAUSE OF ACTION FOR SPECIAL, EXEMPLARY, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL LOSSES OR DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFIT, LOSS OF USE, LOSS OF OPPORTUNITY, LOSS OF REVENUES, OR LOSS OF GOOD WILL; PROVIDED THAT THE FOREGOING SHALL NOT APPLY TO INDEMNITIES EXPRESSLY PROVIDED IN THIS ARTICLE 9 TO THE EXTENT THAT THEY APPLY TO THIRD PARTY CLAIMS.

The Manager and the Project Company agree that (i) the Louisiana Oilfield Anti-Indemnity Act, LA. REV.STAT. § 9:2780, and (ii) LA. REV.STAT.2780.1, et seq., are inapplicable to this Agreement and the performance of the Services. Application of these statutory provisions to this Agreement would be contrary to the intent of the Parties, and each Party hereby irrevocably waives any contention that these statutory provisions are applicable to this Agreement or the Services. In addition, it is the intent of the Parties that in the event that either of the aforementioned statutory provisions were to apply, each Party shall provide insurance to cover the losses contemplated by such statutory provisions and assumed by each such Party under the indemnification provisions of this Agreement, and the Manager agrees that the payments made to the Manager hereunder compensate the Manager 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.

**ARTICLE 10**  
**INSURANCE**

10.1 To the extent that such insurance is available to the Project Company on commercially reasonable terms and conditions, the Manager shall cause the Project Company to obtain and maintain insurance for physical loss or damage to the Facility and general liability insurance relating to the Facility to the extent required under any contracts or agreements to which the Project Company is a party. All policies obtained by the Project Company relating to the Facility (other than policies covering third party liability) shall be primary to any insurance taken out by the Manager covering the same risks to the extent separate policies are procured by the Project Company and the Manager. All policies obtained by the Manager relating to the Facility and covering third party liability shall be non-contributory and primary to any insurance taken out by the Project Company covering the same risks to the extent separate policies are procured by the Project Company and the Manager.

10.2 To the extent that such insurance is available to the Manager on commercially reasonable terms and conditions, the Manager shall obtain or cause to be obtained and maintained the insurance described in Appendix II hereto. The Manager shall use commercially reasonable efforts to ensure that each Subcontractor obtains and maintains insurance which is customarily provided by Persons providing similar services as such Subcontractor.

10.3 Each Party shall provide notice to the other Party within ten (10) days of its receipt of a notice of cancellation, non-renewal or any material reduction in coverage or limits of any insurance described in this Article 10. The insurance maintained by a Party shall also provide that its insurers waive all rights of subrogation against the other Party and its Affiliates and representatives (other than with respect to gross negligence or willful misconduct of the Manager, to the extent separate policies are procured by the Manager and Project Company, or their respective Subcontractors) and that the other Party and its representatives and Affiliates are named as additional insureds under such policies (except workers' compensation/employer's liability insurance), to the extent separate policies are procured by the Project Company and the Manager. Each Party shall, promptly after having obtained any such policy or policies, provide the other Party with a certificate of insurance and shall notify the other Party in writing of any changes therein from time to time or, prior to so doing, of the cancellation of any such policy or policies.

10.4 Each Party shall promptly furnish the other Party with all information reasonably available to it as is necessary to enable the other Party to comply with its disclosure obligations under the insurance which it has taken out. Each Party shall promptly notify the other Party of any claim with respect to any of the insurance policies referred to herein, accompanied by full details of the incident giving rise to such claim. Each Party shall afford to the other Party all such assistance as may reasonably be required for the preparation and negotiation of insurance claims, save where such claim is against the Party required to give assistance.

**ARTICLE 11**  
**RELATIONSHIP OF PARTIES; REPRESENTATIONS AND WARRANTIES**

11.1 This Agreement is solely and exclusively between the Manager and the Project Company, and any obligations created herein shall be the sole obligations of the Parties with respect to the subject matter described herein. Neither Party shall have recourse to any parent, partner, subsidiary, joint venturer, Affiliate, director or officer of the other Party for performance of such obligations, unless such obligations are assumed in writing by the Person against whom recourse is sought.

11.2 The Manager represents and warrants to the Project Company that all personnel providing Services hereunder are and will be fully qualified to provide the Services to be provided by the Manager under this Agreement in accordance with the terms hereof.

11.3 In all cases where the Manager's employees (defined to include the direct, borrowed, special, or statutory employees of Subcontractors of any tier) are performing Services in or offshore the state of Louisiana or are otherwise covered by the Louisiana Workers' Compensation Act, La. R.S. 23:1021, et seq., the Project Company and the Manager agree that the Services performed by the Manager, Subcontractors of any tier, and the Manager's, and Subcontractors' (of any tier) employees pursuant to this Agreement are an integral part of and are essential to the ability of the Project Company to generate the Project Company's goods, products, and work for the purpose of La. R.S. 23:1061(a)(1). Furthermore, the Project Company and the Manager agree that the Project Company is the statutory employer of the Manager's and Subcontractors' (of any tier) employees for purposes of La. R.S. 23:1061(a)(3), and that the Project Company shall be entitled to the protections afforded a statutory employer under Louisiana law. Regardless of the Project Company's status as the statutory or special employer (as defined in La. R.S. 23:1031(c)) of the employees of Manager and Subcontractors of any tier, and regardless of any other relationship or alleged relationship between such employees and the Project Company, the Manager shall be and remain at all times primarily responsible for the payment of all workers compensation and medical benefits to the Manager's, Subcontractors' (of any tier) employees, and neither Manager, nor Subcontractors, nor their respective insurers or underwriters shall be entitled to seek contribution or indemnity for any such payments from Cheniere Energy Partners, L.P. or its subsidiaries (including, without limitation, the Project Company).

