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

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**FORM 10-Q**

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

For the quarterly period ended June 30, 2013

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)

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**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)

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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"/>	T
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 July 20, 2013, the issuer had 57,078,848 common units, 145,333,334 Class B units and 135,383,831 subordinated units outstanding.

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**CHENIERE ENERGY PARTNERS, L.P.**  
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PART I. FINANCIAL INFORMATION  
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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

	June 30, 2013 (unaudited)	December 31, 2012 (1)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 355,304	\$ 419,292
Restricted cash and cash equivalents	533,057	92,519
Accounts and interest receivable	23,923	44
Accounts receivable—affiliate	3,473	2,152
Advances to affiliate	8,483	4,987
LNG inventory	11,146	2,625
LNG inventory—affiliate	584	4,420
Prepaid expenses and other	9,730	7,084
Total current assets	945,700	533,123
Non-current restricted cash and cash equivalents	1,777,749	272,425
Property, plant and equipment, net	4,831,351	3,219,592
Debt issuance costs, net	351,830	220,949
Non-current derivative assets	81,762	—
Other	23,206	19,698
Total assets	\$ 8,011,598	\$ 4,265,787
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities		
Accounts payable	\$ 19,882	\$ 73,760
Accounts payable—affiliate	—	1,122
Accrued liabilities	457,691	47,848
Accrued liabilities—affiliate	44,744	5,744
Deferred revenue	26,585	26,540
Deferred revenue—affiliate	696	696
Other	3,653	126
Total current liabilities	553,251	155,836
Long-term debt, net of discount	5,572,008	2,167,113
Deferred revenue	19,500	21,500
Deferred revenue—affiliate	17,173	14,720
Long-term derivative liability	—	26,424
Other non-current liabilities	1,212	216
Commitments and contingencies		
Partners' equity		
Creole Trail Pipeline Business equity	—	517,170
Common unitholders' interest (57.1 million units and 39.5 million units issued and outstanding at June 30, 2013 and December 31, 2012, respectively)	806,193	448,412
Class B unitholders' interest (145.3 million units and 133.3 million units issued and outstanding at June 30, 2013 and December 31, 2012, respectively)	(38,216)	(37,342)
Subordinated unitholder's interest (135.4 million units issued and outstanding at June 30, 2013 and December 31, 2012)	1,042,320	949,482
General partner's interest (2% interest with 6.9 million units and 6.3 million units issued and outstanding at June 30, 2013 and December 31, 2012, respectively)	38,157	29,496
Accumulated other comprehensive loss	—	(27,240)
Total partners' equity	1,848,454	1,879,978
Total liabilities and partners' equity	\$ 8,011,598	\$ 4,265,787

(1) Retrospectively adjusted as discussed in Note 2.

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		Six Months Ended	
	June 30,		June 30,	
	2013	2012 <sup>(1)</sup>	2013	2012 <sup>(1)</sup>
<b>Revenues</b>				
Revenues	\$ 66,842	\$ 60,767	\$ 132,406	\$ 127,731
Revenues—affiliate	795	656	1,341	3,044
Total revenues	67,637	61,423	133,747	130,775
<b>Expenses</b>				
Operating and maintenance expense	20,902	7,466	29,198	13,668
Operating and maintenance expense—affiliate	10,307	3,247	17,220	6,776
Depreciation expense	14,355	14,336	28,658	28,645
Development expense	3,318	14,472	6,803	31,141
Development expense—affiliate	611	1,031	1,062	2,262
General and administrative expense	2,028	2,193	5,803	4,497
General and administrative expense—affiliate	36,543	5,928	59,759	11,875
Total expenses	88,064	48,673	148,503	98,864
Income (loss) from operations	(20,427)	12,750	(14,756)	31,911
<b>Other income (expense)</b>				
Interest expense, net	(42,016)	(43,458)	(82,278)	(86,916)
Loss on early extinguishment of debt	(80,510)	—	(80,510)	—
Derivative gain (loss), net	95,509	261	78,041	(575)
Other	434	61	760	132
Total other expense	(26,583)	(43,136)	(83,987)	(87,359)
Net loss	\$ (47,010)	\$ (30,386)	\$ (98,743)	\$ (55,448)
Net loss attributable to the Creole Trail Pipeline Business	\$ (9,148)	\$ (5,525)	\$ (18,394)	\$ (11,255)
Net loss attributable to partners	(37,862)	(24,861)	(80,349)	(44,193)
Net loss	\$ (47,010)	\$ (30,386)	\$ (98,743)	\$ (55,448)
Basic and diluted net income per common unit	\$ 0.11	\$ 0.17	\$ 0.21	\$ 0.40
Weighted average number of common units outstanding used for basic and diluted net income per common unit calculation	57,079	31,328	51,345	31,173

(1) Retrospectively adjusted as discussed in Note 2.

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		Six Months Ended	
	June 30,		June 30,	
	2013	2012 <sup>(1)</sup>	2013	2012 <sup>(1)</sup>
Net loss	\$ (47,010)	\$ (30,386)	\$ (98,743)	\$ (55,448)
Other comprehensive income				
Interest rate cash flow hedges				
Loss on settlements retained in other comprehensive income	—	—	(30)	—
Change in fair value of interest rate cash flow hedges	—	—	21,297	—
Losses reclassified into earnings as a result of discontinuance of cash flow hedge accounting	5,973	—	5,973	—
Total other comprehensive income	5,973	—	27,240	—
Comprehensive loss	\$ (41,037)	\$ (30,386)	\$ (71,503)	\$ (55,448)

(1) Retrospectively adjusted as discussed in Note 2.

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' EQUITY  
(in thousands)  
(unaudited)

	Common Unitholders' Interest		Class B Unitholders' Interest		Subordinated Unitholder's Interest		General Partner's Interest		Accumulated Other Comprehensive Loss	Creole Trail Pipeline Business Equity	Total Partners' Equity
	Units	Amount	Units	Amount	Units	Amount	Units	Amount			
Balance at December 31, 2012 <sup>(1)</sup>	39,488	\$ 448,412	133,333	\$ (37,342)	135,384	\$ 949,482	6,290	\$ 29,496	\$ (27,240)	\$ 517,170	\$ 1,879,978
Net loss	—	(21,344)	—	—	—	(56,277)	—	(2,728)	—	(18,394)	(98,743)
Contributions to Creole Trail Pipeline Business from Cheniere, net	—	—	—	—	—	—	—	—	—	20,705	20,705
Acquisition of Creole Trail Pipeline Business	—	—	—	—	—	—	—	—	—	(519,481)	(519,481)
Excess of acquired assets over the purchase price	—	1,988	—	—	—	22,498	—	1,105	—	—	25,591
Issuance of Class B units associated with acquisition of Creole Trail Pipeline Business	—	—	12,000	179,126	—	—	—	—	—	—	179,126
Sale of common and general partner units	17,590	364,795	—	—	—	—	604	11,122	—	—	375,917
Distributions	—	(41,041)	—	—	—	—	—	(838)	—	—	(41,879)
Interest rate cash flow hedges	—	—	—	—	—	—	—	—	27,240	—	27,240
Beneficial conversion feature of Class B units	—	53,383	—	(180,000)	—	126,617	—	—	—	—	—
Balance at June 30, 2013	<u>57,078</u>	<u>\$ 806,193</u>	<u>145,333</u>	<u>\$ (38,216)</u>	<u>135,384</u>	<u>\$ 1,042,320</u>	<u>6,894</u>	<u>\$ 38,157</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,848,454</u>

(1) Retrospectively adjusted as discussed in Note 2.

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)

	Six Months Ended	
	June 30,	
	2013	2012 <sup>(1)</sup>
Cash flows from operating activities		
Net loss	\$ (98,743)	\$ (55,448)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	28,658	28,645
Use of restricted cash and cash equivalents	35,070	—
Amortization of debt discount	2,799	2,347
Amortization of debt issuance costs	2,120	2,185
Non-cash derivative (gain) loss, net	(77,989)	821
Loss on early extinguishment of debt	80,510	—
Changes in operating assets and liabilities:		
Accounts and interest receivable	(23,879)	499
Accounts receivable—affiliate	(1,409)	(629)
Accounts payable and accrued liabilities	2,523	7,679
Accounts payable and accrued liabilities—affiliate	31,197	3,668
Deferred revenue	(1,955)	(3,481)
Advances to affiliate	(3,027)	(1,508)
LNG inventory—affiliate	3,837	3,399
Other	(4,397)	(5,691)
Net cash used in operating activities	(24,685)	(17,514)
Cash flows from investing activities		
Use of restricted cash and cash equivalents	1,266,347	—
LNG terminal costs, net	(1,271,830)	(39,161)
Purchase of Creole Trail Pipeline Business, net	(313,892)	—
Other	(2,990)	(4,714)
Net cash used in investing activities	(322,365)	(43,875)
Cash flows from financing activities		
Proceeds from Sabine Pass Liquefaction Senior Notes, net	3,012,500	—
Proceeds from CTPL Credit Facility, net	391,978	—
Proceeds from 2013 Liquefaction Credit Facilities	100,000	—
Proceeds from sale of partnership common and general partner units, net	375,917	12,379
Proceeds from sale of Class B units	—	166,667
Contributions to Creole Trail Pipeline Business from Cheniere, net	20,705	4,449
Investment in restricted cash and cash equivalents	(3,247,277)	—
Debt issuance and deferred financing costs	(228,882)	(5,530)
Repayment of 2012 Liquefaction Credit Facility	(100,000)	—
Distributions to owners	(41,879)	(27,040)
Net cash provided by financing activities	283,062	150,925
Net increase (decrease) in cash and cash equivalents	(63,988)	89,536
Cash and cash equivalents—beginning of period	419,292	81,415
Cash and cash equivalents—end of period	<u>\$ 355,304</u>	<u>\$ 170,951</u>

(1) Retrospectively adjusted as discussed in Note 2.

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—ORGANIZATION AND NATURE OF OPERATIONS**

Cheniere Energy Partners, L.P. ("Cheniere Partners") is a publicly-traded Delaware limited partnership formed on November 21, 2006 by Cheniere Energy, Inc. ("Cheniere"). Unless the context requires otherwise, references to "Cheniere Partners", "we", "us" and "our" refer to Cheniere Partners and its subsidiaries.

We were formed to own and operate the Sabine Pass liquefied natural gas ("LNG") terminal located on the Sabine Pass deep water shipping channel less than four miles from the Gulf Coast. The Sabine Pass LNG terminal has regasification facilities owned by our wholly owned subsidiary, Sabine Pass LNG, L.P. ("Sabine Pass LNG"), that includes existing infrastructure of five LNG storage tanks with capacity of approximately 16.9 Bcf, two docks that can accommodate vessels of up to 265,000 cubic meters and vaporizers with regasification capacity of approximately 4.0 Bcf/d. Approximately one-half of the receiving capacity at the Sabine Pass LNG terminal is contracted to two multinational energy companies.

We are developing natural gas liquefaction facilities (the "Liquefaction Project") at the Sabine Pass LNG terminal adjacent to the existing regasification facilities through a wholly owned subsidiary, Sabine Pass Liquefaction, LLC ("Sabine Pass Liquefaction"). We plan to construct up to six Trains (each in sequence, "Train 1", "Train 2", "Train 3", "Train 4", "Train 5" and "Train 6"), which are in various stages of development. Each Train is expected to have nominal production capacity of approximately 4.5 million tonnes per annum ("mtpa").

In May 2013, we acquired Cheniere's ownership interests in Cheniere Creole Trail Pipeline, L.P. ("CTPL") and Cheniere Pipeline GP Interests, LLC (collectively, "the Creole Trail Pipeline Business"), thereby providing us with ownership of a 94-mile pipeline interconnecting the Sabine Pass LNG terminal with a number of large interstate pipelines (the "Creole Trail Pipeline"). We acquired the Creole Trail Pipeline Business for \$480.0 million and reimbursed Cheniere \$13.9 million for certain expenditures incurred prior to the closing date. Concurrent with the Creole Trail Pipeline Business acquisition closing, we issued 12.0 million Class B units to Cheniere at a price of \$15.00 per Class B unit for aggregate consideration of \$180.0 million pursuant to a unit purchase agreement with Cheniere Class B Units Holdings, LLC, a wholly owned subsidiary of Cheniere. As a result of the two transactions, we paid Cheniere net cash of \$313.9 million. See [Note 2—"Basis of Presentation"](#).

**NOTE 2—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.

These consolidated financial statements include our accounts and the assets, liabilities and operations of the Creole Trail Pipeline Business. The effect on reported equity of including the prior results of the Creole Trail Pipeline Business is reported as Creole Trail Pipeline Business equity in our Consolidated Balance Sheets and Consolidated Statements of Partners' and Owners' Equity. This purchase has been accounted for as a transfer of net assets between entities under common control. We recognize transfers of net assets between entities under common control at Cheniere's historical basis in the net assets sold. In addition, transfers of net assets between entities under common control are accounted for as if the transfer occurred at the beginning of the period, and prior years are retroactively adjusted to furnish comparative information. The difference between the purchase price and Cheniere's basis in the net assets sold, if any, is recognized as an adjustment to partners' equity. Subsequent to the acquisition, we had the ability to control CTPL's operating and financial decisions and policies and have consolidated CTPL in our financial statements.

Our consolidated financial statements and all other financial information included in this report have been retrospectively adjusted to assume that our acquisition of the Creole Trail Pipeline Business from Cheniere had occurred at the date when the Creole Trail Pipeline Business met the accounting requirements for entities under common control (the date of our inception since both we and the Creole Trail Pipeline Business were formed by Cheniere).

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

Results of operations for the three and six months ended June 30, 2013 are not necessarily indicative of the results of operations that will be realized for the year ending December 31, 2013.

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

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, 2012, as amended by Amendment No. 1 on Form 10-K/A.

**NOTE 3—RESTRICTED CASH AND CASH EQUIVALENTS**

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

**Sabine Pass LNG Senior Notes Debt Service Reserve**

Sabine Pass LNG has consummated private offerings of an aggregate principal amount of \$1,665.5 million, before discount, of Senior Secured Notes due 2016 (the "2016 Notes") and \$420.0 million of Senior Secured Notes due 2020 (the "2020 Notes"). See [Note 7—"Long-Term Debt"](#). Collectively, the 2016 Notes and the 2020 Notes are referred to as the "Sabine Pass LNG Senior Notes." Under the indentures governing the Sabine Pass LNG Senior Notes (the "Sabine Pass LNG Indentures"), 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. 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 LNG Indentures.

As of June 30, 2013 and December 31, 2012, we classified \$15.0 million and \$17.4 million, respectively, as current restricted cash and cash equivalents for the payment of interest due within twelve months. As of June 30, 2013 and December 31, 2012, we classified the permanent debt service reserve fund of \$76.1 million as non-current restricted cash and cash equivalents. 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 closed on a \$3.6 billion senior secured credit facility (the "2012 Liquefaction Credit Facility"). In February and April 2013, Sabine Pass Liquefaction entered into \$2.0 billion, before premium, of Senior Secured Notes due in 2021 (the "2021 Sabine Pass Liquefaction Senior Notes") and \$1.0 billion of Senior Secured Notes due in 2023 (the "2023 Sabine Pass Liquefaction Senior Notes" and collectively with the 2021 Sabine Pass Liquefaction Senior Notes, the "Sabine Pass Liquefaction Senior Notes"). In May 2013, Sabine Pass Liquefaction closed four credit facilities aggregating \$5.9 billion (collectively the "2013 Liquefaction Credit Facilities"), which amended and restated the 2012 Liquefaction Credit Facility. See [Note 7—"Long-Term Debt"](#). Under the terms and conditions of the 2012 Liquefaction Credit Facility and the 2013 Liquefaction Credit Facilities, Sabine Pass Liquefaction is required to deposit all cash received into collateral 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 June 30, 2013 and December 31, 2012, we classified \$498.7 million and \$75.1 million, respectively, as current restricted cash and cash equivalents held by Sabine Pass Liquefaction and \$1,591.1 million and \$196.3 million, respectively, as non-current restricted cash and cash equivalents held by Sabine Pass Liquefaction.

**CTPL Reserve**

As of June 30, 2013, we classified \$19.4 million and 110.5 million as current and non-current restricted cash and cash equivalents, respectively, held by CTPL as such funds are to be used to pay for modifications to the Creole Trail Pipeline in order to enable bi-directional natural gas flow and interest during the construction.