**ARTICLE 12**  
**CONFIDENTIALITY**

12.1 Confidential Information. Subject to Section 12.2, the Manager shall keep confidential all matters relating to the Services, the Facility, the Project Contracts, and this Agreement, and will not disclose to any Person, any information, data, experience, know-how, documents, manuals, policies or procedures, computer software, secrets, dealings, transactions, or affairs of or relating to the Project Company, the Project Company, the Project Contracts, or this Agreement (the "Confidential Information").

12.2 Permitted Disclosure. The restrictions on disclosure of Confidential Information by the Manager shall not apply to the following:

(a) any matter which is already generally available and in the public domain other than through unauthorized disclosure by the Manager or is otherwise known to the Manager from a source that is not in violation of a confidentiality obligation to the Manager;

(b) any disclosure which may reasonably be required for the performance of the Manager's obligations under this Agreement; or

(c) any disclosure which may be required for the compliance by the Manager with applicable laws or for the purposes of legal proceedings, if the Manager has notified the Project Company prior to any such disclosure.

12.3 Additional Undertakings of Manager. The Manager further undertakes:

(a) to limit access to Confidential Information to its employees, officers, directors, attorneys, agents, or other representatives who reasonably require the Confidential Information to ensure the satisfactory performance of the Services;

(b) to inform each of its Subcontractors officers, directors, attorneys, agents, employees and other representatives to whom Confidential Information is disclosed of the restrictions on disclosure of such information as set forth herein and to use reasonable efforts to ensure that all such Persons comply with such instructions; and

(c) upon receipt of a written request from the Project Company and, in any event, upon completion of the Services or earlier termination of this Agreement to return to the Project Company all documents, papers, computer programs, software or records containing Confidential Information, if so requested by the Project Company.

### **ARTICLE 13 MISCELLANEOUS**

13.1 This Agreement represents the entire agreement between the Parties relative to the matters set forth in this Agreement. No modification, amendment, or other change to this Agreement will be binding on any Party unless executed in writing by both Parties and the Executive Committee.

13.2 The terms, covenants, representations, warranties and conditions of this Agreement may be waived only by written instrument executed by the Party waiving compliance. The failure of any Party at any time or times to require performance of any provision of this Agreement shall not affect the right at a later date to enforce the same. No waiver by any Party of any condition or of the breach of any provision, term, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or of the breach of any other provision, term, covenant, representation or warranty contained in this Agreement.

13.3 This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Texas.

13.4 The invalidity or unenforceability, in whole or in part, of any of the sections or provisions of this Agreement shall not affect the validity or enforceability of the remainder of such sections or provisions. If any material provision of this Agreement is held invalid or unenforceable, the Parties shall promptly renegotiate in good faith new provisions to replace such invalid or unenforceable provision so as to restore this Agreement as nearly as possible to its original intent and effect.

13.5 The Parties acknowledge and agree that Cheniere Energy Partners GP, LLC is a third party beneficiary to this Agreement with respect to all rights of the GP Board and the Executive Committee, as applicable, and shall have the right to take any and all actions against the Parties hereto to enforce such rights. Except as set forth in the immediately preceding sentence, this Agreement is for the sole and exclusive benefit of the Parties hereto and shall not create a contractual relationship with, or cause of action in favor of, any third party.

13.6 The Manager shall not assign or otherwise transfer all or any of its rights under this Agreement. Any assignment by the Manager shall be null and void and have no force or effect.

13.7 The Parties agree to execute and deliver to each other such additional documents and to take such additional actions and provide such cooperation as may be reasonably required and requested by the other Party to consummate the transactions contemplated by, and to effect the intent of, this Agreement.

13.8 The Appendices to this Agreement form part of this Agreement and will be of full force and effect as though they were expressly set out in the body of this Agreement. In the event of any conflict between the other terms, conditions, and provisions of this Agreement and the appendices, the other terms conditions, and provisions of this Agreement shall prevail.

13.9 This Agreement may be executed in counterparts and if so executed by each Party hereto, all copies together shall constitute a single agreement.



IN WITNESS WHEREOF, the Parties hereto have executed this Amended and Restated Management Services Agreement as of the date first written above.

**Manager:**

Cheniere LNG Terminals, Inc.  
700 Milam Street, Suite 800  
Houston, Texas 77002

By: /s/ Graham A. McArthur

Name: Graham A. McArthur

Title: Treasurer

**Project Company:**

Sabine Pass LNG, L.P.  
700 Milam Street, Suite 800  
Houston, Texas 77002

By: Sabine Pass LNG-GP, Inc.,  
its General Partner

By: /s/ R. Keith Teague

Name: R. Keith Teague

Title: President

---

## Appendix I

### Services

1. Maintaining or providing for maintenance of the principal office and registered office of the Project Company, acting as the registered agent of the Project Company, and maintaining the books and records of the Project Company.
  2. Taking actions to maintain the continued existence of the Project Company, its qualification to do business and its registration under any applicable assumed or fictitious name, statute or similar law in each state in which the Project Company owns property or transacts business.
  3. Exercising the day-to-day management of the Project Company's affairs and business.
  4. Providing or arranging for the necessary human resources and other administrative support necessary to perform the Services or cause the Services to be performed, including, without limitation, in the Manager's discretion relying on contractual arrangements with other personnel and Service Providers who are Affiliates of the Manager.
  5. Negotiating agreements on behalf of the Project Company and providing administrative, accounting, marketing and other commercial services related to the marketing and sale of capacity at the Project, and managing the Project Company's regulatory matters.
  6. Providing credit management services, including establishing credit lines and monitoring the credit status of suppliers and transporters, purchasers and other contractual counterparties to the extent permitted by the agreements that the Project Company has with its lenders.
  7. Procuring and maintaining all required governmental approvals and permits and prepare and submit all filings which are required to be made thereunder; provided that if responsibility therefor has been delegated to a Service Provider, the Manager shall supervise and monitor such Service Provider's performance of such delegated activity or duty.
  8. Preparing business planning and forecasting reports from time to time for the benefit of the Project Company.
  9. Acting as Commercial Designee under the O&M Agreement.
  10. Providing invoices and collecting on behalf of the Project Company, or causing to be so collected, all payments due to the Project Company, and promptly (but in no event later than the date such payment is due and payable) remitting or directing to be remitted from funds of the Project Company amounts in payment of the expenses and expenditures of the Company, including, without limitation, making borrowing and other requests of the Project Company's lenders and their agents; provided that nothing herein shall imply any guarantee or undertaking by the Manager with respect to the collection of amounts due to the Project Company which remain uncollected after commercially reasonable efforts by the Manager.
  11. Arranging for the purchase or leasing, at the sole expense of the Project Company, any materials, supplies and equipment necessary for the performance of the Services to the extent permitted by the Project Company's agreements with its lenders, and nothing herein shall imply any duty of the Manager under any circumstances to expend its own funds in payment of the expenses of the Project Company.
-

12. Determining the need for, establishing and making draws under the Project Company's capital facilities and establish appropriate reserves, in each case as it determines necessary to meet the Project Company's cash flow requirements and cause such funds to be deposited into the Project Company's accounts.
  13. Maintaining bank and brokerage accounts, financial books and records of the Project Company's business and operations in accordance with prudent business practices and generally accepted accounting practices.
  14. Preparing and filing or causing to be prepared and filed on behalf of the Project Company on a timely basis all federal, state and local tax returns and related information and filings required to be filed by the Project Company, paying out of the Project Company's funds all taxes and other governmental charges shown to be due thereon before they become delinquent and making all tax elections believed by the Manager to be necessary or desirable for the Project Company and its partners.
  15. Within forty-five (45) days after the end of each calendar quarter, preparing together with the Operator, (i) a status report relating to the Facility's operations for such quarter, which will detail variances between actual and forecasted performance, and include a projection of forecasted performance for the remaining quarters of the calendar year if there is material change from the previous forecast for the same period, and (ii) an unaudited internal financial statement and income statement for such quarter prepared in accordance with GAAP.
  16. Providing contract administration services for all contracts associated with the Facility, supervising and monitoring the Service Providers with respect to their performance of services for the Project Company, and where necessary or desirable and with the consent of the Project Company, at the Project Company's sole expense, enforcing the compliance of each Service Provider with its obligations to the Project Company, provided that the Manager's responsibility for matters which are subject to the Project Company's arrangements with Service Providers shall consist solely of such supervision, monitoring and enforcement and shall not include responsibility for the proper performance of any such matters.
  17. If required by the Project Company's lenders, causing the Project Company's certified public accountant to prepare, review and submit annual audited financial statements for the Project Company, prepared in accordance with GAAP as soon as reasonably possible and in any event within one hundred and twenty (120) days after the end of each calendar year, and assist and cooperate with the Project Company's certified public accountant in connection with all audits made of the Project Company's books and records.
-

18. Representing the Project Company in business matters with, and maintain good relations with, the Service Providers and other third parties, and execute on behalf of the Project Company such additional documents reasonably deemed necessary or desirable by the Manager to effectuate the transactions and agreements necessary for the operation and management of the Facility in the normal course of business.
  19. Making arrangements for the Project Company to obtain and maintain all insurance required by the O&M Agreement and any other agreement obligating the Facility with respect to insurance, and such other insurance as is necessary and prudent; provided that, in no event shall the Manager be responsible or liable for Project Company's failure to obtain or maintain insurance where such insurance is not commercially available to Facility.
  20. Not taking any action as would cause the Project Company to violate or be in violation in any material respect of any federal, state or local laws and regulations, including, without limitation, environmental laws and regulations, and to the extent that the Manager has knowledge of any such existing or prospective violation take, or direct Service Providers to take, commercially reasonable actions, at the sole expense of the Project Company to redress or mitigate any such violation.
  21. Using all reasonable efforts to cause the Project Company to take all actions required and perform all of its obligations under the Project Contracts and not take any action as would reasonably be expected to cause the Project Company to violate or be in violation of any Project Contract, and to the extent the Manager has knowledge of any existing or prospective violation take, or direct Service Providers (including, without limitation, the Operator) to take, commercially reasonable actions, at the sole expense of the Project Company, or such Service Provider as the case may be, to redress or mitigate any such violation.
-

## Appendix II

### Insurance

#### Insurance to be Maintained By the Manager

The Manager will procure or cause to be procured and maintain in full force and effect at all times on or after February 25, 2005 (unless otherwise specified herein) and continuing throughout the term of this Agreement (unless otherwise specified herein), insurance policies with insurance company (ies) authorized to do business in the States of Louisiana and Texas (if required by law or by regulation) with a (i) a Best Insurance Rating of "A-" or better and a financial strength rating of "VII" or higher, or (ii) a Standard & Poor's financial strength rating of "BBB+" or higher, or (iii) other companies acceptable to the Project Company, with limits and coverage provisions set forth below:

- (1) **Workers Compensation and Employers Liability Insurance:** The Manager shall comply with all applicable law with respect to workers' compensation requirements and other similar requirements where the Services are performed. Such coverage shall include coverage for all states and other applicable jurisdictions, voluntary compensation coverage, alternate employer endorsement and occupational disease. If the Services are to be performed on or near navigable waters, the policy(ies) shall include coverage for United States Longshoremen's and Harbor Workers Act, and, if applicable, coverage for the Death on the High Seas Act, the Jones Act, the Outer Continental Shelf Lands Act and any other applicable law regarding maritime law. A maritime employer's liability policy may be used to satisfy applicable parts of this requirement with respect to Services performed on navigable waters. If the Manager is not required by applicable law to carry Workers' Compensation insurance, then the Manager shall provide the types and amounts that are mutually agreed between the Manager and the Project Company.