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

**NOTE 4—PROPERTY, PLANT AND EQUIPMENT**

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

	<u>June 30,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
LNG terminal costs		
LNG terminal	\$ 2,224,392	\$ 2,224,230
LNG terminal construction-in-process	2,868,812	1,228,647
LNG site and related costs, net	152	156
Accumulated depreciation	(262,925)	(234,349)
Total LNG terminal costs, net	<u>4,830,431</u>	<u>3,218,684</u>
Fixed assets		
Computer and office equipment	424	368
Vehicles	884	704
Machinery and equipment	1,471	1,473
Other	750	760
Accumulated depreciation	(2,609)	(2,397)
Total fixed assets, net	<u>920</u>	<u>908</u>
Property, plant and equipment, net	<u>\$ 4,831,351</u>	<u>\$ 3,219,592</u>

Depreciation expense related to the Sabine Pass LNG terminal totaled \$14.2 million for each of the three months ended June 30, 2013 and 2012. Depreciation expense related to the Sabine Pass LNG terminal totaled \$28.4 million for each of the six months ended June 30, 2013 and 2012.

In June 2012, we satisfied the criteria for capitalizing costs associated with Trains 1 and 2 of the Liquefaction Project, and in May 2013, we satisfied the criteria for capitalizing costs associated with Trains 3 and 4 of the Liquefaction Project. For the three and six months ended June 30, 2013, we capitalized \$59.4 million and \$94.7 million of interest expense related to the construction of the Liquefaction Project, respectively.

**NOTE 5—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 interest rate swaps to hedge the exposure to volatility in a portion of the floating-rate interest payments under the 2013 Liquefaction Credit Facilities ("Interest Rate Derivatives").

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

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 June 30, 2013 and December 31, 2012, 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							
	June 30, 2013				December 31, 2012			
	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	\$ —	\$ 764	\$ —	\$ 764	\$ —	\$ 232	\$ —	\$ 232
Fuel Derivatives (liability)	—	(200)	—	(200)	—	(98)	—	(98)
Interest Rate Derivatives asset (liability)	—	78,207	—	78,207	—	(26,424)	—	(26,424)

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 based on 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. Derivative assets and liabilities arising from our derivative contracts with the same counterparty are reported on a net basis, as all counterparty derivative contracts provide for net settlement.

*Commodity Derivatives*

We recognize all derivative instruments that qualify for derivative accounting treatment as either assets or liabilities and measure those instruments at fair value unless they qualify for, and we elect, the normal purchase normal sale exemption. For transactions in which we have elected the normal purchase normal sale exemption, gains and losses are not reflected on our Consolidated Statements of Operations until the period of delivery. For those instruments accounted for as derivatives, including our LNG Inventory Derivatives and certain of our Fuel Derivatives, changes in fair value are reported in earnings.

The use of derivative instruments exposes us to counterparty credit risk, or the risk that a counterparty will be unable to meet its commitments in instances where our Fuel Derivatives or our LNG Inventory Derivatives are in an asset position. Except for the fuel hedges with our affiliate described below, our commodity derivative transactions are executed through over-the-counter contracts which are subject to nominal credit risk as these transactions are settled on a daily margin basis with investment grade financial institutions. We are required by these financial institutions to use margin deposits as credit support for our commodity derivative activities. Collateral of \$0.2 million and \$0.9 million deposited for such contracts, which has not been reflected in the derivative fair value tables, is included in the other current assets balance as of June 30, 2013, and December 31, 2012, respectively.

During the second quarter of 2013, Sabine Pass LNG began to enter into forward contracts under its master service agreement with Cheniere Marketing, LLC ("Cheniere Marketing"), a wholly owned subsidiary of Cheniere, 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. Sabine Pass LNG elected to account for these physical hedges of future fuel purchases as normal purchase normal sale transactions, exempt from fair value accounting. Sabine Pass LNG had not posted collateral with Cheniere Marketing for such forward contracts as of June 30, 2013.

The following table (in thousands) shows the fair value and location of our LNG Inventory Derivatives and Fuel Derivatives on our Consolidated Balance Sheets:

	Balance Sheet Location	Fair Value Measurements as of	
		June 30, 2013	December 31, 2012
LNG Inventory Derivatives asset	Prepaid expenses and other	\$ 764	\$ 232
Fuel Derivatives (liability)	Other current liabilities	(200)	(98)

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The following table (in thousands) shows the changes in the fair value and settlements of our LNG Inventory Derivatives recorded in marketing and trading revenues (losses) on our Consolidated Statements of Operations during the three and six months ended June 30, 2013 and 2012:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
LNG Inventory Derivatives gain (loss)	\$ 884	\$ (246)	334	\$ 925

The following table (in thousands) shows the changes in the fair value and settlements of our Fuel Derivatives recorded in derivative gain (loss), net on our Consolidated Statements of Operations during the three and six months ended June 30, 2013 and 2012:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Fuel Derivatives gain (loss) (1)	\$ (464)	\$ 261	\$ 52	\$ (575)

- (1) Excludes settlements of hedges of the exposure to price risk attributable to future purchases of natural gas to be utilized as fuel to operate the Sabine Pass LNG terminal for which Sabine Pass LNG has elected the normal purchase normal sale exemption from derivative accounting.

*Interest Rate Derivatives*

In August 2012 and June 2013, Sabine Pass Liquefaction entered into Interest Rate Derivatives to protect against volatility of future cash flows and hedge a portion of the variable interest payments on the 2012 Liquefaction Credit Facility and the 2013 Liquefaction Credit Facilities, respectively. The Interest Rate Derivatives hedge a portion of the expected outstanding borrowings over the term of the 2013 Liquefaction Credit Facilities.

Sabine Pass Liquefaction had elected to designate the Interest Rate Derivatives entered into in August 2012 as hedging instruments which was required in order to qualify for cash flow hedge accounting. As a result of this cash flow hedge designation, we recognized the Interest Rate Derivatives entered into in August 2012 as an asset or liability at fair value, and reflected changes in fair value through other comprehensive income in our Consolidated Statements of Comprehensive Loss. Any hedge ineffectiveness associated with the Interest Rate Derivatives entered into in August 2012 was recorded immediately as derivative gain (loss) in our Consolidated Statements of Operations. The realized gain (loss) on the Interest Rate Derivatives entered into in August 2012 was 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 entered into in August 2012 recorded in other comprehensive income would be reclassified to earnings as interest payments on the 2012 Liquefaction Credit Facility impact 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.

Sabine Pass Liquefaction did not elect to designate the Interest Rate Derivatives entered into in June 2013 as cash flow hedging instruments, and changes in fair value are recorded as derivative gain (loss) within the Consolidated Statements of Operations.

During the first quarter of 2013, we determined that it was no longer probable that the forecasted variable interest payments on the 2012 Liquefaction Credit Facility would occur in the time period originally specified based on the continued development of our financing strategy for the Liquefaction Project, and, in particular, the Sabine Pass Liquefaction Senior Notes described in [Note 8—"Long-Term Debt"](#). As a result, all of the Interest Rate Derivatives entered into in August 2012 were no longer effective hedges, and the remaining portion of hedge relationships that were designated cash flow hedges as of December 31, 2012, were de-designated as of February 1, 2013. For de-designated cash flow hedges, changes in fair value prior to their de-designation date are recorded as other comprehensive income (loss) within the Consolidated Balance Sheets, and changes in fair value subsequent to their de-designation date are recorded as derivative gain (loss) within the Consolidated Statements of Operations.

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In June 2013, we concluded that the hedged forecasted transactions associated with the Interest Rate Derivatives entered into in connection with the 2012 Liquefaction Credit Facility had become probable of not occurring based on the issuances of the Sabine Pass Liquefaction Senior Notes, the closing of the 2013 Liquefaction Credit Facilities, the additional Interest Rate Derivatives executed in June 2013, and our intention to continue to issue fixed rate debt to refinance drawn portions of the 2013 Liquefaction Credit Facilities. As a result, the amount remaining in accumulated other comprehensive income ("AOCI") pertaining to the previously designated Interest Rate Derivatives was reclassified out of AOCI and into income. We have presented the reclassification of unrealized losses from AOCI into income and the changes in fair value and settlements subsequent to the reclassification date separate from interest expense as derivative gain (loss), net in our Consolidated Statements of Operations.

At June 30, 2013, Sabine Pass Liquefaction had the following Interest Rate Derivatives outstanding:

	Initial Notional Amount	Maximum Notional Amount	Effective Date	Maturity Date	Weighted Average Fixed Interest Rate Paid	Variable Interest Rate Received
Interest Rate Derivatives - Not Designated	\$20.0 million	\$ 2.9 billion	August 14, 2012	July 31, 2019	1.98%	One-month LIBOR
Interest Rate Derivatives - Not Designated	—	\$ 671.0 million	June 5, 2013	May 31, 2020	2.05%	One-month LIBOR

The following table (in thousands) shows the fair value of our Interest Rate Derivatives:

	Balance Sheet Location	Fair Value Measurements as of	
		June 30, 2013	December 31, 2012
Interest Rate Derivatives - Not Designated	Non-current derivative assets	\$ 81,762	\$ —
Interest Rate Derivatives - Designated	Non-current derivative liabilities	—	21,290
Interest Rate Derivatives - Not Designated	Other current liabilities	3,555	—
Interest Rate Derivatives - Not Designated	Non-current derivative liabilities	—	5,134

The following table (in thousands) details the effect of our Interest Rate Derivatives included in OCI and AOCI for the three months ended June 30, 2013 and 2012:

	Gain (Loss) in Other Comprehensive Income		Gain (Loss) Reclassified from AOCI into Interest Expense (Effective Portion)		Losses Reclassified into Earnings as a Result of Discontinuance of Cash Flow Hedge Accounting	
	2013	2012	2013	2012	2013	2012
	Interest Rate Derivatives - Designated	\$ —	\$ —	\$ —	\$ —	\$ (5,806)
Interest Rate Derivatives - Settlements	—	—	—	—	(167)	—

The following table (in thousands) details the effect of our Interest Rate Derivatives included in OCI and AOCI for the six months ended June 30, 2013 and 2012:

	Gain (Loss) in Other Comprehensive Income		Gain (Loss) Reclassified from AOCI into Interest Expense (Effective Portion)		Losses Reclassified into Earnings as a Result of Discontinuance of Cash Flow Hedge Accounting	
	2013	2012	2013	2012	2013	2012
	Interest Rate Derivatives - Designated	\$ 21,297	\$ —	\$ —	\$ —	\$ (5,806)
Interest Rate Derivatives - Settlements	(30)	—	—	—	(167)	—

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The following table (in thousands) shows the changes in the fair value of our Interest Rate Derivatives - Not Designated recorded in derivative gain (loss), net on our Consolidated Statements of Operations during the three and six months ended June 30, 2013 and 2012:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Interest Rate Derivatives - Not Designated gain	\$ 101,263	\$ —	\$ 83,279	\$ —

*Balance Sheet Presentation*

Our commodity and interest rate derivatives are presented on a net basis on our Consolidated Balance Sheets as described above. The following table (in thousands) shows the fair value of our derivatives outstanding on a gross and net basis:

Offsetting Derivative Assets (Liabilities)	Gross Amounts Recognized	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet		Net Amount
				Derivative Instrument	Cash Collateral Received (Paid)	
<b>As of June 30, 2013:</b>						
Fuel Derivatives	\$ (200)	\$ (200)	\$ —	\$ —	\$ —	\$ —
LNG Inventory Derivatives	764	556	208	—	—	208
Interest Rate Derivatives - Not Designated	81,762	—	81,762	—	—	81,762
Interest Rate Derivatives - Not Designated	(3,555)	—	(3,555)	—	—	(3,555)
<b>As of December 31, 2012:</b>						
Fuel Derivatives	(98)	(98)	—	—	—	—
LNG Inventory Derivatives	232	—	232	—	—	232
Interest Rate Derivatives - Designated	(21,290)	—	(21,290)	—	—	(21,290)
Interest Rate Derivatives - Not Designated	(5,134)	—	(5,134)	—	—	(5,134)

**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):

	June 30, 2013		December 31, 2012	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
2016 Notes, net of discount (1)	\$ 1,649,460	1,781,417	\$ 1,647,113	\$ 1,824,177
2020 Notes (1)	420,000	427,350	420,000	437,850
2021 Sabine Pass Liquefaction Senior Notes (1)	2,012,118	1,951,755	—	—
2023 Sabine Pass Liquefaction Senior Notes (1)	1,000,000	957,500	—	—
2012 Liquefaction Credit Facility (2)	—	—	100,000	100,000
2013 Liquefaction Credit Facilities (2)	100,000	100,000	—	—
CTPL Credit Facility (3)	390,429	400,000	—	—

(1) The Level 2 estimated fair value was based on quotations obtained from broker-dealers who make markets in these and similar instruments based on the closing trading prices on June 30, 2013 and December 31, 2012, as applicable.

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- (2) The Level 3 estimated fair value was determined to be the carrying amount due to our ability to call this debt at anytime without penalty.
- (3) The Level 3 estimated fair value was determined to be the principal amount due to our ability to call this debt at anytime without penalty.

**NOTE 6—ACCRUED LIABILITIES**

As of June 30, 2013 and December 31, 2012, accrued liabilities (including affiliate) consisted of the following (in thousands):

	June 30, 2013	December 31, 2012
Interest and related debt fees	\$ 73,919	\$ 16,327
Affiliate	44,744	5,744
LNG liquefaction costs	375,090	26,131
LNG terminal costs	1,047	977
Other	7,635	4,413
Total accrued liabilities (including affiliate)	<u>\$ 502,435</u>	<u>\$ 53,592</u>

**NOTE 7—LONG-TERM DEBT**

As of June 30, 2013 and December 31, 2012, our long-term debt consisted of the following (in thousands):

	June 30, 2013	December 31, 2012
Long-term debt		
2016 Notes	\$ 1,665,500	\$ 1,665,500
2020 Notes	420,000	420,000
2021 Sabine Pass Liquefaction Senior Notes	2,000,000	—
2023 Sabine Pass Liquefaction Senior Notes	1,000,000	—
2012 Liquefaction Credit Facility	—	100,000
2013 Liquefaction Credit Facilities	100,000	—
CTPL Credit Facility	400,000	—
Total long-term debt	<u>5,585,500</u>	<u>2,185,500</u>
Long-term debt premium (discount)		
2016 Notes	(16,040)	(18,387)
2021 Sabine Pass Liquefaction Senior Notes	12,118	—
CTPL Credit Facility	(9,570)	—
Total long-term debt, net	<u>\$ 5,572,008</u>	<u>\$ 2,167,113</u>

**Sabine Pass LNG Senior Notes**

As of June 30, 2013 and December 31, 2012, Sabine Pass LNG had an aggregate principal amount of \$1,665.5 million, before discount, of the 2016 Notes and \$420.0 million of the 2020 Notes outstanding. Borrowings under the 2016 Notes and 2020 Notes bear interest at a fixed rate of 7.50% and 6.50%, respectively. The terms of the 2016 Notes and the 2020 Notes are substantially similar. Interest on the 2016 Notes is payable semi-annually in arrears on May 30 and November 30 of each year. Interest on the 2020 Notes is payable semi-annually in arrears on May 1 and November 1 of each year. Subject to permitted liens, the Sabine Pass LNG 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 its 2016 Notes at any time, and from time to time, at the redemption prices specified in the indenture governing the 2016 Notes, plus accrued and unpaid interest, if any, to the date of redemption. Sabine Pass LNG may redeem all or part of its 2020 Notes at any time on or after November 1, 2016, at fixed redemption prices specified in the indenture governing the 2020 Notes, plus accrued and unpaid interest, if any, to the date of redemption. Sabine Pass LNG may also, at its option, redeem all or part of the 2020 Notes at any time prior to November 1, 2016, at a "make-whole" price set



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forth in the indenture governing the 2020 Notes, plus accrued and unpaid interest, if any, to the date of redemption. At any time before November 1, 2015, Sabine Pass LNG may redeem up to 35% of the aggregate principal amount of the 2020 Notes at a redemption price of 106.5% of the principal amount of the 2020 Notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date, in an amount not to exceed the net proceeds of one or more completed equity offerings as long as Sabine Pass LNG redeems the 2020 Notes within 180 days of the closing date for such equity offering and at least 65% of the aggregate principal amount of the 2020 Notes originally issued remains outstanding after the redemption.