Limits to be provided:

Workers' Compensation: Statutory Employer's Liability: US \$1,000,000 each accident, US \$1,000,000 disease each employee, US \$1,000,000

disease policy limit.

- (2) **Commercial General Liability:** Commercial General Liability insurance on an occurrence basis covering against claims occurring anywhere in the world for the Manager's liability for bodily injury (including bodily injury and death), property damage (including loss of use) and personal injury. Such insurance shall provide coverage for products and completed operations, blanket contractual, broad form property damage and independent contractors.
-

Limits to be provided:

US \$1,000,000 combined single limit in any one occurrence;

US \$1,000,000 general aggregate;

US \$ 1,000,000 products and/or completed operations aggregate.

This coverage will be subject to a maximum deductible of US \$250,000 in any one occurrence.

- (3) **Automobile Liability:** Commercial Automobile Liability covering the Manager's liability arising out of claims for bodily injury and property damage for all owned and non-owned, leased or hired vehicles of the Manager, including loading and unloading thereof and appropriate no-fault provisions wherever applicable.

Limit to be provided:

US \$ 1,000,000 combined single limit for Bodily Injury and Property Damage.

This coverage will be subject to a maximum deductible of US \$25,000 in any one accident or occurrence.

- (4) **Umbrella or Excess Liability:** Umbrella or Excess Liability insurance on a “following form” basis. Coverage shall be excess of limits provided by the Manager for Commercial General Liability and Automobile Liability insurance. The aggregate limit shall apply separately to each annual policy period.

Limits to be provided:

\$100,000,000 combined single limit each occurrence; and

\$100,000,000 aggregate limit.

- (5) **Fidelity:** On or prior to the initial Substantial Completion Date, Fidelity insurance providing coverage for employee dishonesty including theft, computer funds transfer fraud, alteration and forgery insuring loss of money, securities or other property resulting from any fraudulent or dishonest act committed by the Manager's or any of its Affiliates' employees, whether acting alone or in collusion with others in an amount not less than \$10,000,000 and a deductible not greater than \$25,000 each loss.

Such insurance shall also include (a) a discovery period not less than 12 months, (b) loss by unidentified employees, (c) temporary employees, (d) automatic cover for all employees and officers and (e) auditor charges with a limit not less than \$20,000.00

**AMENDMENT  
TO  
PHANTOM UNITS AGREEMENT**

This Amendment (the "Amendment") to the Phantom Units Agreement dated as of \_\_\_\_\_, 20\_\_ (the "Agreement") by and between Cheniere Energy Partners GP, LLC ("Company") and \_\_\_\_\_ ("Participant") is adopted by Company, effective as of \_\_\_\_\_, 2012. Any capitalized term used herein and not otherwise defined herein shall have the meaning ascribed to it in the Agreement or if not defined herein or in the Agreement, as defined in the Cheniere Energy Partners, L.P. Long-Term Incentive Plan (the "Plan") pursuant to which the Agreement was established.

**RECITALS**

WHEREAS, Company and Participant are parties to the Agreement, which was entered into pursuant to the terms of the Plan; and

WHEREAS, Company desires to amend certain provisions of the Agreement as set forth herein pursuant to Section V of Notice 2010-6 issued by the Internal Revenue Service; and

WHEREAS, Company desires to amend the Agreement further in connection with the execution of the Unit Purchase Agreement among Cheniere Energy Partners, L.P., Cheniere Energy, Inc., and Blackstone CQP Holdco LP (the definitive agreement related to the initial equity financing of the Sabine Pass Liquefaction project); and

WHEREAS, Participant desires to acknowledge and accept the Amendment as set forth herein; and

WHEREAS, the purpose of the Amendment is to (i) amend the definition of "Disability" as used in the Agreement, (ii) clarify the definition of "Change in Control" as used in the Agreement and (iii) to establish an additional vesting event under the Agreement with respect to the Phantom Units without changing the time or form of payment of the compensation payable to Participant resulting from the accelerated vesting of the Phantom Units;

NOW, THEREFORE, Company hereby amends the Agreement as follows:

1. Paragraph 3 of the Agreement hereby is amended by adding the following language to the end of the first paragraph thereof:

(each such date, a "Time-Based Vesting Date").

2. Paragraph 3 of the Agreement hereby is amended by restating the first and second sentences of the last paragraph thereof in its entirety to read as follows:

To the extent a Phantom Unit shall become fully vested and the restrictions imposed thereon shall have lapsed pursuant to this Paragraph 3 or earlier pursuant to Paragraph 6 of this Phantom Units Agreement, Participant shall be entitled to receive an amount of

cash equal to the Fair Market Value of a Unit on the applicable vesting date, or with respect to a Phantom Unit that becomes vested as a result of Participant's termination of service following the "Definitive Agreement Execution Date" as defined in Paragraph 6, the Fair Market Value of a Unit on the applicable payment date described in Paragraph 6. Except as provided otherwise in Paragraph 6 of this Phantom Units Agreement, such payment shall be made as soon as practicable, but in no event later than the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) month following the date on which vesting occurs as provided for in this Phantom Units Agreement and the restrictions lapse.

3. Paragraph 6 of the Agreement hereby is amended by restatement in its entirety to read as follows:

Except as provided otherwise in this Paragraph 6, if Participant's service with Company and its Affiliates shall be terminated for any reason, any unvested Phantom Units outstanding at the time of such termination and all rights thereunder shall be forfeited without payment under Paragraph 3 or 5 and no further vesting shall occur; provided however, that any Phantom Units not then vested shall vest upon the death or Disability of Participant. For purposes of this Phantom Units Agreement, the term "Disability" as it relates to Participant shall mean that Participant is "disabled" as described in accordance with Treasury Regulation Section 1.409A-3(i)(4) and Section 409A(a)(2)(C) of the Code.

In the event of a Change in Control, any Phantom Units not then vested shall vest upon the resignation or removal of Participant from service with Company and its Affiliates for any reason within one (1) year from the effective date of such Change in Control and be paid pursuant to Paragraph 3 of this Phantom Units Agreement as a result of such vesting event. As provided for in the Plan, with respect to any amounts payable to Participant under this Phantom Units Agreement that would be considered "non-qualified deferred compensation" under Section 409A of the Code, the term "Change in Control" shall mean a change in the ownership or effective control of the Partnership or the Company, or in the ownership of a substantial portion of the assets of the Partnership or the Company, determined in each case under Section 409A of the Code and applicable Treasury Regulations.

In the event the Partnership enters into a definitive agreement related to the initial equity financing of the Sabine Pass Liquefaction project during the term of this Phantom Units Agreement, any Phantom Units not then vested shall vest upon the resignation or removal of Participant from service with Company and its Affiliates following the execution date of such definitive agreement (the "Definitive Agreement Execution Date") and Participant shall receive a payment or payments with respect to the Phantom Units that become vested as a result of such termination of service as provided below. Notwithstanding the general payment timing provisions described in Paragraph 3 of this Phantom Units Agreement, if Participant's Phantom Units become vested pursuant to this paragraph as a result of Participant's termination of service following the Definitive Agreement Execution Date, Participant shall be paid an amount determined pursuant to Paragraph 3 of this Phantom Units Agreement at the same time and in the same percentages described in Paragraph 3 of this Phantom Units Agreement as Participant would have been paid on each of the remaining Time-Based Vesting Dates had



Participant remained in the service of Company and its Affiliates, or on the earlier death or Disability of Participant.

5. The Agreement hereby is amended to add a new Paragraph 14 to the Agreement to read as follows:

**14. Section 409A of the Code.** This Phantom Units Agreement is intended to be written, administered, interpreted and construed in a manner such that no payment or benefits provided under the Phantom Units Agreement become subject to (a) the gross income inclusion set forth within Section 409A(a)(1)(A) of the Code or (b) the interest and additional tax set forth within Section 409A(a)(1)(B) of the Code (collectively, "Section 409A Penalties"), including, where appropriate, the construction of defined terms to have meanings that would not cause the imposition of Section 409A Penalties. Notwithstanding anything to the contrary in this Phantom Units Agreement, with respect to any amounts payable to Participant under this Phantom Units Agreement in connection with a termination of Participant's service with Company that would be considered "non-qualified deferred compensation" under Section 409A of the Code, in no event shall a termination of service be considered to have occurred under this Phantom Units Agreement unless such termination constitutes the Participant's "separation from service" with Company as such term is defined in Treasury Regulation Section 1.409A-1(h), and any successor provision thereto. Notwithstanding anything to the contrary contained in this Phantom Units Agreement, with respect to any amounts payable to Participant under this Phantom Units Agreement during a specified period of time following the occurrence of a payment event, the actual date of payment during such specified period will be determined by Company, in its sole and absolute discretion.

IN WITNESS WHEREOF, Company has caused the Amendment to be executed by its duly authorized officers as of the day and year first written above.

CHENIERE ENERGY PARTNERS GP, LLC

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

ACKNOWLEDGED AND ACCEPTED

By: \_\_\_\_\_  
Participant

## PHANTOM UNITS AGREEMENT

*Pursuant to the terms of the  
Cheniere Energy Partners, L.P. Long-Term Incentive Plan*

**1. Grant of Phantom Units.** Subject to and in accordance with the terms and conditions of this document, Cheniere Energy Partners GP, LLC, a Delaware limited liability company (“Company”), hereby awards to \_\_\_\_\_ (“Participant”) [\_\_\_\_\_] phantom units, which are notional units of common units (“Units”) of Cheniere Energy Partners, L.P. (the “Partnership”) (the “Phantom Units”). This Phantom Units Agreement (“Phantom Units Agreement”) is dated as of [\_\_\_\_\_] . The Phantom Units are awarded pursuant to and to implement in part the Cheniere Energy Partners, L.P. Long-Term Incentive Plan (as amended and in effect from time to time, the “Plan”) and are subject to the terms and conditions of the Plan, which are hereby incorporated herein and is made a part hereof, and this Phantom Units Agreement. By execution of this Phantom Units Agreement, Participant agrees to be bound by all of the terms, provisions, conditions and limitations of the Plan as implemented by the Phantom Units Agreement, together with all rules and determinations from time to time issued by the Committee pursuant to the Plan. All capitalized terms have the meanings set forth in the Plan unless otherwise specifically provided. All references to specified paragraphs pertain to paragraphs of this Phantom Units Agreement unless otherwise provided.

**2. Timing of Payment of Phantom Units.** Participant shall be entitled to receive the following installment payments in the amount described in Paragraph 3 with respect to the Phantom Units: (i) 25% of the Phantom Units shall become payable on the first anniversary of the date hereof, an additional 25% of the Phantom Units shall become payable on the second anniversary of the date hereof, an additional 25% of the Phantom Units shall become payable on the third anniversary of the date hereof and the remainder of the Phantom Units shall become payable on the fourth anniversary of the date hereof. Notwithstanding the preceding provisions of this Paragraph 2, in the event of Participant's Disability, death or separation from service with Company and its Affiliates for any reason prior to the completion of all of specified payment dates described above, Participant (or Participant's estate or guardian, as applicable) shall receive a lump sum payment pursuant to Paragraph 3 with respect to the then unpaid portion of the Phantom Units. For purposes of this Phantom Units Agreement, the term “Disability” as it relates to Participant shall mean that Participant is “disabled” as described in accordance with Treasury Regulation Section 1.409A-3(i)(4) and Section 409A(a)(2)(C) of the Code.