Under the Sabine Pass LNG Indentures, 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. 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 LNG Indentures. During the six months ended June 30, 2013 and 2012, Sabine Pass LNG made distributions of \$149.1 million and \$146.7 million, respectively, after satisfying all the applicable conditions in the Sabine Pass LNG Indentures.

In connection with the issuance of the 2020 Notes, Sabine Pass LNG also entered into a registration rights agreement (the "Sabine Pass LNG Registration Rights Agreement"). Under the Sabine Pass LNG Registration Rights Agreement, Sabine Pass LNG has agreed to use commercially reasonable efforts to file with the Securities and Exchange Commission (the "SEC") and cause to become effective a registration statement relating to an offer to exchange the 2020 Notes for a like aggregate principal amount of SEC-registered notes with terms identical in all material respects to the 2020 Notes (other than with respect to restrictions on transfer or to any increase in annual interest rate) within 360 days after the 2020 Notes were issued in October 2012. Under specified circumstances, we may be required to file a shelf registration statement to cover resales of the 2020 Notes. If we fail to satisfy these obligations, we may be required to pay additional interest to holders of the 2020 Notes under certain circumstances.

**Sabine Pass Liquefaction Senior Notes**

In February 2013 and April 2013, Sabine Pass Liquefaction issued an aggregate principal amount of \$2.0 billion, before premium, of the 2021 Sabine Pass Liquefaction Senior Notes. In April 2013, Sabine Pass Liquefaction also issued \$1.0 billion of the 2023 Sabine Pass Liquefaction Senior Notes. Borrowings under the Sabine Pass Liquefaction Senior Notes bear interest at a fixed rate of 5.625%. Interest on the 2021 Sabine Pass Liquefaction Senior Notes is payable semi-annually in arrears on February 1 and August 1 of each year. Interest on the 2023 Sabine Pass Liquefaction Senior Notes is payable semi-annually in arrears on April 15 and October 15 of each year.

The terms of the 2021 Sabine Pass Liquefaction Senior Notes and the 2023 Sabine Pass Liquefaction Senior Notes are governed by a common indenture (the "Indenture"). The Indenture contains customary terms and events of default and certain covenants that, among other things, limit Sabine Pass Liquefaction's ability and the ability of Sabine Pass Liquefaction's restricted subsidiaries to incur additional indebtedness or issue preferred stock, make certain investments or pay dividends or distributions on capital stock or subordinated indebtedness or purchase, redeem or retire capital stock, sell or transfer assets, including capital stock of Sabine Pass Liquefaction's restricted subsidiaries, restrict dividends or other payments by restricted subsidiaries, incur liens, enter into transactions with affiliates, consolidate, merge, sell or lease all or substantially all of Sabine Pass Liquefaction's assets and enter into certain LNG sales contracts. Subject to permitted liens, the Sabine Pass Liquefaction Senior Notes are secured on a pari passu first-priority basis by a security interest in all of the membership interests in Sabine Pass Liquefaction and substantially all of Sabine Pass Liquefaction's assets. Sabine Pass Liquefaction may not make any distributions until, among other requirements, substantial completion of Trains 1 and 2 has occurred, deposits are made into debt service reserve accounts and a debt service coverage ratio for the prior 12-month period and a projected debt service coverage ratio for the upcoming 12-month period of 1.25:1.00 are satisfied.

At any time prior to November 1, 2020, with respect to the 2021 Sabine Pass Liquefaction Senior Notes, or January 15, 2023, with respect to the 2023 Sabine Pass Liquefaction Senior Notes, Sabine Pass Liquefaction may redeem all or a part of the Sabine Pass Liquefaction Senior Notes, at a redemption price equal to the "make-whole" price set forth in the Indenture, plus accrued and unpaid interest, if any, to the date of redemption. Sabine Pass Liquefaction also may at any time on or after November 1, 2020, with respect to the 2021 Sabine Pass Liquefaction Senior Notes, or January 15, 2023, with respect to the 2023 Sabine Pass

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Liquefaction Senior Notes, redeem the Sabine Pass Liquefaction Senior Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Sabine Pass Liquefaction Senior Notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption.

In connection with the issuances of the Sabine Pass Liquefaction Senior Notes, Sabine Pass Liquefaction also entered into registration rights agreements (the "Liquefaction Registration Rights Agreements"). Under the Liquefaction Registration Rights Agreements, Sabine Pass Liquefaction has agreed to use commercially reasonable efforts to file with the SEC and cause to become effective registration statements relating to an offer to exchange the Sabine Pass Liquefaction Senior Notes for a like aggregate principal amount of SEC-registered notes with terms identical in all material respects to the 2021 Sabine Pass Liquefaction Senior Notes and 2023 Sabine Pass Liquefaction Senior Notes (other than with respect to restrictions on transfer or to any increase in annual interest rate) within 360 days after February 1, 2013 and April 16, 2013, respectively. Under specified circumstances, Sabine Pass Liquefaction may be required to file a shelf registration statement to cover resales of the Sabine Pass Liquefaction Senior Notes. If Sabine Pass Liquefaction fails to satisfy these obligations, Sabine Pass Liquefaction may be required to pay additional interest to holders of the Sabine Pass Liquefaction Senior Notes under certain circumstances.

**2013 Liquefaction Credit Facilities**

In May 2013, Sabine Pass Liquefaction closed the 2013 Liquefaction Credit Facilities aggregating \$5.9 billion. The 2013 Liquefaction Credit Facilities are being used to fund a portion of the costs of developing, constructing and placing into operation the first four LNG trains of the Liquefaction Project. The 2013 Liquefaction Credit Facilities will mature on the earlier of May 28, 2020 or the second anniversary of the completion date of the first four LNG Trains of the Liquefaction Project, as defined in the 2013 Liquefaction Credit Facilities. Borrowings under the 2013 Liquefaction Credit Facilities may be refinanced, in whole or in part, at any time without premium or penalty, except for interest rate hedging and interest rate breakage costs. Sabine Pass Liquefaction made a \$100.0 million borrowing under the 2013 Liquefaction Credit Facilities in June 2013 after meeting the required conditions precedent.

Borrowings under the 2013 Liquefaction Credit Facilities bear interest at a variable rate per annum equal to, at Sabine Pass Liquefaction's election, the London Interbank Offered Rate ("LIBOR") or the base rate, plus the applicable margin. The applicable margins for LIBOR loans prior to, and after, the completion of Train 4 range from 2.3% to 3.0% and 2.3% to 3.25%, respectively, depending on the applicable 2013 Liquefaction Credit Facility. Interest on LIBOR loans is due and payable at the end of each LIBOR period. The 2013 Liquefaction Credit Facilities required Sabine Pass Liquefaction to pay certain up-front fees to the agents and lenders in the aggregate amount of approximately \$144.0 million and provide 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 2013 Liquefaction Credit Facilities must be repaid in quarterly installments, commencing upon the earlier of the last day of the first calendar quarter ending at least three months following the completion of Train 4 of the Liquefaction Project and September 30, 2018. Scheduled repayments are based upon an 18-year amortization profile, with the remaining balance due upon the maturity of the 2013 Liquefaction Credit Facilities.

Under the terms and conditions of the 2013 Liquefaction Credit Facilities, all cash held by Sabine Pass Liquefaction is controlled by a collateral agent. These funds can only be released by the collateral agent upon satisfaction of certain terms and conditions related to the use of proceeds, and are classified as restricted on our Consolidated Balance Sheets.

The 2013 Liquefaction Credit Facilities contain 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 2013 Liquefaction Credit Facilities are secured by substantially all of the assets of Sabine Pass Liquefaction as well as all of the membership interests in Sabine Pass Liquefaction on a pari passu basis with the Sabine Pass Liquefaction Senior Notes.

Under the terms of the 2013 Liquefaction Credit Facilities, Sabine Pass Liquefaction is required to hedge not less than 75% of the variable interest rate exposure of its projected outstanding borrowings, calculated on a weighted average basis in comparison to its anticipated draw of principal. See [Note 5— "Financial Instruments"](#).

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**2012 Liquefaction Credit Facility**

In July 2012, Sabine Pass Liquefaction entered into the \$3.6 billion 2012 Liquefaction Credit Facility with a syndicate of lenders. The 2012 Liquefaction Credit Facility was to be used to fund a portion of the costs of developing, constructing and placing into operation Trains 1 and 2 of the Liquefaction Project. In May 2013, the 2012 Liquefaction Credit Facility was amended and restated with the 2013 Liquefaction Credit Facilities and \$100.0 million of outstanding borrowings under the 2012 Liquefaction Credit Facility were repaid in full.

The 2012 Liquefaction Credit Facility had a maturity date of the earlier of July 31, 2019 or the second anniversary of the completion date of Trains 1 and 2 of the Liquefaction Project, as defined in the 2012 Liquefaction Credit Facility. Borrowings under the 2012 Liquefaction Credit Facility could have been refinanced, in whole or in part, at any time without premium or penalty, except for interest rate hedging and interest rate breakage costs. Sabine Pass Liquefaction made a \$100.0 million borrowing under the 2012 Liquefaction Credit Facility in August 2012 after meeting the required conditions precedent.

Borrowings under the 2012 Liquefaction Credit Facility bore interest at a variable rate equal to, at Sabine Pass Liquefaction's election LIBOR or the base rate, plus the applicable margin. The applicable margin for LIBOR loans was 3.50% during construction and 3.75% during operations. Interest on LIBOR loans was due and payable at the end of each LIBOR period. The 2012 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 provided 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 were also required to be paid to the agent and the trustee. The principal of loans made under the 2012 Liquefaction Credit Facility had to be repaid in quarterly installments, commencing with the last day of the first calendar quarter ending at least three months following the completion of Trains 1 and 2 of the Liquefaction Project. Scheduled repayments were based upon an 18-year amortization profile, with the remaining balance due upon the maturity of the 2012 Liquefaction Credit Facility.

Under the terms and conditions of the 2012 Liquefaction Credit Facility, all cash held by Sabine Pass Liquefaction was controlled by the collateral agent. These funds could only be released by the collateral agent upon satisfaction of certain terms and conditions related to the use of proceeds, and the cash balance of \$100.0 million held in these accounts as of December 31, 2012 was classified as restricted on our Consolidated Balance Sheets.

The 2012 Liquefaction Credit Facility contained 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 2012 Liquefaction Credit Facility were 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 Cheniere Partners' rights under its Unit Purchase Agreement with Blackstone CQP Holdco LP ("Blackstone") dated May 14, 2012 on a pari passu basis with the Sabine Pass Liquefaction Senior Notes.

Under the terms of the 2012 Liquefaction Credit Facility, Sabine Pass Liquefaction was required to hedge not less than 75% of the variable interest rate exposure of its projected outstanding borrowings, calculated on a weighted average basis in comparison to its anticipated draw of principal. See [Note 5— "Financial Instruments"](#).

In February 2013, Sabine Pass Liquefaction issued the 2021 Sabine Pass Liquefaction Senior Notes to refinance a portion of the 2012 Liquefaction Credit Facility, and a portion of available commitments pursuant to the 2012 Liquefaction Credit Facility were suspended. In April 2013, Sabine Pass Liquefaction issued an aggregate principal amount of \$500.0 million of additional 2021 Sabine Pass Liquefaction Senior Notes and \$1.0 billion of 2023 Sabine Pass Liquefaction Senior Notes, and as a result, approximately \$1.4 billion of commitments under the 2012 Liquefaction Credit Facility were terminated. The termination of these commitments in April 2013 and the amendment and restatement of the 2012 Liquefaction Credit Facility with the 2013 Liquefaction Credit Facilities in May 2013 resulted in a write-off of debt issuance costs associated with the 2012 Liquefaction Credit Facility of \$80.5 million in the three and six months ended June 30, 2013.

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**CTPL Credit Facility**

In May 2013, CTPL entered into a \$400.0 million term loan facility (the "CTPL Credit Facility"), which will be used to fund modifications to the Creole Trail Pipeline and for general business purposes. CTPL incurred \$10.0 million of direct lender fees that were recorded as a debt discount. The CTPL Credit Facility matures in 2017 when the full amount of the outstanding principal obligations must be repaid. CTPL's loans may be repaid, in whole or in part, at any time without premium or penalty. As of June 30, 2013, CTPL had borrowed the full amount of \$400.0 million under the CTPL Credit Facility.

Borrowings under the CTPL Credit Facility bear interest at a variable rate per annum equal to, at CTPL's election LIBOR or the base rate, plus the applicable margin. The applicable margin for LIBOR loans is 3.25%. Interest on LIBOR loans is due and payable at the end of each LIBOR period.

Under the terms and conditions of the CTPL Credit Facility, all cash reserved to pay interest during construction is controlled by a collateral agent. These funds can only be released by the collateral agent upon satisfaction of certain terms and conditions, and are classified as restricted on our Consolidated Balance Sheets. CTPL is also required to pay annual fees to the administrative and collateral agents.

The CTPL Credit Facility contains customary affirmative and negative covenants. The obligations of CTPL under the CTPL Credit Facility are secured by a first priority lien in substantially all of the personal property of CTPL and all of the general partner and limited partner interests in CTPL.

Cheniere Partners has guaranteed (i) the obligations of CTPL under the CTPL Credit Facility if the maturity of the CTPL Loans is accelerated following the termination by Sabine Pass Liquefaction of a transportation precedent agreement in limited circumstances and (ii) the obligations of Cheniere Energy Investments, LLC ("Cheniere Investments"), Cheniere Partners' wholly owned subsidiary, in connection with its obligations under an equity contribution agreement (a) to pay operating expenses of CTPL until CTPL receives revenues under a service agreement with Sabine Pass Liquefaction and (b) to fund interest payments on the CTPL Loans after the funds in an interest reserve account have been exhausted.

**NOTE 8—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.

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 initial quarterly distributions have been achieved and as additional target levels are met. The higher percentages range from 15% up to 50%.

The common units have the right to receive initial 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.

During 2012, Blackstone and Cheniere completed their purchases of newly created Cheniere Partners Class B units ("Class B units") for total consideration of \$1.5 billion and \$500.0 million, respectively. Proceeds from the financings are being used to fund a portion of the costs of developing, constructing and placing into service the Liquefaction Project. In May 2013, Cheniere purchased an additional 12.0 million Class B units for consideration of \$180.0 million in connection with our acquisition of the Creole Trail Pipeline Business described in [Note 1—"Organization and Nature of Operations"](#). The Class B units are subject to conversion, mandatorily or at the option of the holders of the Class B units under specified circumstances, 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 purchase of the Class B units, and ending on the conversion date of the Class B units, the conversion value of the Class B units increases at a compounded rate of 3.5% per quarter, subject to an additional upward adjustment for certain equity and debt financings. The

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
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Class B units are not entitled to cash distributions except in the event of our liquidation, our merger, consolidation or other combination with another person or the sale of all or substantially all of our assets. The holders of Class B units have a preference over the holders of the subordinated units in the event of our liquidation, our merger, consolidation or other combination with another person or the sale of all or substantially all of our assets. The Class B units will mandatorily convert into common units on the first business day following the record date with respect to Cheniere Partners' first distribution (the "Mandatory Conversion Date") after the earlier of the substantial completion date of Train 3 or August 9, 2017, although if a notice to proceed is given to Bechtel for Train 3 prior to August 9, 2017, the Mandatory Conversion Date will be the substantial completion date of Train 3. The notice to proceed was given to Bechtel on May 28, 2013. We currently expect the substantial completion date of Train 3 to occur before March 31, 2017. If the Class B units are not mandatorily converted by July 2019, the holders of the Class B units have the option to convert the Class B units into common units at that time.

**NOTE 9—RELATED PARTY TRANSACTIONS**

As of June 30, 2013 and December 31, 2012, we had \$8.5 million and \$5.0 million of advances to affiliates, respectively. In addition, we have entered into the following related party transactions:

**LNG Terminal Capacity Agreements**

*Terminal Use Agreement*

Sabine Pass Liquefaction obtained approximately 2.0 Bcf/d of regasification capacity under a terminal use agreement ("TUA") with Sabine Pass LNG as a result of an assignment in July 2012 by Cheniere Energy Investments, LLC ("Cheniere Investments"), our wholly owned subsidiary, of its rights, title and interest under its TUA with Sabine Pass LNG. Sabine Pass Liquefaction is obligated to make monthly capacity payments to Sabine Pass LNG aggregating approximately \$250 million per year, continuing until at least 20 years after Sabine Pass Liquefaction delivers its first commercial cargo at the Liquefaction Project, which may occur as early as late 2015.