**3. Determination of Payment Amounts.** Participant shall be entitled to receive an amount of cash equal to the Fair Market Value of a Unit determined as of the date a Phantom Unit becomes payable. Such payment shall occur as soon as practicable, but in no event later than the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) month following the scheduled payment date (or the Disability, death or separation from service payment event, if applicable), with the actual date of payment determined by the Company in its sole and absolute discretion. Participant's right to any amounts described in Paragraphs 2 and 3 shall not rise above those of a general creditor of Company.

**4. Transferability.** Phantom Units shall not be transferable (by operation of law or otherwise) by Participant or any other person claiming through or under Participant, other than

---

by Participant's will or the laws of descent or distribution. Any attempt to sell, assign, transfer, pledge, exchange, hypothecate, or otherwise dispose of any Phantom Units shall be void and unenforceable.

**5. Ownership Rights and Distribution Equivalent Rights.** A Phantom Unit is a notional Unit of Company and, as a result, does not provide or give rise to any right to a Unit or to receive the Fair Market Value of a Unit except as specifically provided in the Plan and this Phantom Units Agreement. During the term of this Phantom Units Agreement, any distribution in the form of cash paid or delivered by the Partnership on a Unit shall not entitle Participant to an equal amount of cash with respect to each Phantom Unit.

**6. Adjustment of Units.** In the event of any distribution (whether in the form of cash, Common Units, other securities, or other property), recapitalization, split, reverse split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Units or other securities of Partnership, issuance of warrants or other rights to purchase Units or other securities of Partnership, or other similar transaction or event affects the Units, then the Committee shall, in such manner as it may deem equitable, make adjustments to the terms and provisions of this Phantom Units Agreement pursuant to Section 4(c) of the Plan in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

**7. Certain Restrictions.** By executing this Phantom Units Agreement, Participant agrees that Participant will enter into such written representations, warranties and agreements as Company may reasonably request in order to comply with the Securities Act of 1933 or any other securities law or with this Phantom Units Agreement. Participant agrees that Company shall not be obligated to take any affirmative action in order to cause the Phantom Units subject to this Phantom Units Agreement to comply with any law, rule or regulation.

**8. Amendment and Termination.** This Phantom Units Agreement may not be terminated by the Committee at any time without the written consent of Participant. This Phantom Units Agreement may be amended in writing by Company and Participant, provided Company may amend this Phantom Units Agreement unilaterally (i) if the amendment does not adversely affect Participant's rights hereunder in any material respect, (ii) if Company determines that an amendment is necessary to comply with Rule 16b-3 under the Exchange Act or other applicable law, or (iii) if Company determines that an amendment is necessary to meet the requirements of the Code or to prevent adverse tax consequences to Participant. No amendment or termination of the Plan will adversely affect the rights and privileges of Participant under this Phantom Units Agreement or to the Phantom Units granted hereunder without the written consent of Participant.

**9. No Guarantee of Service.** Neither this Phantom Units Agreement nor the award of Phantom Units hereunder shall confer upon Participant any right with respect to continuance of employment or other service with Company or any Affiliate, nor shall it interfere in any way with any right Company or any Affiliate would otherwise have to terminate such Participant's employment or other service at any time.

---

**10. Community Interest of Spouse.** The community interest, if any, of any spouse of Participant in any Phantom Units shall be subject to all of the terms, conditions and restrictions of this Phantom Units Agreement and the Plan.

**11. Severability.** In the event that any provision of this Phantom Units Agreement shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of this Phantom Units Agreement, and this Phantom Units Agreement shall be construed and enforced as of the illegal, invalid, or unenforceable provision had never been included herein.

**12. Governing Law.** This Phantom Units Agreement shall be construed in accordance with the laws of the State of Delaware to the extent federal law does not supersede and preempt Delaware law.

**13. Section 409A of the Code.** This Phantom Units Agreement is intended to be written, administered, interpreted and construed in a manner such that no payment or benefits provided under the Phantom Units Agreement become subject to (a) the gross income inclusion set forth within Section 409A(a)(1)(A) of the Code or (b) the interest and additional tax set forth within Section 409A(a)(1)(B) of the Code (collectively, "Section 409A Penalties"), including, where appropriate, the construction of defined terms to have meanings that would not cause the imposition of Section 409A Penalties. Notwithstanding anything to the contrary in this Phantom Units Agreement, with respect to any amounts payable to Participant under this Phantom Units Agreement in connection with a termination of Participant's service with Company that would be considered "non-qualified deferred compensation" under Section 409A of the Code, in no event shall a termination of service be considered to have occurred under this Phantom Units Agreement unless such termination constitutes the Participant's "separation from service" with Company as such term is defined in Treasury Regulation Section 1.409A-1(h), and any successor provision thereto. The payments to Participant shall be made within the period described in Paragraph 3 following the specified payment dates, or if applicable, the earlier payment event. For purposes of Section 409A of the Code, each payment that Participant may be eligible to receive under this Phantom Units Agreement shall be treated as a separate and distinct payment and shall not collectively be treated as a single payment. Notwithstanding anything to the contrary contained in this Phantom Units Agreement, with respect to any amounts payable to Participant under this Phantom Units Agreement during a specified period of time following the occurrence of a scheduled payment date or event, the actual date of payment during such specified period will be determined by Company, in its sole and absolute discretion.

*[Remainder of page intentionally left blank]*

---

**COMPANY:**

**CHENIERE ENERGY PARTNERS GP, LLC**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: Sr. Vice President & Chief Financial Officer

**PARTICIPANT:**

By: \_\_\_\_\_

(Signature)

## PHANTOM UNITS AGREEMENT

*Pursuant to the terms of the  
Cheniere Energy Partners, L.P. Long-Term Incentive Plan*

**1. Grant of Phantom Units.** Subject to and in accordance with the terms and conditions of this document, Cheniere Energy Partners GP, LLC, a Delaware limited liability company (“Company”), hereby awards to \_\_\_\_\_ (“Participant”) [\_\_\_\_\_] phantom units, which are notional units of common units (“Units”) of Cheniere Energy Partners, L.P. (the “Partnership”) (the “Phantom Units”). This Phantom Units Agreement (“Phantom Units Agreement”) is dated as of [\_\_\_\_\_] . The Phantom Units are awarded pursuant to and to implement in part the Cheniere Energy Partners, L.P. Long-Term Incentive Plan (as amended and in effect from time to time, the “Plan”) and are subject to the restrictions, forfeiture provisions and other terms and conditions of the Plan, which is hereby incorporated herein and is made a part hereof, and this Phantom Units Agreement. By execution of this Phantom Units Agreement, Participant agrees to be bound by all of the terms, provisions, conditions and limitations of the Plan as implemented by the Phantom Units Agreement, together with all rules and determinations from time to time issued by the Committee pursuant to the Plan. All capitalized terms have the meanings set forth in the Plan unless otherwise specifically provided. All references to specified paragraphs pertain to paragraphs of this Phantom Units Agreement unless otherwise provided.

**2. Risk of Forfeiture.** Participant shall immediately forfeit all rights to any Phantom Units which have not vested and with respect to which the restrictions thereon have not lapsed in the event of the termination, resignation, or removal of Participant from employment with Company and its Affiliates under circumstances that do not cause Participant to become fully vested, and the restrictions on such Phantom Units to lapse, under the terms of the Plan and this Phantom Units Agreement.

**3. Restricted Period; Vesting.** Subject to the provisions of this Phantom Units Agreement including, without limitation, the following provisions of this Paragraph 3, Participant shall vest in his or her rights to the Phantom Units and the restrictions imposed thereon shall lapse with respect to 25% of the Phantom Units on the first anniversary of the date hereof, and shall vest at 25% on the second anniversary of the date hereof with another 25% on the third anniversary of the date hereof and with the remainder of the Phantom Units vesting on the fourth anniversary of the date hereof (each such date, a “Time-Based Vesting Date”).

The period from the date hereof until the Phantom Units have become one hundred percent (100%) vested and the restrictions thereon have lapsed shall be referred to as the “Restricted Period.” Certain “vesting dates” described in Paragraph 6 relating to events following a Change in Control or the “Definitive Agreement Execution Date” (as defined in Paragraph 6 below) may not be the actual dates on which Participant's Phantom Units become nonforfeitable for federal tax purposes, but are treated as payment dates under this Phantom Units Agreement.

To the extent a Phantom Unit shall become fully vested and the restrictions imposed thereon shall have lapsed pursuant to this Paragraph 3 or earlier pursuant to Paragraph 6 of this

---

Phantom Units Agreement, Participant shall be entitled to receive an amount of cash equal to the Fair Market Value of a Unit on the applicable vesting date. Such payment shall be made as soon as practicable, but in no event later than the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) month following the date on which vesting occurs as provided for in this Phantom Units Agreement and the restrictions lapse. Should Participant die before receiving all amounts payable under this Paragraph 3, the balance due shall be paid to his estate. Participant's right to any amounts described in this Paragraph 3 shall not rise above those of a general creditor of Company.

**4. Transferability.** Phantom Units shall not be transferable (by operation of law or otherwise) by Participant or any other person claiming through or under Participant, other than by Participant's will or the laws of descent or distribution. Any attempt to sell, assign, transfer, pledge, exchange, hypothecate, or otherwise dispose of any Phantom Units shall be void and unenforceable.

**5. Ownership Rights and Distribution Equivalent Rights.** A Phantom Unit is a notional Unit of Company and, as a result, does not provide or give rise to any right to a Unit or to receive the Fair Market Value of a Unit except as specifically provided in the Plan and this Phantom Units Agreement. During the Restricted Period, any distribution in the form of cash paid or delivered by the Partnership on a Unit shall not entitle Participant to an equal amount of cash with respect to each Phantom Unit.

**6. Termination of Employment; Change in Control.** Except as provided otherwise in this Paragraph 6, if Participant's service with Company and its Affiliates shall be terminated for any reason, any unvested Phantom Units outstanding at the time of such termination and all rights thereunder shall be forfeited without payment under Paragraph 3 or 5 and no further vesting shall occur; provided however, that any Phantom Units not then vested shall vest upon the death or Disability of Participant. For purposes of this Phantom Units Agreement, the term "Disability" as it relates to Participant shall mean that Participant is "disabled" as described in accordance with Treasury Regulation Section 1.409A-3(i)(4) and Section 409A(a)(2)(C) of the Code.

In the event of a Change in Control, any Phantom Units not then vested shall vest upon the resignation or removal of Participant from service with Company and its Affiliates for any reason within one (1) year from the effective date of such Change in Control and be paid pursuant to Paragraph 3 of this Phantom Units Agreement as a result of such termination of service vesting event. As provided for in the Plan, with respect to any amounts payable to Participant under this Phantom Units Agreement that would be considered "non-qualified deferred compensation" under Section 409A of the Code, the term "Change in Control" shall mean a change in the ownership or effective control of the Partnership or the Company, or in the ownership of a substantial portion of the assets of the Partnership or the Company, determined in each case under Section 409A of the Code and applicable Treasury Regulations.

In the event the Partnership enters into a definitive agreement related to the initial equity financing of the Sabine Pass Liquefaction project during the term of this Phantom Units Agreement, any Phantom Units not then vested shall vest upon the resignation or removal of Participant from service with Company and its Affiliates following the execution date of such definitive agreement (the "Definitive Agreement Execution Date") and be paid pursuant to

---

Paragraph 3 of this Phantom Units Agreement as a result of such termination of service vesting event.