Cheniere Investments, Sabine Pass Liquefaction 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. However, the revenue earned by Sabine Pass LNG from the capacity payments made under the TUA and the loss incurred by Cheniere Investments under the TURA are 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 an effort to utilize Cheniere Investments' reserved capacity under its TURA during construction of the Liquefaction Project, Cheniere Marketing has entered into an amended and restated variable capacity rights agreement with Cheniere Investments ("amended and restated VCRA") pursuant to which Cheniere Marketing is obligated to pay Cheniere Investments 80% of the expected gross margin of each cargo of LNG that Cheniere Marketing arranges for delivery to the Sabine Pass LNG terminal. During the term of the amended and restated VCRA, Cheniere Marketing is responsible for the payment of taxes and new regulatory costs paid by Cheniere Investments under the TURA. We recorded zero revenues—affiliate from Cheniere Marketing in each of the three months ended June 30, 2013 and 2012 related to the amended and restated VCRA. We recorded zero and \$1.7 million of revenues—affiliate from Cheniere Marketing in the six months ended June 30, 2013 and 2012, respectively, related to the amended and restated VCRA.

*LNG Sale and Purchase Agreement ("SPA")*

Cheniere Marketing has entered into an SPA with Sabine Pass Liquefaction to purchase, at Cheniere Marketing's option, up to 4,000,000 MMBtu of LNG per annum produced from Trains 1 through 4. Sabine Pass Liquefaction has the right each year during the term to reduce the annual contract quantity based on its assessment of how much LNG it can produce in excess of that required for other customers. Cheniere Marketing may purchase incremental LNG volumes at a price of 115% of Henry Hub plus up to \$3.00 per MMBtu for the first 36,000,000 MMBtu of the most profitable cargoes sold each year by Cheniere Marketing, and then 20% of net profits of the remaining 68,000,000 MMBtu sold each year by Cheniere Marketing.

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
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**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 enables 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 funds all activities related to the purchase and hedging of the LNG, and Cheniere Investments reimburses Cheniere Marketing for all costs and assumes 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 June 30, 2013, we had 180,798 MMBtu of LNG inventory—affiliate recorded at \$0.6 million on our Consolidated Balance Sheets, and as of December 31, 2012, we had 1,369,000 MMBtu of LNG inventory—affiliate recorded at \$4.4 million on our Consolidated Balance Sheets. During the three months ended June 30, 2013 and 2012, we recognized a gain of zero and \$0.3 million, respectively, as a result of LCM adjustments to our LNG inventory—affiliate. During the six months ended June 30, 2013 and 2012, we recognized a loss of zero and \$0.6 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 June 30, 2013 and December 31, 2012 was a derivative asset of \$0.1 million and \$0.2 million, respectively, and was classified as other current assets on our Consolidated Balance Sheets, respectively. Changes in the fair value of these derivative instruments are classified as revenues on our Consolidated Statements of Operations. We recorded revenues of \$0.1 million and losses of \$0.2 million related to LNG inventory—affiliate derivatives in the three months ended June 30, 2013 and 2012, respectively. We recorded losses of \$0.4 million and revenues of \$0.9 million related to LNG inventory—affiliate derivatives in the six months ended June 30, 2013 and 2012, respectively.

**Service Agreements**

During the three months ended June 30, 2013 and 2012, we recorded general and administrative expense—affiliate of \$29.2 million and \$4.8 million, respectively, under the following service agreements. During the six months ended June 30, 2013 and 2012, we recorded general and administrative expense—affiliate of \$47.6 million and \$9.8 million, respectively, under the following service agreements.

*Cheniere Partners Services Agreement*

We have entered into a services agreement with Cheniere LNG Terminals, LLC ("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

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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 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 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 Train, Sabine Pass Liquefaction pays a fixed monthly fee of \$541,667 for services with respect to such Train.

*CTPL O&M Agreement*

In May 2013, CTPL entered into an amended long-term operation and maintenance agreement (the "CTPL O&M Agreement") with a wholly owned subsidiary of Cheniere pursuant to which we receive all necessary services required to operate and maintain the Creole Trail Pipeline. CTPL is required to reimburse the counterparty for its operating expenses, which consist primarily of labor expenses.

*CTPL MSA*

In May 2013, CTPL entered into a management services agreement (the "CTPL MSA") with a wholly owned subsidiary of Cheniere pursuant to which such subsidiary was appointed to manage the modification and operation of the Creole Trail Pipeline, excluding those matters provided for under the CTPL O&M Agreement. The services to be provided include, among other services, exercising the day-to-day management of CTPL's affairs and business, managing CTPL's regulatory matters, managing bank and brokerage accounts and financial books and records of CTPL's business and operations, and providing contract administration services for all contracts associated with the liquefaction facilities. CTPL pays a monthly fee equal to 3.0% of the capital expenditures to enable bi-directional natural gas flow on the Creole Trail Pipeline incurred in the previous month.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**  
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**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 TUA to Cheniere Investments and concurrently entered into a VCRA, allowing Cheniere Marketing to utilize 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 utilize the capacity rights granted under the TUA during construction of the Liquefaction Project. 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 advance tax 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 June 30, 2013 and December 31, 2012, we had \$17.2 million and \$14.7 million of other non-current assets and non-current deferred revenue—affiliate resulting from Sabine Pass LNG's ad valorem tax payments and the advance tax 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 agreements with Cheniere Marketing. Under these agreements, 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 \$0.9 million and \$0.5 million of natural gas and LNG purchased from Cheniere Marketing under this agreement in the three months ended June 30, 2013 and 2012, respectively. Sabine Pass LNG recorded \$1.8 million and \$1.2 million of natural gas and LNG purchased from Cheniere Marketing under this agreement in the six months ended June 30, 2013 and 2012, respectively.

Sabine Pass LNG recorded \$1.9 million and zero of natural gas sold to Cheniere Marketing under this agreement in the three months ended June 30, 2013 and 2012, respectively. Sabine Pass LNG recorded \$2.8 million and zero of natural gas sold to Cheniere Marketing under this agreement in the six months ended June 30, 2013 and 2012, 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 each of the three months ended June 30, 2013 and 2012. Tug Services recorded revenues—affiliate from Cheniere Marketing of \$1.4 million pursuant to this agreement in each of the six months ended June 30, 2013 and 2012.



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**NOTE 10—SUPPLEMENTAL CASH FLOW INFORMATION AND DISCLOSURES OF NON-CASH TRANSACTIONS**

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

	Six Months Ended June 30,	
	2013	2012
LNG terminal costs funded with accounts payable and accrued liabilities (including affiliate)	\$ 450,767	\$ 8,588
Cash paid during the period for interest, net of amounts capitalized	\$ 9,347	\$ 82,383

**NOTE 11—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 six months ended June 30, 2013:

Date Paid	Period Covered by Distribution	Distribution Per Common Unit	Distribution Per Subordinated Unit	Total Distribution (in thousands)			
				Common Units	Class B Units	Subordinated Units	General Partner Units
February 14, 2013	October 1 - December 31, 2012	\$ 0.425	\$ —	\$ 16,783	—	—	\$ 342
May 15, 2013	January 1 - March 31, 2013	0.425	—	24,259	—	—	495

The subordinated units will receive distributions only to the extent we have available cash above the initial quarterly distribution requirement for our common unitholders and general partner and certain reserves.

In 2012, we issued and sold 133.3 million Class B units to Blackstone and Cheniere at a price of \$15.00 per Class B unit, resulting in total gross proceeds of \$2.0 billion. In connection with our purchase of the Creole Trail Pipeline Business in May 2013, we issued and sold 12.0 million Class B units to Cheniere at a price of \$15.00 per Class B unit. 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 \$2,130.0 million represents a beneficial conversion feature and is reflected as an increase in common and subordinated unitholders' equity and a decrease in Class B unitholders' equity to reflect the fair value of the Class B units at issuance on our consolidated statement of partners' and owners' equity (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' equity and a decrease in common and subordinated unitholders' equity. The impact of the beneficial conversion feature is also included in earnings per unit for the three and six months ended June 30, 2013.

**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 the 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.

**CHENIERE ENERGY PARTNERS, L.P. AND SUBSIDIARIES**  
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**(unaudited)**

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 unit calculation for any of the periods presented. The following table provides a reconciliation of net income (loss) and the allocation of net income (loss) to the common 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 June 30, 2013</b>					
Net loss attributable to partners	\$ (37,862)				
Declared distributions	24,754	24,259	—	—	495
Assumed allocation of undistributed net loss	\$ (62,616)	(18,199)	—	(43,165)	(1,252)
Assumed allocation of net income (loss)		\$ 6,060	\$ —	\$ (43,165)	\$ (757)
Weighted average units outstanding		57,079	137,817	135,384	
Net income (loss) per unit		\$ 0.11	\$ —	\$ (0.32)	
<b>Three Months Ended June 30, 2012</b>					
Net loss attributable to partners	\$ (24,861)				
Declared distributions	13,612	13,340	—	—	272
Amortization of beneficial conversion feature of Class B Units	—	(892)	4,737	(3,845)	
Assumed allocation of undistributed net loss	\$ (38,473)	(7,096)	—	(30,608)	(769)
Assumed allocation of net income (loss)		\$ 5,352	\$ 4,737	\$ (34,453)	\$ (497)
Weighted average units outstanding		31,328	2,442	135,384	
Net income (loss) per unit		\$ 0.17	\$ 1.94	\$ (0.25)	
<b>Six Months Ended June 30, 2013</b>					
Net loss attributable to partners	\$ (80,349)				
Declared distributions	49,508	48,518	—	—	990
Assumed allocation of undistributed net loss	\$ (129,857)	(37,741)	—	(89,519)	(2,597)
Assumed allocation of net income (loss)		\$ 10,777	\$ —	\$ (89,519)	\$ (1,607)
Weighted average units outstanding		51,345	135,587	135,384	
Net income (loss) per unit		\$ 0.21	\$ —	\$ (0.66)	
<b>Six Months Ended June 30, 2012</b>					
Net loss attributable to partners	\$ (44,193)				
Declared distributions	27,207	26,663	—	—	544
Amortization of beneficial conversion feature of Class B Units	—	(892)	4,737	(3,845)	
Assumed allocation of undistributed net loss	\$ (71,400)	(13,169)	—	(56,803)	(1,428)
Assumed allocation of net income (loss)		\$ 12,602	\$ 4,737	\$ (60,648)	\$ (884)
Weighted average units outstanding		31,173	1,221	135,384	
Net income (loss) per unit		\$ 0.40	\$ 3.88	\$ (0.45)	

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

**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, 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"), Sabine Pass Liquefaction, LLC ("Sabine Pass Liquefaction") or Cheniere Creole Trail Pipeline, L.P. ("CTPL");
- statements regarding future levels of domestic and international natural gas production, supply or consumption or future levels of liquefied natural gas ("LNG") imports into or exports from North America and other countries worldwide, regardless of the source of such information, or the transportation or demand for and prices related to natural gas, LNG or other hydrocarbon products;
- statements regarding any financing transactions or arrangements, or ability to enter into such transactions;
- statements relating to the construction of our natural gas liquefaction trains ("Trains"), including statements concerning the engagement of any engineering, procurement and construction ("EPC") contractor or other contractor and the anticipated terms and provisions of any agreement with any EPC or other contractor, and anticipated costs related thereto;
- statements regarding any agreement to be entered into or performed substantially in the future, including any revenues anticipated to be received and the anticipated timing thereof, and statements regarding the amounts of total LNG regasification, liquefaction or storage capacities that are, or may become, subject to contracts;
- statements regarding counterparties to our commercial contracts, construction contracts and other contracts;
- statements regarding our planned construction of additional Trains, including the financing of such Trains;
- statements that our Trains, when completed, will have certain characteristics, including amounts of liquefaction capacities;
- statements regarding our business strategy, our strengths, our business and operation plans or any other plans, forecasts, projections or objectives, including anticipated 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;
- statements regarding our anticipated LNG and natural gas marketing activities;  
and
- any other statements that relate to non-historical or future information.

These forward-looking statements are often identified by the use of terms and phrases such as "achieve," "anticipate," "believe," "contemplate," "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 this quarterly report 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, 2012, as amended by Amendment No. 1 on Form 10-K/A and in our Current Report of Form 8-K filed with the SEC on May 29, 2013. 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 "Financial Statements and Supplementary Data." 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 regasification facilities at the Sabine Pass LNG terminal located on the Sabine Pass deep water shipping channel less than four miles from the Gulf Coast. The Sabine Pass LNG terminal includes existing infrastructure of five LNG storage tanks with capacity of approximately 16.9 Bcfe, two docks that can accommodate vessels of up to 265,000 cubic meter capacity and vaporizers with regasification capacity of approximately 4.0 Bcf/d. Approximately one-half of the receiving capacity at the Sabine Pass LNG terminal is contracted to two multinational energy companies. We are developing natural gas liquefaction facilities (the "Liquefaction Project") at the Sabine Pass LNG terminal adjacent to the existing regasification facilities through a wholly owned subsidiary, Sabine Pass Liquefaction. We plan to construct up to six Trains (each in sequence, "Train 1", "Train 2", "Train 3", "Train 4", "Train 5" and "Train 6"), which are in various stages of development. Each Train is expected to have nominal production capacity of approximately 4.5 million tonnes per annum ("mtpa"). We also own the 94-mile long Creole Trail Pipeline through our wholly owned subsidiary, CTPL, which interconnects the Sabine Pass LNG terminal with a number of large interstate pipelines (the "Creole Trail Pipeline").

## Overview of Significant Events

Our significant accomplishments since January 1, 2013 and through the filing date of this Form 10-Q, include the following:

- Sabine Pass Liquefaction issued an aggregate principal amount of \$2.0 billion of 5.625% Senior Secured Notes due 2021 (the "2021 Sabine Pass Liquefaction Senior Notes") and an aggregate principal amount of \$1.0 billion of 5.625% Senior Secured Notes due 2023 (the "2023 Sabine Pass Liquefaction Senior Notes"). Net proceeds from these offerings are intended to be used to pay a portion of the capital costs incurred in connection with the construction of the Liquefaction Project;
- We sold 17.6 million common units to institutional investors for net proceeds, after deducting expenses, of \$372.4 million, which includes the general partner's proportionate capital contribution of approximately \$7.4 million. We intend to use the proceeds from this offering for costs associated with the Liquefaction Project and for general business purposes;
- Sabine Pass Liquefaction entered into four credit facilities totaling \$5.9 billion to be used for costs associated with Trains 1 through 4 of the Liquefaction Project;
- Sabine Pass Liquefaction issued a notice to proceed to Bechtel Oil, Gas and Chemicals, Inc. ("Bechtel") under the lump sum turnkey contract for the engineering, procurement and construction of Trains 3 and 4 (the "EPC Contract (Trains 3 and 4)");
- Sabine Pass Liquefaction entered into an LNG sale and purchase agreement ("SPA") with Centrica plc that commences upon the date of first commercial delivery for Train 5 and includes an annual contract quantity of 91.25 million MMBtu of LNG with a fixed fee of \$3.00 per MMBtu, equating to expected annual contracted cash flow from fixed fees of \$274 million;

- We completed the acquisition of 100% of the equity interests in Cheniere Pipeline GP Interests, LLC held by Cheniere Pipeline Company, and the limited partner interest in CTPL held by Grand Cheniere Pipeline, LLC ("the Creole Trail Pipeline Business"). We acquired the Creole Trail Pipeline Business for \$480.0 million and reimbursed Cheniere \$13.9 million for certain expenditures incurred prior to the closing date. Concurrent with the Creole Trail Pipeline Business acquisition closing, we issued 12.0 million Class B units to Cheniere for aggregate consideration of \$180.0 million pursuant to a unit purchase agreement with Cheniere Class B Units Holdings, LLC, a wholly owned subsidiary of Cheniere. As a result of the two transactions, we paid Cheniere net cash of \$313.9 million;
- CTPL entered into a \$400 million term loan credit facility to fund capital expenditures on the Creole Trail Pipeline and for general business purposes; and
- We entered into an equity distribution agreement with Mizuho Securities USA Inc., under which we may sell up to \$500.0 million of common units through an at-the-market program.

## **Liquidity and Capital Resources**

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

As of June 30, 2013, we had \$355.3 million of cash and cash equivalents and \$2,310.8 million of restricted cash and cash equivalents.

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

#### ***Regasification Facilities***

The Sabine Pass LNG terminal has operational regasification capacity of approximately 4.0 Bcf/d and aggregate LNG storage capacity of approximately 16.9 Bcfe. Approximately 2.0 Bcf/d of the regasification capacity at the Sabine Pass LNG terminal has been reserved under two long-term third-party terminal use agreements ("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 & 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 annually for 20 years that commenced April 1, 2009. Total, S.A. has guaranteed Total's obligations under its TUA of approximately \$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 annually 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.

The remaining approximately 2.0 Bcf/d of capacity has been reserved under a TUA by Sabine Pass Liquefaction. Sabine Pass Liquefaction is obligated to make monthly capacity payments to Sabine Pass LNG aggregating approximately \$250 million annually, continuing until at least 20 years after Sabine Pass Liquefaction delivers its first commercial cargo at Sabine Pass Liquefaction's facilities under construction, which may occur as early as late 2015. Cheniere Energy Investments, LLC ("Cheniere Investments"), our wholly owned subsidiary, Sabine Pass Liquefaction 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. In an effort to utilize Cheniere Investments' reserved capacity under its TURA during construction of the Liquefaction Project, Cheniere Marketing, LLC ("Cheniere Marketing"), a wholly owned subsidiary of Cheniere, has entered into an amended and restated variable capacity rights agreement ("amended and restated VCRA") pursuant to which Cheniere Marketing is obligated to pay Cheniere Investments 80% of the expected gross margin of each cargo of LNG that Cheniere Marketing arranges for delivery to the Sabine Pass LNG terminal. The revenue earned by Sabine Pass LNG from the capacity payments made under the TUA and the loss incurred by Cheniere Investments under the TURA are 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. This agreement 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 Trains 5 and 6, provide increased flexibility in managing LNG cargo loading and unloading activity starting with the commencement of commercial operations of Train 3, and permit Sabine Pass Liquefaction to more flexibly manage its LNG storage capacity with the commencement of Train 1. Notwithstanding any arrangements between Total and Sabine Pass Liquefaction, payments required to be made by Total to Sabine Pass LNG will continue to be made by Total to Sabine Pass LNG in accordance with its TUA.

Under each of these TUAs, Sabine Pass LNG is entitled to retain 2% of the LNG delivered to the Sabine Pass LNG terminal.

#### *Liquefaction Facilities*

The Liquefaction Project is being developed at the Sabine Pass LNG terminal adjacent to the existing regasification facilities. We plan to construct up to six Trains, which are in various stages of development. In August 2012, we commenced construction of Trains 1 and 2 and the related new facilities needed to treat, liquefy, store and export natural gas. In May 2013, we commenced construction of Trains 3 and 4 and the related facilities. We are developing Trains 5 and 6 and commenced the regulatory approval process for these Trains in February 2013. Trains 1 through 4 are being designed, constructed and commissioned by Bechtel using the ConocoPhillips Optimized Cascade® technology, a proven technology deployed in numerous LNG projects around the world. Sabine Pass Liquefaction has entered into a lump sum turnkey contract for the engineering, procurement and construction of Trains 1 and 2 (the "EPC Contract (Trains 1 and 2)") and the EPC Contract (Trains 3 and 4) with Bechtel in November 2011 and December 2012, respectively.

Cheniere Partners has received authorization from the Federal Energy Regulatory Commission (the "FERC") to site, construct and operate Trains 1 through 4. Cheniere Partners has also received authorization from the FERC to begin the pre-filing review process for the development of the additional two Trains. The Department of Energy (the "DOE") has granted Sabine Pass Liquefaction an order authorizing the export of up to the equivalent of 16 mtpa of LNG to all nations with which trade is permitted. The DOE further issued two orders authorizing the export of an additional 189.3 Bcf in total of domestically produced LNG from the Sabine Pass LNG terminal to FTA countries for a 20-year term. One order authorized the export of 101 Bcf of domestically produced LNG pursuant to the SPA with Total, beginning on the earlier of the date of first export or July 11, 2021; and the other order authorized the export of 88.3 Bcf of domestically produced LNG pursuant to the SPA with Centrica, beginning on the earlier of the date of first export or July 12, 2021.

As of June 30, 2013, the overall project completion for Train 1 and Train 2 of the Liquefaction Project, consisting of engineering, procurement and construction, was approximately 38%, which is ahead of the contractual schedule. Based on our current construction schedule, we anticipate that Train 1 will produce LNG as early as late 2015, with commercial operations expected to commence in February 2016, and Trains 2 through 5 are expected to commence operations on a staggered basis thereafter.

#### *Customers*

Sabine Pass Liquefaction has entered into six fixed price, 20-year SPAs with third parties that in the aggregate equate to approximately 19.75 mtpa, which represents approximately 88% of the anticipated nominal production capacity of Trains 1 through 5. Under the SPAs, the customers will purchase LNG from us on an FOB basis for a price consisting of a fixed fee plus 115% of Henry Hub per MMBtu of LNG. In certain circumstances, the customers may elect to cancel or suspend deliveries of LNG cargoes, in which case the customers would still be required to pay the fixed fee with respect to cargoes that are not delivered. A portion of the fixed fee will be subject to annual adjustment for inflation. The SPAs and contracted volumes to be made available under the SPAs are not tied to a specific Train; however, the term of each SPA commences upon the start of operations of the specified Train.

To date, Sabine Pass Liquefaction has the following third-party SPAs:

- BG Gulf Coast LNG, LLC ("BG") has entered into an SPA that commences upon the date of first commercial delivery for Train 1 and includes an annual contract quantity of 182,500,000 MMBtu of LNG with a fixed fee of \$2.25 per MMBtu and includes additional annual contract quantities of 36,500,000 MMBtu, 34,000,000 MMBtu, and 33,500,000 MMBtu upon the date of first commercial delivery for Train 2, Train 3 and Train 4, respectively, with a fixed fee of \$3.00 per

MMBtu. The total expected annual contracted cash flow from BG from the fixed fee component is approximately \$723 million. In addition, Sabine Pass Liquefaction has agreed to make up to 500,000 MMBtu per day of LNG available to BG to the extent that Train 1 becomes commercially operable prior to the beginning of the first delivery window priced at 115% of the Henry Hub price plus \$2.25 per MMBtu, if produced. The obligations of BG are guaranteed by BG Energy Holdings Limited, a company organized under the laws of England and Wales, with a credit rating of A2/A.

- Gas Natural Aproveisionamientos SDG S.A. ("Gas Natural Fenosa"), an affiliate of Gas Natural SDG, S.A., has entered into an SPA that commences upon the date of first commercial delivery for Train 2 and includes an annual contract quantity of 182,500,000 MMBtu of LNG with a fixed fee of \$2.49 per MMBtu, equating to expected annual contracted cash flow from the fixed fee component of approximately \$454 million. In addition, Sabine Pass Liquefaction has agreed to make up to 285,000 MMBtu per day of LNG available to Gas Natural Fenosa to the extent that Train 2 becomes commercially operable prior to the beginning of the first delivery window priced at 115% of the Henry Hub price plus \$2.49 per MMBtu, if produced. The obligations of Gas Natural Fenosa are guaranteed by Gas Natural SDG S.A., a company organized under the laws of Spain, with a credit rating of Baa2/BBB.
- Korea Gas Corporation ("KOGAS") has entered into an SPA that commences upon the date of first commercial delivery for Train 3 and includes an annual contract quantity of 182,500,000 MMBtu of LNG with a fixed fee of \$3.00 per MMBtu, equating to expected annual contracted cash flow from fixed fees of approximately \$548 million. KOGAS is organized under the laws of the Republic of Korea, with a credit rating of A/A1.
- GAIL (India) Limited ("GAIL") has entered into an SPA that commences upon the date of first commercial delivery for Train 4 and includes an annual contract quantity of 182,500,000 MMBtu of LNG with a fixed fee of \$3.00 per MMBtu, equating to expected annual contracted cash flow from fixed fees of approximately \$548 million. GAIL is organized under the laws of India, with a credit rating of Baa2/BBB-.
- Total, an affiliate of Total S.A., has entered into an SPA that commences upon the date of first commercial delivery for Train 5 and includes an annual contract quantity of 104,750,000 MMBtu of LNG with a fixed fee of \$3.00 per MMBtu, equating to expected annual contracted cash flow from fixed fees of approximately \$314 million. The obligations of Total are guaranteed by Total S.A., a company organized under the laws of France, with a credit rating of Aa1/AA.
- Centrica plc ("Centrica") has entered into an SPA that commences upon the date of first commercial delivery for Train 5 and includes an annual contract quantity of 91,250,000 MMBtu of LNG with a fixed fee of \$3.00 per MMBtu, equating to expected annual contracted cash flow from fixed fees of approximately \$274 million. Centrica is organized under the laws of England and Wales, with a credit rating of A-/A3/A.

In aggregate, the fixed fee portion to be paid by these customers is approximately \$2.3 billion annually for Trains 1 through 4, and \$2.9 billion annually if we make a positive final investment decision with respect to Train 5, with the applicable fixed fees starting from the commencement of commercial operations for the applicable Train. These fixed fees equal approximately \$411 million, \$564 million, \$650 million, \$648 million and \$588 million for each respective Train.

In addition, Cheniere Marketing has entered into an SPA with Sabine Pass Liquefaction to purchase, at Cheniere Marketing's option, up to 104,000,000 MMBtu of LNG per annum produced from Trains 1 through 4. Sabine Pass Liquefaction has the right each year during the term to reduce the annual contract quantity based on its assessment of how much LNG it can produce in excess of that required for other customers. Cheniere Marketing may purchase incremental LNG volumes at a price of 115% of Henry Hub: plus up to \$3.00 per MMBtu for the most profitable 36,000,000 MMBtu of cargoes sold each year by Cheniere Marketing; and then 20% of net profits of the remaining 68,000,000 MMBtu sold each year by Cheniere Marketing.

#### *Construction*

In November 2011, Sabine Pass Liquefaction entered into the EPC Contract (Trains 1 and 2) with Bechtel. Sabine Pass Liquefaction issued a notice to proceed with construction under the EPC Contract (Trains 1 and 2) in August 2012. In December 2012, Sabine Pass Liquefaction entered into the EPC Contract (Trains 3 and 4) with Bechtel. Sabine Pass Liquefaction issued a notice to proceed with construction under the EPC Contract (Trains 3 and 4) in May 2013. The Trains are in various stages of development, as described above.

The total contract price of the EPC Contract (Trains 1 and 2) and the total contract price of the EPC Contract (Trains 3 and 4) is approximately \$4.0 billion and \$3.8 billion, respectively, reflecting amounts incurred under change orders through June 30, 2013. Total expected capital costs for Trains 1 through 4 are estimated to be between \$9.0 billion and \$10.0 billion before financing

costs, and between \$12.0 billion and \$13.0 billion after financing costs, including in each case estimated owner's costs and contingencies. Sabine Pass Liquefaction's Trains will require significant amounts of capital to construct and operate and are subject to risks and delays in completion.

The liquefaction technology to be employed under the EPC Contracts is the ConocoPhillips Optimized Cascade® Process, which was first used at the ConocoPhillips Petroleum Kenai plant built by Bechtel in 1969 in Kenai, Alaska. Bechtel has since designed and/or constructed LNG facilities using the ConocoPhillips Optimized Cascade® technology in Angola, Australia, Egypt, Equatorial Guinea and Trinidad. The design and technology has been proven in over four decades of operation.

We currently expect that Sabine Pass Liquefaction's capital resources requirements with respect to Trains 1 through 4 will be financed through borrowings, equity contributions from us and cash flows under the SPAs. We believe that with the net proceeds of borrowings and unfunded commitments under the 2013 Liquefaction Credit Facilities described below, Sabine Pass Liquefaction will have adequate financial resources available to complete Trains 1 through 4 and to meet its currently anticipated capital, operating and debt service requirements. We currently project that Sabine Pass Liquefaction will generate cash flow by late 2015, when Train 1 is anticipated to achieve initial LNG production.

#### *Pipeline Facilities*

CTPL owns the Creole Trail Pipeline, a 94-mile pipeline interconnecting the Sabine Pass LNG terminal with a number of large interstate pipelines, including Natural Gas Pipeline Company of America, Transcontinental Gas Pipeline Corporation, Tennessee Gas Pipeline Company, Florida Gas Transmission Company, Texas Eastern Gas Transmission, and Trunkline Gas Company, as well as the intrastate pipeline system of Bridgeline Holdings, L.P. Sabine Pass Liquefaction has entered into transportation precedent agreements to secure firm pipeline transportation capacity with CTPL and two other pipeline companies.

CTPL will need to obtain the FERC's approval prior to making any modifications to the Creole Trail Pipeline as it is a regulated, interstate pipeline. An application for authorization to construct, own, operate and maintain certain new facilities in order to enable bi-directional natural gas flow on the Creole Trail Pipeline system was submitted to the FERC by CTPL in April 2012. In February 2013, the FERC approved the proposed project, and a request for rehearing and stay of this approval is currently pending before the FERC. Final FERC approval is expected to be received during the third quarter of 2013. In addition, in April 2012, CTPL applied for new permits from the Louisiana Department of Environmental Quality for the proposed modifications to the Creole Trail Pipeline system. We anticipate, but cannot guarantee, that these permits will be issued in the second half of 2013. We estimate the capital costs to modify the Creole Trail Pipeline will be approximately \$100 million. The modifications are expected to be in service in time for the commissioning and testing of Trains 1 and 2.

#### *Capital Resources*

##### *Senior Secured Notes*

We currently have four series of senior notes outstanding:

- \$1,665.5 million of 7.50% Senior Secured Notes due 2016 issued by Sabine Pass LNG (the "2016 Notes");
- \$420.0 million of 6.50% Senior Secured Notes due 2020 issued by Sabine Pass LNG (the "2020 Notes" and collectively with the 2016 Notes, the "Sabine Pass LNG Senior Notes");
- \$2,000.0 million of the 2021 Sabine Pass Liquefaction Senior Notes; and
- \$1,000.0 million of the 2023 Sabine Pass Liquefaction Senior Notes (collectively with the 2021 Sabine Pass Liquefaction Notes, the "Sabine Pass Liquefaction Senior Notes").

Interest on the 2016 Notes is payable semi-annually in arrears on May 30 and November 30 of each year, interest on the 2020 Notes is payable semi-annually in arrears on May 1 and November 1 of each year, interest on the 2021 Sabine Pass Liquefaction Senior Notes is payable semi-annually in arrears on February 1 and August 1 of each year and interest on the 2023 Sabine Pass Liquefaction Senior Notes is payable semi-annually in arrears on April 15 and October 15 of each year. Subject to permitted liens, the Sabine Pass LNG Senior Notes are secured on a pari passu first-priority basis by a security interest in all of Sabine Pass LNG's equity interests and substantially all of Sabine Pass LNG's operating assets, and the Sabine Pass Liquefaction Senior Notes are



secured on a first-priority basis by a security interest in all of the membership interests in Sabine Pass Liquefaction and substantially all of Sabine Pass Liquefaction's assets.

Sabine Pass LNG may redeem some or all of its 2016 Notes at any time, and from time to time, at the redemption prices specified in the indenture governing the 2016 Notes, plus accrued and unpaid interest, if any, to the date of redemption. Sabine Pass LNG may redeem some or all of the 2020 Notes at any time on or after November 1, 2016 at fixed redemption prices specified in the indenture governing the 2020 Notes, plus accrued and unpaid interest, if any, to the date of redemption. Sabine Pass LNG may also redeem some or all of the 2020 Notes at any time prior to November 1, 2016 at a "make-whole" price set forth in the indenture, plus accrued and unpaid interest, if any, to the date of redemption. At any time before November 1, 2015, Sabine Pass LNG may redeem up to 35% of the aggregate principal amount of the 2020 Notes at a redemption price of 106.5% of the principal amount of the 2020 Notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date, in an amount not to exceed the net proceeds of one or more completed equity offerings as long as Sabine Pass LNG redeems the 2020 Notes within 180 days of the closing date for such equity offering and at least 65% of the aggregate principal amount of the 2020 Notes originally issued remains outstanding after the redemption.

At any time prior to November 1, 2020, with respect to the 2021 Sabine Pass Liquefaction Senior Notes, or January 15, 2023, with respect to the 2023 Sabine Pass Liquefaction Senior Notes, Sabine Pass Liquefaction may redeem all or a part of the Sabine Pass Liquefaction Senior Notes, at a redemption price equal to the "make-whole" price set forth in the Indenture, plus accrued and unpaid interest, if any, to the date of redemption. Sabine Pass Liquefaction also may at any time on or after November 1, 2020, with respect to the 2021 Sabine Pass Liquefaction Senior Notes, or January 15, 2023, with respect to the 2023 Sabine Pass Liquefaction Senior Notes, redeem the Sabine Pass Liquefaction Senior Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Sabine Pass Liquefaction Senior Notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption.