**7. Adjustment of Units.** In the event of any distribution (whether in the form of cash, Common Units, other securities, or other property), recapitalization, split, reverse split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Units or other securities of Partnership, issuance of warrants or other rights to purchase Units or other securities of Partnership, or other similar transaction or event affects the Units, then the Committee shall, in such manner as it may deem equitable, make adjustments to the terms and provisions of this Phantom Units Agreement pursuant to Section 4(c) of the Plan in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

**8. Certain Restrictions.** By executing this Phantom Units Agreement, Participant agrees that Participant will enter into such written representations, warranties and agreements as Company may reasonably request in order to comply with the Securities Act of 1933 or any other securities law or with this Phantom Units Agreement. Participant agrees that Company shall not be obligated to take any affirmative action in order to cause the Phantom Units subject to this Phantom Units Agreement to comply with any law, rule or regulation.

**9. Amendment and Termination.** This Phantom Units Agreement may not be terminated by the Committee at any time without the written consent of Participant. This Phantom Units Agreement may be amended in writing by Company and Participant, provided Company may amend this Phantom Units Agreement unilaterally (i) if the amendment does not adversely affect Participant's rights hereunder in any material respect, (ii) if Company determines that an amendment is necessary to comply with Rule 16b-3 under the Exchange Act or other applicable law, or (iii) if Company determines that an amendment is necessary to meet the requirements of the Code or to prevent adverse tax consequences to Participant. No amendment or termination of the Plan will adversely affect the rights and privileges of Participant under this Phantom Units Agreement or to the Phantom Units granted hereunder without the written consent of Participant.

**10. No Guarantee of Service.** Neither this Phantom Units Agreement nor the award of Phantom Units hereunder shall confer upon Participant any right with respect to continuance of employment or other service with Company or any Affiliate, nor shall it interfere in any way with any right Company or any Affiliate would otherwise have to terminate such Participant's employment or other service at any time.

**11. Community Interest of Spouse.** The community interest, if any, of any spouse of Participant in any Phantom Units shall be subject to all of the terms, conditions and restrictions of this Phantom Units Agreement and the Plan.

**12. Severability.** In the event that any provision of this Phantom Units Agreement shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of this Phantom Units Agreement, and this Phantom Units Agreement shall be construed and enforced as of the illegal, invalid, or unenforceable provision had never been included herein.

---



**13. Governing Law.** This Phantom Units Agreement shall be construed in accordance with the laws of the State of Delaware to the extent federal law does not supersede and preempt Delaware law.

**14. Section 409A of the Code.** This Phantom Units Agreement is intended to be written, administered, interpreted and construed in a manner such that no payment or benefits provided under the Phantom Units Agreement become subject to (a) the gross income inclusion set forth within Section 409A(a)(1)(A) of the Code or (b) the interest and additional tax set forth within Section 409A(a)(1)(B) of the Code (collectively, "Section 409A Penalties"), including, where appropriate, the construction of defined terms to have meanings that would not cause the imposition of Section 409A Penalties. Notwithstanding anything to the contrary in this Phantom Units Agreement, with respect to any amounts payable to Participant under this Phantom Units Agreement in connection with a termination of Participant's service with Company that would be considered "non-qualified deferred compensation" under Section 409A of the Code, in no event shall a termination of service be considered to have occurred under this Phantom Units Agreement unless such termination constitutes the Participant's "separation from service" with Company as such term is defined in Treasury Regulation Section 1.409A-1(h), and any successor provision thereto. The payments to Participant shall be made within the period described in Paragraph 3 following a Time-Based Vesting Date, as specified payment dates, or if earlier, the death or Disability of Participant or, subject to the conditions of Paragraph 6, Participant's separation from service following a Change in Control or the Definitive Agreement Execution Date. Notwithstanding anything to the contrary contained in this Phantom Units Agreement, with respect to any amounts payable to Participant under this Phantom Units Agreement during a specified period of time following the occurrence of a payment event, the actual date of payment during such specified period will be determined by Company, in its sole and absolute discretion.

**COMPANY:**

**CHENIERE ENERGY PARTNERS GP, LLC**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: Sr. Vice President & Chief Financial Officer

**PARTICIPANT:**

By: \_\_\_\_\_

(Signature)

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 Partners, L.P.;
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 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.

/s/ Charif Souki

---

Charif Souki  
Chief Executive Officer of Cheniere Energy Partners GP, LLC,  
general partner of Cheniere Energy Partners, L.P.

Date: November 2, 2012

CERTIFICATION BY CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT

I, Meg A. Gentle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cheniere Energy Partners, L.P.;
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 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.

/s/ Meg A. Gentle

---

Meg A. Gentle  
Senior Vice President and Chief Financial Officer of Cheniere Energy Partners GP, LLC,  
general partner of Cheniere Energy Partners, L.P.

Date: November 2, 2012

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 Partners, L.P. (the "Partnership") on Form 10-Q for the period ending September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charif Souki, Chief Executive Officer of Cheniere Energy Partners GP, LLC, the general partner of the Partnership, 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 results of operations of the Partnership.

/s/ Charif Souki

---

Charif Souki  
Chief Executive Officer of Cheniere Energy Partners GP, LLC,  
general partner of Cheniere Energy Partners, L.P.

Date: November 2, 2012

CERTIFICATION BY CHIEF FINANCIAL 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 Partners, L.P. (the "Partnership") on Form 10-Q for the period ending September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Meg A. Gentle, Chief Financial Officer of Cheniere Energy Partners GP, LLC, the general partner of the Partnership, 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 results of operations of the Partnership.

/s/ Meg A. Gentle

---

Meg A. Gentle  
Senior Vice President and Chief Financial Officer of Cheniere Energy Partners GP, LLC,  
general partner of Cheniere Energy Partners, L.P.

Date: November 2, 2012