Under the indentures governing the Sabine Pass LNG Senior Notes, except for permitted tax distributions, Sabine Pass LNG may not make distributions until, among other requirements, deposits are made into debt service reserve accounts and a fixed charge coverage ratio test of 2:1 is satisfied. Under the indentures governing the Sabine Pass Liquefaction Senior Notes, Sabine Pass Liquefaction may not make any distributions until, among other requirements, substantial completion of Trains 1 and 2 has occurred, deposits are made into debt service reserve accounts and a debt service coverage ratio for the prior 12-month period and a projected debt service coverage ratio for the upcoming 12-month period of 1.25:1.00 are satisfied.

#### *2013 Liquefaction Credit Facilities*

Sabine Pass Liquefaction has four credit facilities aggregating \$5.9 billion (collectively, the "2013 Liquefaction Credit Facilities"), which will be used to fund a portion of the costs of developing, constructing and placing into operation Trains 1 through 4 of the Liquefaction Project. The principal of the loans made under the 2013 Liquefaction Credit Facilities must be repaid in quarterly installments, commencing with earlier of the last day of the full calendar quarter after the Train 4 completion date and September 30, 2018. Loans under the 2013 Liquefaction Credit Facilities bear interest at a variable rate per annum equal to, at Sabine Pass Liquefaction's election, the London Interbank Offered Rate ("LIBOR"), plus the applicable margin. The applicable margins for LIBOR loans prior to, and after, the completion of Train 4 range from 2.3% to 3.0% and 2.3% to 3.25%, respectively, depending on the applicable 2013 Liquefaction Credit Facility. Interest on LIBOR loans is due and payable at the end of each LIBOR period.

#### *2012 Liquefaction Credit Facility*

In July 2012, Sabine Pass Liquefaction entered into a construction/term loan facility in an amount up to \$3.6 billion (the "2012 Liquefaction Credit Facility"), which was available to Sabine Pass Liquefaction in four tranches solely to fund Liquefaction Project costs for Trains 1 and 2, the related debt service reserve account up to an amount equal to six months of scheduled debt service and the return of equity and affiliate subordinated debt funding to Cheniere or its affiliates up to an amount that would result in senior debt being no more than 65% of our total capitalization. Borrowings under the 2012 Liquefaction Credit Facility were based on LIBOR plus 3.50% during construction and 3.75% during operations. Sabine Pass Liquefaction was also required to pay commitment fees on the undrawn amount. The 2012 Credit Facility was amended and restated with the 2013 Liquefaction Credit Facilities.

*CTPL Credit Facility*

CTPL has a \$400 million term loan facility (the "CTPL Credit Facility"), which will be used to fund modifications to the Creole Trail Pipeline and general business purposes. Loans under the CTPL Credit Facility bear interest at a variable rate per annum equal to, at CTPL's election, LIBOR or the base rate, plus the applicable margin. The applicable margin for LIBOR loans under the CTPL Credit Facility is 3.25%. The CTPL Credit Facility matures in 2017 when the full amount of the outstanding principal obligations must be repaid.

**Sources and Uses of Cash**

The following table summarizes (in thousands) the sources and uses of our cash and cash equivalents for the six months ended June 30, 2013 and 2012. 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.

	<b>Six Months Ended June 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>Sources of cash and cash equivalents</b>		
Proceeds from debt issuances	\$ 3,504,478	\$ —
Proceeds from the sale of partnership common and general partner units	375,917	12,379
Proceeds from sale of Class B units	—	166,667
Contributions to Creole Trail Pipeline Business from Cheniere, net	20,705	4,449
<b>Total sources of cash and cash equivalents</b>	<b>3,901,100</b>	<b>183,495</b>
<b>Uses of cash and cash equivalents</b>		
Investment in restricted cash and cash equivalents	(1,980,930)	—
LNG terminal costs, net	(1,271,830)	(39,223)
Purchase of Creole Trail Pipeline Business, net	(313,892)	—
Debt issuance and deferred financing costs	(228,882)	(5,530)
Repayment of 2012 Liquefaction Credit Facility	(100,000)	—
Distributions to unitholders	(41,879)	(27,040)
Operating cash flow	(24,685)	(17,452)
Other	(2,990)	(4,714)
<b>Total uses of cash and cash equivalents</b>	<b>(3,965,088)</b>	<b>(93,959)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(63,988)</b>	<b>89,536</b>
<b>Cash and cash equivalents—beginning of period</b>	<b>419,292</b>	<b>81,415</b>
<b>Cash and cash equivalents—end of period</b>	<b>\$ 355,304</b>	<b>\$ 170,951</b>

*Proceeds from the Debt Issuances*

In February 2013 and April 2013, Sabine Pass Liquefaction issued an aggregate principal amount of \$2.0 billion, before premium, of the 2021 Sabine Pass Liquefaction Senior Notes. In April 2013, Sabine Pass Liquefaction also issued \$1.0 billion of the 2023 Sabine Pass Liquefaction Senior Notes. Net proceeds from these offerings are intended to be used to pay a portion of the capital costs incurred in connection with the construction of the Liquefaction Project. In May 2013, CTPL entered into the \$400.0 million CTPL Credit Facility, which will be used to fund modifications to the Creole Trail Pipeline and for general business purposes. In May 2013, Sabine Pass Liquefaction closed the 2013 Liquefaction Credit Facilities aggregating \$5.9 billion. Sabine Pass Liquefaction made a \$100.0 million borrowing under the 2013 Liquefaction Credit Facilities in June 2013 after meeting the required conditions precedent.

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

The increase in proceeds from the sale of partnership common and general partner units in the six months ended June 30, 2013 primarily related to a February 2013 common unit purchase agreement with institutional investors to sell 17.6 million common units for net proceeds, after deducting expenses, of \$372.4 million, which included the general partner's proportionate capital contribution of approximately \$7.4 million. We used the proceeds from this offering to purchase the Creole Trail Pipeline Business.

*Proceeds from the Sale of Class B Units*

Concurrent with the Creole Trail Pipeline Business acquisition in May 2013, we issued 12.0 million Class B units to Cheniere for aggregate consideration of \$180.0 million. See Purchase of the Creole Trail Pipeline, net below. In June 2012, we sold \$166.7 million of Class B units to Cheniere so that we could issue a limited notice to proceed to Bechtel.

*Contributions to Creole Trail Pipeline Business from Cheniere, net*

Contributions to Creole Trail Pipeline Business from Cheniere, net relate to equity contributions provided by Cheniere to the entities owning the Creole Trail Pipeline that we purchased in May 2013. The acquisition has been accounted for as a transfer of net assets between entities under common control. During the period from January 1, 2013 to the purchase date, Cheniere contributed \$20.7 million to the Creole Trail Pipeline entities that we acquired. During the six months ended June 30, 2012, Cheniere contributed \$4.4 million to the Creole Trail Pipeline entities that we acquired.

*Investment in Restricted Cash and Cash Equivalents*

In the six months ended June 30, 2013, we invested a net \$1,980.9 million in restricted cash and cash equivalents. This investment in restricted cash and cash equivalents is primarily a result of the \$3,247.3 million investment in restricted cash and cash equivalents primarily related to the net proceeds from the Sabine Pass Liquefaction Senior Notes, the CTPL Credit Facility and the 2013 Liquefaction Credit Facilities. This investment in restricted cash and cash equivalents was partially offset by the use of \$1,266.3 million of restricted cash and cash equivalents primarily related to the construction of the Liquefaction Project.

*LNG Terminal Costs, net*

LNG terminal costs, net primarily related to the construction of Trains 1 through 4 of the Liquefaction Project. Trains 1 and 2 and Trains 3 and 4 of the Liquefaction Project satisfied the criteria for capitalization in June 2012 and May 2013, respectively. Accordingly, costs associated with the construction of Trains 1 through 4 of the Liquefaction Project have been recorded as construction-in-process since those dates.

*Purchase of the Creole Trail Pipeline, net*

In May 2013, we completed the acquisition of the Creole Trail Pipeline Business for \$480.0 million and reimbursed Cheniere \$13.9 million for certain expenditures incurred prior to the closing date. Concurrent with the Creole Trail Pipeline Business acquisition closing, we issued 12.0 million Class B units to Cheniere for aggregate consideration of \$180.0 million pursuant to a unit purchase agreement with Cheniere Class B Units Holdings, LLC, a wholly owned subsidiary of Cheniere. As a result of the two transactions, we paid Cheniere net cash of \$313.9 million.

*Debt Issuance and Deferred Financing Costs*

Debt issuance and deferred financing costs in the six months ended June 30, 2013 resulted from amounts paid by Sabine Pass Liquefaction related to the 2013 Liquefaction Credit Facilities and the Sabine Pass Liquefaction Senior Notes and amounts paid by CTPL related to the CTPL Credit Facility.

### Repayment of the 2012 Liquefaction Credit Facility

During the six months ended June 30, 2013, the 2012 Liquefaction Credit Facility was amended and restated with the 2013 Liquefaction Credit Facilities described above and the \$100.0 million of outstanding borrowings under the 2012 Liquefaction Credit Facility were repaid in full.

### Distributions to Unitholders

During the six months ended June 30, 2013 and 2012, we distributed \$41.9 million and \$27.0 million, respectively, to our common and general partner unitholders.

### 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 six months ended June 30, 2013:

Date Paid	Period Covered by Distribution	Distribution Per Common Unit	Distribution Per Subordinated Unit	Total Distribution (in thousands)			
				Common Units	Class B Units	Subordinated Units	General Partner Units
February 14, 2013	October 1 - December 31, 2012	\$ 0.425	\$ —	\$ 16,783	—	—	\$ 342
May 15, 2013	January 1 - March 31, 2013	0.425	—	24,259	—	—	495

The subordinated units will receive distributions only to the extent we have available cash above the initial 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 amended and restated VCRA. The ending of the subordination period and conversion of the subordinated units into common units will depend upon future business development.

In 2012, we issued Class B units, a new class of equity interests representing limited partner interests in us, in connection with the development of the Liquefaction Project. The Class B units are not entitled to cash distributions except in the event of our liquidation, our merger, consolidation or other combination with another person or the sale of all or substantially all of our assets. The Class B units are subject to conversion, mandatorily or at the option of the holders of the Class B units under specified circumstances, 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 purchase of the Class B units, and ending on the conversion date of the Class B units, the conversion value of the Class B units increases at a compounded rate of 3.5% per quarter, subject to an additional upward adjustment for certain equity and debt financings. The accreted conversion ratio of the Class B units owned by Cheniere and Blackstone was 1.15 and 1.13, respectively, as of June 30, 2013. The Class B units will mandatorily convert into common units on the first business day following the record date with respect to our first distribution (the "Mandatory Conversion Date") after the earlier of the substantial completion date of Train 3 or August 9, 2017, although if a notice to proceed is given to Bechtel for Train 3 prior to August 9, 2017, the Mandatory Conversion Date will be the substantial completion date of Train 3. The notice to proceed was given to Bechtel on May 28, 2013. We currently expect the substantial completion date of Train 3 to occur before March 31, 2017. If the Class B units are not mandatorily converted by July 2019, the holders of the Class B units have the option to convert the Class B units into common units at that time.

The following table illustrates the number of common units into which the Class B units would convert at the dates specified below (amounts in thousands) and the percentage ownership of the then outstanding limited partner interests, assuming that none of the outstanding Class B units are optionally converted prior to the dates set forth in the table and that no additional limited partner interests are issued by us prior to such dates:

	December 31, 2016	December 31, 2017	December 31, 2018	July 9, 2019
<b>Cheniere:</b>				
Number of Common Units	84,357	96,792	110,060	119,362
Percentage Ownership	49.4%	47.9%	46.5%	45.8%
<b>Blackstone:</b>				
Number of Common Units	182,881	209,782	240,640	258,550
Percentage Ownership	39.0%	41.2%	43.3%	44.4%

The holders of Class B units have a preference over the holders of the subordinated units in the event of our liquidation, our merger, consolidation or other combination with another person or the sale of all or substantially all of our assets.

On July 22, 2013, 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 August 1, 2013 for the period from April 1, 2013 to June 30, 2013.

## Results of Operations

### *Three Months Ended June 30, 2013 vs. Three Months Ended June 30, 2012*

Our consolidated net loss increased \$16.6 million, from \$30.4 million of net loss in the three months ended June 30, 2012, to \$47.0 million of net loss in the three months ended June 30, 2013. The increase in net loss was primarily a result of loss on the early extinguishment of debt, increased general and administrative expense (including affiliate expense) and increased operating and maintenance expense (including affiliate expense), which was partially offset by increased derivative gain and decreased development expense (including affiliate expense). The \$80.5 million loss on early extinguishment of debt in the three months ended June 30, 2013 is a result of the amendment and restatement of the 2012 Liquefaction Credit Facility with the 2013 Liquefaction Credit Facilities. Our general and administrative expense (including affiliate expense) increased \$30.5 million, from \$8.1 million in the three months ended June 30, 2012 to \$38.6 million in the three months ended June 30, 2013. This increase in general and administrative expense (including affiliate expense) is primarily due to increased costs incurred to manage the construction of Trains 1 through 4 of the Liquefaction Project, which resulted from a management services agreement entered into by Sabine Pass Liquefaction, in which Sabine Pass Liquefaction is required to pay a wholly owned subsidiary of Cheniere a monthly fee based upon the capital expenditures incurred in the previous month for the Liquefaction Project. These payments are being funded from proceeds received from the Liquefaction Project's equity and debt financings. Operating and maintenance expense (including affiliate expense) increased \$20.5 million, from \$10.7 million in the three months ended June 30, 2012 to \$31.2 million in the three months ended June 30, 2013. This increase primarily resulted from the loss incurred to purchase LNG to maintain the cryogenic readiness of the regasification facilities at the Sabine Pass LNG terminal and increased costs to manage the operation and maintenance of the regasification facilities at the Sabine Pass LNG terminal under Sabine Pass LNG's long-term operation and maintenance agreement with a wholly owned subsidiary of Cheniere. Derivative gain increased \$95.2 million, from \$0.3 million in the three months ended June 30, 2012 to \$95.5 million in the three months ended June 30, 2013. This increase in derivative gain primarily resulted from the change in fair value of Sabine Pass Liquefaction's interest rate derivatives. Development expense (including affiliate expense) decreased \$11.6 million, from \$15.5 million in the three months ended June 30, 2012 to \$3.9 million in the three months ended June 30, 2013. This decrease in development expense (including affiliate) resulted from Trains 1 and 2 and Trains 3 and 4 of the Liquefaction Project satisfying the criteria for capitalization in June 2012 and May 2013, respectively.

### *Six Months Ended June 30, 2013 vs. Six Months Ended June 30, 2012*

Our consolidated net loss increased \$43.3 million, from \$55.4 million of net loss in the six months ended June 30, 2012, to \$98.7 million of net loss in the six months ended June 30, 2013. The increase in net loss was primarily a result of loss on the early extinguishment of debt, increased general and administrative expense (including affiliate expense) and increased operating and maintenance expense (including affiliate expense), which was partially offset by increased derivative gain and decreased development expense (including affiliate expense). The \$80.5 million loss on early extinguishment of debt in the six months ended June 30, 2013 is a result of the amendment and restatement of the 2012 Liquefaction Credit Facility with the 2013 Liquefaction Credit Facilities. Our general and administrative expense (including affiliate expense) increased \$49.2 million, from \$16.4 million in the six months ended June 30, 2012 to \$65.6 million in the six months ended June 30, 2013. This increase in general and administrative expense (including affiliate expense) is primarily due to increased costs incurred to manage the construction of Trains 1 through 4 of the Liquefaction Project, which resulted from a management services agreement entered into by Sabine Pass Liquefaction, in which Sabine Pass Liquefaction is required to pay a wholly owned subsidiary of Cheniere a monthly fee based upon the capital expenditures incurred in the previous month for the Liquefaction Project. These payments are being funded from proceeds received from the Liquefaction Project's equity and debt financings. Operating and maintenance expense (including affiliate expense) increased \$26.0 million, from \$20.4 million in the six months ended June 30, 2012 to \$46.4 million in the six months ended June 30, 2013. This increase primarily resulted from the loss incurred to purchase LNG to maintain the cryogenic readiness of the regasification facilities at the Sabine Pass LNG terminal and increased costs to manage the operation and maintenance of the regasification facilities at the Sabine Pass LNG terminal under Sabine Pass LNG's long-term operation and maintenance agreement with a wholly owned subsidiary of Cheniere. Derivative gain increased \$78.6 million, from a \$0.6 million derivative loss in the six months ended June 30, 2012 to a \$78.0 million derivative gain in the six months ended June 30, 2013. This increase in derivative gain primarily resulted from the change in fair value of Sabine Pass Liquefaction's interest rate derivatives. Development expense (including affiliate expense) decreased \$25.5 million, from \$33.4 million in the six months ended June 30, 2012 to \$7.9 million in the six months ended June 30, 2013. This decrease in development expense (including affiliate) resulted from Trains 1 and 2 and Trains 3 and 4 of the Liquefaction Project satisfying the criteria for capitalization in June 2012 and May 2013, respectively.

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

As of June 30, 2013, we had no "off-balance sheet arrangements" that may have a current or future material effect on our consolidated financial position or results of operations.

### **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, 2012, as amended by Amendment No. 1 on Form 10-K/A.

## Recent Accounting Standards

In February 2013, the Financial Accounting Standards Board ("FASB") issued guidance that requires entities to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, entities are required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, entities are required to cross-reference to other disclosures required under GAAP that provide additional detail on these amounts. This standard is effective prospectively for reporting periods beginning after December 15, 2012. We adopted this standard effective January 1, 2013. 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.

In December 2011 and February 2013, the FASB issued guidance that requires entities to disclose both gross and net information about both derivatives and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting agreement. The objective of the disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of GAAP and those entities that prepare their financial statements on the basis of International Financial Reporting Standards. Retrospective presentation for all comparative periods presented is required. We adopted this standard effective January 1, 2013. 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 June 30, 2013.

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	830,000	\$3.690 - \$4.319	November 2013	\$ 764	\$ 14
Fuel Derivatives	Fixed price natural gas swaps	912,000	3.559 - 3.903	May 2014	(200)	19

We have entered into interest rate swaps to hedge the exposure to volatility in a portion of the floating-rate interest payments under the 2013 Liquefaction Credit Facilities ("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 \$19.5 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 June 30, 2013.

Hedge Description	Initial Notional Amount (in thousands)	Maximum 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 - Not Designated	\$20.0 million	\$3.6 billion	1.99%	May 2020	\$ 78,207	\$ 32,067

#### 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's rules and forms. As of the end of the period covered by this report, we evaluated, under the supervision and with the participation of our 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 June 30, 2013, 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 5. OTHER INFORMATION**

**Compliance Disclosure**

Pursuant to Section 13(r) of the Exchange Act, if during the quarter ended June 30, 2013, we or any of our affiliates had engaged in certain transactions with Iran or with persons or entities designated under certain executive orders, we would be required to disclose information regarding such transactions in our Quarterly Report on Form 10-Q as required under Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRA"). During the quarter ended June 30, 2013, we did not engage in any transactions with Iran or with persons or entities related to Iran.

Blackstone CQP HoldCo LP ("Blackstone") is a holder of approximately 30% of the outstanding equity interests of us and has three representatives on our Board of Directors. Accordingly, Blackstone may be deemed an "affiliate" of us, as that term is defined in Exchange Act Rule 12b-2. We have received notice from Blackstone that it may include in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 disclosures pursuant to ITRA regarding several of its portfolio companies that may be deemed to be affiliates of Blackstone, although specific information was not available at the time this quarterly report was filed. Because of the broad definition of "affiliate" in Exchange Act Rule 12b-2, these portfolio companies of Blackstone, through Blackstone's ownership of us, may also be deemed to be affiliates of ours.

Blackstone has reported that Hilton Worldwide, Inc. affiliates and branded hotels have engaged in the following activities: certain employees of Hilton-branded hotels in the United Arab Emirates received routine wage payments during the reporting period into an account at Bank Melli, a bank on the Specially Designated Nationals and Blocked Persons List (the "SDN List"), for which transactions no revenues or net profits were associated; and a hotel in Malaysia provided rooms to crew members of Mahan Air, an entity on the SDN list, for which Hilton received revenue and net profit of approximately \$430. Hilton has reported that the first activity has ceased and that the contract relating to the second activity has been terminated.

**ITEM 6. EXHIBITS**

Exhibit No.	Description
10.1*	Amended and Restated Operation and Maintenance Services Agreement, dated May 27, 2013, by and between Cheniere Energy Partners GP, LLC and Cheniere Creole Trail Pipeline, L.P.
10.2*	Management Services Agreement, dated May 27, 2013, by and between Cheniere LNG Terminals, LLC and Cheniere Creole Trail Pipeline, L.P.
10.3	Letter Agreement, dated May 28, 2013, by and between Sabine Pass Liquefaction, LLC and Sabine Pass LNG, L.P. (Incorporated by reference to Exhibit 10.1 to Sabine Pass LNG, L.P.'s Quarterly Report on Form 10-Q (SEC File No. 138916), filed on August 2, 2013)
10.4*	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-0021 Increase to Insurance Provisional Sum, dated April 17, 2013, (ii) the Change Order CO-0022 Removal of LNG Static Mixer Scope, dated May 8, 2013, (iii) the Change Order CO-0023 Revised LNG Rundown Line, dated May 30, 2013, (iv) the Change Order CO-0024 Reroute Condensate Header, Substation HVAC Stacks, Inlet Metering Station Pile Driving, dated June 11, 2013 and (v) the Change Order CO-0025 Feed Gas Connection Modifications, dated June 11, 2013. (Portions of this exhibit have been omitted and filed separately with the SEC pursuant to a request for confidential treatment.)
10.5*	Change orders to the Lump Sum Turnkey Agreement for the Engineering, Procurement and Construction of the Sabine Pass LNG Stage 2 Liquefaction Facility, dated as of December 20, 2012, between Sabine Pass Liquefaction, LLC and Bechtel Oil, Gas and Chemicals, Inc.: (i) the Change Order CO-0001 Electrical Station HVAC Stacks, dated May 30, 2013, (ii) the Change Order CO-0002 Revised LNG Rundown Line, dated May 30, 2013, (iii) the Change Order CO-0003 Currency Provisional Sum Closure, dated May 30, 2013 and (iv) the Change Order CO-0004 Fuel Provisional Sum Closure, dated June 4, 2013. (Portions of this exhibit have been omitted and filed separately with the SEC pursuant to a request for confidential treatment.)
10.6*f	Letter Agreement, dated June 23, 2013, by and between Cheniere Energy Partners, L.P. and Blackstone CQP Holdco LP; Letter Agreement, dated June 14, 2013, by and among Blackstone CQP Holdco LP, Philip Meier and Meier Consulting LLC
10.7*f	Form of Phantom Units Agreement under the Cheniere Energy Partners, L.P. Long-Term Incentive Plan
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.

*f* Management contract or compensatory plan or arrangement

+ 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.

**SIGNATURES**

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

CHENIERE ENERGY PARTNERS, L.P.

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

By: \_\_\_\_\_ /s/ JERRY D. SMITH  
Jerry D. Smith  
Chief Accounting Officer  
(on behalf of the registrant and as principal accounting  
officer)

Date: August 2, 2013

**AMENDED AND RESTATED OPERATION AND MAINTENANCE SERVICES AGREEMENT**

**(CHENIERE CREOLE TRAIL PIPELINE)**

**BY AND AMONG**

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

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

**AND**

**CHENIERE CREOLE TRAIL PIPELINE, L.P. (“OWNER”)**

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Schedule 5	List of Project Contracts



## AMENDED AND RESTATED OPERATION AND MAINTENANCE SERVICES AGREEMENT

THIS AMENDED AND RESTATED OPERATION AND MAINTENANCE SERVICES AGREEMENT (“**Agreement**”) is entered into effective as of May 27, 2013, by and between Cheniere Creole Trail Pipeline, L.P., a Delaware limited partnership (“**Owner**”), Cheniere Energy Partners GP, LLC, a Delaware limited liability company (“**Operator**”), both with offices at 700 Milam Street, Suite 800, Houston, Texas 77002, and solely for purposes of Section 3.1, 5.1, 9.8, Article XII, Article XVIII, Article XIX and Section 21.3 and the related definitions used therein, Cheniere LNG O&M Services, LLC (“**O&M Services**”), a Delaware limited liability company. Owner and Operator may be referred to herein individually as a “**Party**” or collectively as the “**Parties**.”

### WITNESSETH:

**WHEREAS**, Cheniere LNG O&M Services, L.P., whose interest was assigned to Operator, and Owner entered into that certain Operation and Maintenance Services Agreement dated as of November 26, 2007 (the “**Original Agreement**”), and

**WHEREAS**, Operator and Owner desire to amend and restate the Original Agreement in its entirety as set out below.

**NOW, THEREFORE**, the Parties agree that the Original Agreement is hereby amended and restated in its entirety as follows:

### ARTICLE I.

#### DEFINITIONS AND INTERPRETATION

**12.1 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.

“**Abbreviated Application**” means the Abbreviated Application for a Certificate of Convenience and Necessity in FERC Docket No. CP12-351 allowing for Bi-directional flow of Natural Gas through the Facilities.

“**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.

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“**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 this Amended and Restated Operation and Maintenance Services Agreement, as amended from time to time.

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

“**Approved Budget**” means for 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 Capital Budget**” means for each Operating Year, or portion thereof, the Capital Budget as approved by Owner pursuant to Article VIII, 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 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 9.6 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 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 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.

“**Capital Budget**” means for each Operating Year, the budget relating to the replacement of the Facilities that require capital expenditures for such Operating Year prepared by Operator and submitted to Owner for its approval under Article VIII.

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

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

“**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 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 customer of 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

“**DOT**” means the U.S. Department of Transportation.

“**EFM**” means electronic gas measuring devices.

“**EH&S**” means certain regulatory obligations of the Owner under FERC, pipeline safety, environmental, and occupational safety and health regulations of Governmental Authorities having jurisdiction over the Facilities.

“**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 Facilities; 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 Natural Gas, lubricants, 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.

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

“**Facilities**” means (a) the 92 miles of 42-inch diameter pipeline pursuant to Owner's FERC Certificate and shall include all of the facilities comprising Owner's natural gas Creole Trail Pipeline commencing in Southwest Louisiana, including but are not limited to, pipeline facilities, launchers and receivers, cathodic protection, metering and regulating facilities, gas heaters, EFM, RTU, communications, gas quality measurement equipment, and all appurtenances thereto, and (b) when placed into commercial operation, the improvements and modifications needed to allow for bi-directional Natural Gas flows on the pipeline described in clause (a) of this definition and interconnection of said pipeline to the SPL Facility for which FERC authorization has been sought under the Abbreviated Application.

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

“**FERC Authorization**” means (a) the authorizations by the FERC issued on December 21, 2004 and June 15, 2006 granting to Owner the approvals requested in that certain application filed by Owner with the FERC in Docket Nos. CP05-357-006 and CP07-426-000 as amended by the FERC authorizations issued thereafter and (b) upon issuance, the authorization by the FERC granting the Abbreviated Application.

“**FERC Gas Tariff**” means the rate schedules and general terms and conditions in effect at any given time via FERC Authorization.

“**Force Majeure Event**” means acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making repairs or alterations to machinery or lines of pipe, freezing of wells or lines of pipe, unplanned outages on a shipper's facilities, unplanned outages on Transporter's pipeline system, the inability of Transporter's pipeline system to deliver gas, acts of civil or military authority (including, but not limited to, courts or administrative or regulatory agencies) partial or entire failure

of source of supply, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of the Party claiming suspension and which by the exercise of due diligence such Party is unable to prevent or overcome; such term shall likewise include in those instances where either Party is required to obtain servitudes, rights of way grants, permits or licenses to enable such Party to fulfill its obligations hereunder, the inability of such Party to acquire, or the delays on the part of such Party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights of way grants, permits or licenses; and in those instances where either Party is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure grants or permissions from any governmental agency to enable such Party to fulfill its obligations hereunder, the inability of such Party to acquire, or the delays on the part of such Party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions (provided that to the extent such Party has contracted with an affiliate to obtain such materials and supplies, permits, and permissions, such Party shall be entitled to rely on this provision to excuse such inability or delay only to the extent of an inability or delay reasonable in comparison to arms-length transactions with nonaffiliates).

“**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.

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

“**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.

“**License Agreements**” means the licenses assigned to Owner in accordance with Section 5.7 of the Amended and Restated Purchase and Sale Agreement dated as of August 9, 2012, by and among Cheniere Pipeline Company, Grand Cheniere Pipeline, LLC, Cheniere Energy Partners, L.P. and Cheniere Energy, Inc., as such licenses may be amended or supplemented from time to time in accordance with Section 6.1.

“**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 Limited Liability Company Agreement of Cheniere Energy Partners GP, LLC, 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.

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

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

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

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

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

“**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 9.4.

“**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 Procedures Manual**” means the manual containing the operation and maintenance procedures prepared by Operator and approved by Owner.

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

“**Operating Expenses**” is defined in Section 9.2.

“**Operating Period**” means the period commencing on November 26, 2007 and ending upon termination of the term of this Agreement.

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

“**Operating Year**” means the period commencing on November 26, 2007 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 Action**” is defined in Section 5.4.

“**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.

“**PHMSA**” means the Pipeline and Hazardous Materials Safety Administration of the U.S. Department of Transportation.

“**Project Contracts**” means the agreements described in Schedule 5 and all other agreements related to the development, financing, construction, operation, and

maintenance of the Facilities, including Additional Agreements and the License Agreements.

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

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

“**RTU**” means remote terminal units.

“**Secondment Agreement**” means the Services and Secondment Agreement related to among other things the Services hereunder between O&M Services and Operator, 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.

“**SPL Facility**” means Sabine Pass Liquefaction, LLC's facilities for the receipt of Natural Gas, the liquefaction of Natural Gas and the storage and send-out of LNG which facilities are located in Cameron Parish, Louisiana adjacent to the facilities of SPLNG.

“**SPLNG**” means Sabine Pass LNG, L.P.

“**Standing Procedures**” means the procedures prepared by Operator under Schedule 3.

“**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.

“**Successor Operator**” is defined in Section 11.5.

“**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.

“**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.



**12.2 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 Facilities, 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 November 26, 2007 and unless sooner terminated as provided herein, shall continue in full force and effect until twenty (20) years after the last LNG production train located at the SPL Facility reaches substantial completion under the engineering, procurement and construction agreement pursuant to which such train is built (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 Facilities 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 Initial Term and Extension Terms, Operator will perform the Services indicated on Schedule 1. Operator acknowledges that Owner is licensed to use certain intellectual property and other materials pursuant to the License Agreements, and that Operator will have access to or otherwise use certain of such intellectual property and other materials (the “Licensed IP”) in performing the Services for Owner. Operator agrees that it shall use the Licensed IP solely on behalf of Owner in order to provide the Services, and for no other purpose, and that Operator shall comply with the terms and conditions of the License Agreements (as such terms and conditions may be amended or supplemented from time to time in accordance with Section 6.1).

**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 Facilities or any other property or assets of Owner;

- (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 Facilities; or
- (i) exercise any of the Retained Rights.

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

**3.6 Risk of Loss.** Since November 26, 2007, Operator has been, and Operator shall continue be, responsible for the operation and maintenance of the Facilities and shall ensure that all necessary Services required to operate and maintain the Facilities are properly performed in accordance with the terms hereof. Except as otherwise provided herein, Operator does not have risk of loss for the Facilities, 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 Facilities and perform all the Services hereunder in a good and workmanlike manner consistent with the performance of a prudent operator under the same or similar circumstances and 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) the applicable Approved Operating Plan, Approved Budget, Approved Capital Budget and Approved Maintenance Program;
- (g) the Standing Procedures;  
and
- (h) 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 Facilities 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 Facilities 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 co-operation as may be reasonably required in order to obtain and maintain all necessary Government Approvals for the operation and maintenance of the Facilities. Operator shall perform the Services, including the operation and maintenance of the Facilities in accordance with the terms and conditions of the FERC Authorization and all other Government Approvals applicable to the operation and maintenance of the Facilities.
- 3.9 Liens.** Operator shall not permit any Lien to be filed or otherwise imposed on any part of the Facilities 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 Facilities 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 Facilities 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 Facilities, 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.

**3.11 Federal DOT Operator Qualification.** Operator shall submit to Owner a copy of its current DOT Operator Qualification ("OQ") Plan for review and approval by Owner in writing. Operator shall provide to Owner for review and prior approval any future revisions to its OQ Plan.

#### **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 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;
- (c) paying Operator the amounts owed under this Agreement;
- (d) complying, with Operator's assistance, with all Owner requirements in Government Approvals identified in Section 4.4;
- (e) managing all loan or financing agreements;
- (f) submitting, with Operator's assistance pursuant to Sections 4.4 and 6.3, Tariff filings, FERC 7(c) or (b) filings and general FERC reporting, including but not limited to Form 2, Form 567, Quarterly reports, and Fuel Retainage filings; and
- (g) approving all system purchases, development, and related budgets for pipeline software systems, including, but not limited to, SCADA, GIS, Transaction Management, Measurement Accounting, Informational Posting systems.

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

- (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 Facilities;
- (c) approve of commitments to incur expenditures in relation to any expenditures not included in the applicable Approved Budget or Approved Capital 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 Facilities, with Operator's assistance pursuant to Sections 4.4 and 6.3, notify and communicate with Government Authorities regarding the Facilities;

- (h) enter and inspect the Facilities by Owner's employees or agents, to accompany or send prospective Customers to the Facilities 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, agents and others authorized by Owner and agreed to by Operator which agreement will not be unreasonably withheld 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, Approved Capital 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 this Agreement.

**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 Facilities. Operator shall provide Owner with such assistance and cooperation as may reasonably be required by Owner to obtain, maintain and comply with all such Government Approvals.

## ARTICLE V.

### O&M EMPLOYEES AND REPRESENTATIVES OF PARTIES

**5.1 O&M Employees; Subcontractors.** Operator and its Affiliates (including, without limitation, 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 an 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 Facilities and the regulations and safety requirements of Owner.

**5.3 Representative of Operator.** Operator with Owner's approval has appointed 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 Facilities. 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. Operator shall not replace the Operator's Representative, whether such individual is an employee or subcontractor of Operator, without prior notice to the Owner's Representative of the identity of such individual and the prior approval of the appointed individual by the Owner's Representative, which approval shall not be unreasonably withheld. In the event that the Operator's Representative resigns from the employment of the Operator or its subcontractor for any reason whatever, or is otherwise incapacitated and unable to fulfill his contractual duties under this Agreement, Operator shall be responsible for replacing such individual with a properly qualified individual of suitable ability, who shall have been previously approved in writing by the Owner's Representative, whose approval shall not be unreasonably withheld or delayed.

**5.4 Representative of Owner.** Owner has appointed an individual ("Owner's Representative") to act as the representative of Owner in connection with the operation and maintenance of the Facilities. Owner shall notify Operator of the identity of 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 Facilities 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 of its responsibilities. Notwithstanding anything to the contrary herein, the Parties acknowledge and agree that, at anytime while the Owner is a wholly-owned subsidiary of Cheniere Energy Partners, L.P., whether directly or indirectly, (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 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.

**5.6 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 5.6 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 AND FERC 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, as requested by Operator.

Operator and Owner acknowledge and agree that (a) Owner has delivered (or Operator is otherwise in possession of) a copy of each of the Project Contracts which is currently in effect to Operator on or prior to the execution of this Agreement and (b) Owner shall deliver a copy of each of the Project Contracts that is 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, Approved Capital 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:

- (a) 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, Approved Capital Budget or Approved Budget; or
- (b) setting forth any proposed changes to this Agreement, the Services or the then-current Approved Operating Plan, Approved Maintenance Program, Approved Capital Budget 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(b) 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. Notwithstanding anything to the contrary in this Section 6.1, Owner shall not be obligated to consult with Operator or distribute copies of the License Agreements or any amendments or supplements thereof to Operator to the extent such consultation or distribution is prohibited or otherwise limited by the terms and conditions of the License Agreements; provided that Owner shall inform Operator in writing of the terms of any amendments or supplements to the License Agreements entered into after the date hereof, to the extent that they may reasonably be expected to affect Operator's use of Licensed IP or Operator's performance of its obligations hereunder.

## **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 in the Approved Operating Plan, Approved Maintenance Program, or the Standing Procedures as being Operator responsibilities. If Owner requests any report, contract, agreement, arrangement, document or other information relating to or in connection with the Facilities 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 Governmental Authorities.** Owner is required to provide regular reports and other information to the FERC, PHMSA and State of Louisiana pipeline and environmental safety agencies. The Facilities will also be subject to regular inspections by the FERC staff and PHMSA staff, and continuous monitoring by inspectors providing reports to the FERC and PHMSA. Operator shall assist Owner as Owner's agent with all interfaces with the FERC, PHMSA and State of Louisiana pipeline and environmental safety agencies as follows:

- (a) Operation and maintenance procedures and manuals, as well as emergency plans and safety procedure manuals, shall be completed by Operator prior to commissioning operations. These documents include selected Standing Procedures as listed in Schedule 3.
- (b) Implement, maintain, and timely post on Owner's Internet website as required by FERC regulations, a written log detailing the circumstances and manner of any discretionary decisions by Owner under the terms of its FERC tariff, any tariff waivers by Owner, and any other information of Owner that is required by FEFC Standards of Conduct to be publicized.
- (c) Significant non-scheduled events, including safety-related incidents (i.e., Natural Gas releases, fires, explosions, mechanical failures, unusual over pressurization, and major injuries) shall be reported to PHMSA and 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 Facilities' emergency plan. Operator shall develop for Owner any such reports that may be required during the Operating Period. Examples of reportable incidents include:

- Fire;
  - Explosion;
  - Property damage exceeding \$10,000;
  - Death or injury requiring hospitalization;
  - Unintended movement by environmental causes, such as an earthquake, landslide, or flood, that impairs the serviceability, structural integrity, or reliability of the parts of the Facilities that contain, control, or process Natural Gas;
  - Any crack or other material defect that impairs the structural integrity or reliability of any part of the Facilities that contains, controls, or processes Natural Gas;
  - Any malfunction or operating error that causes the pressure of a pipeline or a part of the Facilities that contains or processes Natural Gas to rise above its maximum allowable operating pressure (or working pressure for the Facilities) plus the build-up allowed for operation of pressure limiting or control devices;
  - A leak in a part of the Facilities that contains or processes Natural Gas that constitutes an emergency;
  - Any safety-related condition that could lead to an imminent hazard and cause (either directly or indirectly by remedial action of the 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 Facilities that contains or processes Natural Gas; and
  - 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 Facilities' incident management plan.
- (d) Assist Owner with compliance with all other requirements or Applicable Laws of the FERC, PHMSA and State of Louisiana pipeline and environmental safety agencies, except as otherwise stated in this Agreement or in the Approved Operating Plan, Approved Maintenance Program, or the Standing Procedures.

In the event of an incident, the PHMSA and FERC each have 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 Facilities to cease operations. Following the initial notification, PHMSA and/or 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 such an incident occurs.

**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 Facilities, 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 Facilities.

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

- (a) The 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 \$10,000;
- (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 Facilities; 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 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 Facilities.

**6.6 Books and Records.** Operator shall maintain complete, accurate, and up-to-date records, books, and accounts relating to the operation and maintenance of the Facilities, 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 GAAP and FERC accounting standards, 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 Facilities 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 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.

## ARTICLE VII.

### OPERATING PLANS AND BUDGETS

**7.1 Maintenance Program.** At the same time as it submits each new Operating Plan for the Facilities, 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 Facilities 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 Facilities. 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 Budget.**

- (a) 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 Facilities 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 Facilities 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 Facilities 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 Facilities 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.

- (b) 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 (i) incurred by Operator or its Affiliates in or with respect to any Operating Year prior to the Operating Year to which the Operating Plan relates, (ii) 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), (iii) except for cash incentive compensation to O&M Employees set forth in the Approved Budget, related to cash incentive compensation, (iv) payable or otherwise related to any senior officer of Cheniere Energy, Inc., (v) 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), (vi) 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), (vii) of compensation of personnel providing services pursuant to the Management Services Agreement, or (viii) 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 Facilities.

**7.4 Changes in Plans or Budgets.** If Owner requests an amendment to a proposed Operating Plan, Budget, or Maintenance Program for the Facilities, 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.
- (d) Upon approval by the Parties, or the adoption by Owner, of any Operating Plan, Budget, and Maintenance Program for the Facilities, 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 Facilities for the preceding Month, as submitted by Operator pursuant to Section 9.6; and
- (b) any proposed adjustments in the relevant Approved Operating Plan, Approved Budget, or Approved Maintenance Program for the Facilities 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 Facilities;
  - (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.

## **ARCITICLE VIII.**

### **CAPITAL BUDGET**

**8.1 Capital Budget Submittal.** Prior to August 1st of each Operating Year, or other date established by Owner, Operator shall prepare and present to Owner a discretionary and a

non- discretionary Capital Budget for the next Operating Year of capital items which Operator is aware and which Operator recommends be implemented to maintain the Facilities in good working order. The Parties intend that the Capital Budget will include matters relating to the replacement of the Facilities that require capital expenditures, excluding Facilities expansions, which will be planned and carried out by Owner as desired from time to time.

**8.2 Capital Budget Approval.** Owner shall, on or before October 31st of the Operating Year, or other date established by Owner, consider and, if acceptable, approve the Capital Budget, after having made, in consultation with Operator, any necessary revisions, additions or deletions. Operator shall include the following information on work order estimates in the Capital Budget for the upcoming Operating Year:

- (a) Identification of all projected costs of proposed projects, which may be capitalized in accordance with Owner policies;
- (b) Details of the number of employees and contract personnel required to construct and operate any proposed capital projects;
- (c) Such other information as the Owner may have reasonably required the Operator to provide.
- (d) Operator, in addition, will provide Owner a three-year project plan for capital projects to be used for planning purposes.

**8.3 Commencement of Capital Projects.** Owner and Operator will agree on the commencement of the capital projects at the beginning of the Operating Year. Any Notice to proceed with capital projects will contain the appropriate budget control requirements and expenditure levels delegated to Operator and will be at the Owner's expense. Operator shall promptly commence the Services for projects under its control, including permit acquisition, engineering procurement, materials and labor procurement in accordance with the Owner's policies. Operator shall notify Owner of right-of-way acquisition requirements, it being understood, however, that the responsibility for acquiring any right-of-way shall remain with Owner except that Operator shall maintain, on behalf of Owner, the Owner's title to the rights-of-way, associated records and files relating to same, including acquisition of rights of way for routine pipeline construction and enhancement projects and for ground beds for cathodic protection, right of way damages payments, and lease renewal fees. If requested by Owner, Operator shall assist Owner with the acquisition of rights-of-way.

**8.4 Additional Work Orders, Amendment, and Cancellation.** Owner may at any time during the Operating Year approve additional work order requests for capital projects not included in the Approved Capital Budget. Operator will perform, at Owner's request, unbudgeted routine Facilities replacement type capital expenditure projects of the types mentioned in Schedule 1 at Owner's expense. Further, Owner may at any time, by Notice to Operator, amend or cancel any previously approved work order, provided that any amendment or cancellation shall not prevent Operator from being indemnified by Owner for any authorized contract, expenditure or other binding obligation previously made or incurred by Operator in reliance on a work order previously approved by Owner. If any work order is amended or

canceled by Owner, Operator shall use commercially reasonable efforts to obtain the release or limit the liability of Owner with respect to any existing contract or other binding obligation, or to obtain the refund of any expenditure which is no longer covered by the prior approval of Owner, or as Owner may direct, and Operator shall be entitled to reimbursement of any costs incurred to carry out that effort.

**8.5 Work Order Variances.** There shall be allowed a cost underrun/overrun allowance per work order equal to ten percent (10%) or \$10,000, whichever is greater, of the amount of each approved work order. Operator will notify Owner by completing a work order log as soon as practicable of any use of the allowance and the reasons therefore.

- (a) Upon knowledge by Operator that the actual costs of implementing any item in the Approved Capital Budget may exceed the overrun allowance, and before the overrun allowance is exceeded, Operator shall promptly notify Owner.
  - (i) If Operator expects a project overrun, Operator will notify the Owner verbally prior to spending the additional money. Operator shall then provide Owner with the written information necessary to allow Owner to make a decision whether to proceed or cancel the implementation of the capital item.
  - (ii) Upon receipt of the notification and information, Owner shall promptly decide whether to proceed or cancel the implementation of the capital item and notify Operator of its decision verbally, and later in writing.
- (b) Likewise, upon knowledge by Operator that the actual costs of implementing any item in the Approved Capital Budget may be less than the underrun allowance, Operator shall promptly notify Owner.

## ARTICLE IX.

### RESPONSIBILITY FOR COSTS AND EXPENSES

**9.1 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 or Approved Capital 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 9.1 shall designate Owner as the purchaser of such materials and services.

**9.2 Operating Expenses.** "Operating Expenses" shall mean, except as limited pursuant to Section 7.2(b), 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 by Owner in connection with the operation and maintenance of the Facilities less all sales and use Tax rebates relating to the Facilities and the construction thereof that any member of the Operator Group receives and that have not been paid to Owner pursuant to Section 9.8, and, except as limited pursuant to Section 7.2(b), shall include:

- (a) Labor Costs;
- (b) the cost of spares, tools, equipment, consumables, materials, chemicals, catalysts, and supplies (other than Natural Gas), including paint, procured in accordance with the provisions of this Agreement;
- (c) the cost of Operator's 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) permits and licenses necessary in the performance of Operator's duties in accordance with the provisions of this Agreement;
- (f) right-of-way oversight and maintenance, including any damages payments, lease rentals, recurring easement fees, and costs of realty rights if procured by Operator;
- (g) costs incurred for environmental assessments and inspections required by any Government Authority;
- (h) costs incurred for any plan which addresses pipeline integrity issues, including shallow cover and exposed pipe and low cathodic protection;
- (i) the cost of information technology;
- (j) the cost of any insurance premiums paid by Operator with respect to the insurance obtained and maintained by Operator pursuant to Section 14.1; provided that to the extent that Operator is liable under this Agreement for Losses covered by insurance, any deductible amount under any such insurance shall not be an Operating Expense;
- (k) the cost of office space, furnishings, equipment and supplies as well as the cost of copies, postage, telephone, and facsimile transmissions;
- (l) expenses of vehicles used in the performance of the Services in accordance with provisions of this Agreement;
- (m) the cost of transportation, travel, and relocation of O&M Employees;
- (n) all Taxes chargeable with respect to the operation and maintenance of the Facilities in accordance with Section 9.8;
- (o) the cost of recruiting and training O&M Employees;  
and
- (p) all other costs reasonably incurred in the performance of Operator's duties under this Agreement.

**9.3 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, will not result, and at year-end 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 7.6.

**9.4 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 9.5. 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.

**9.5 Estimated Operating Expenses.** During each Operating Year, Operator shall submit 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, with reasonable detail regarding the expected nature and estimated amount of each such Operating Expense. Not later than the fifteenth (15th) day of each Month thereafter during the Operating Period, Operator 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 in accordance with the Approved Budget or otherwise authorized hereunder, 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 such 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 in accordance with the Approved Budget or otherwise authorized hereunder, 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.

**9.6 Billing Reports.** 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 Facilities setting forth the Services provided to the Facilities, 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 the Operating Expenses in that Month for the Facilities (i) included in the Approved Budget or otherwise permitted under Section 7.4 and (ii) to the extent not already paid by Owner.

**9.7 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 Facilities and the Operating Expenses which were projected to be incurred during such Month in the Approved Budget for the Facilities, (b) the actual amount incurred for each line item in and the amount of each line item in the Approved Budget for the Facilities 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 9.7 and any other items due or payable under this Agreement.

**9.8 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 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, as adjusted and/or limited pursuant to Section 10.3) to the extent prevented by the occurrence of a Force Majeure Event.

**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.

**10.4 Labor Matters Exception.** It is understood and agreed that the settlement of strikes or lockouts or other industrial disturbances will be entirely within the discretion of the Party having the difficulty, and settlement of strikes, lockouts, or other labor disturbances when that course is considered inadvisable is not required, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing Party when such course is inadvisable in the discretion of the Party having the difficulty.

## 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 to perform its obligations hereunder which continues for thirty (30) Days after Operator's receipt of Notice of such failure from Owner which Notice shall include Owner's recommendation for a cure of such failure, unless Operator 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 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 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 Facilities (the "Successor Operator") so as not to disrupt the normal operation and maintenance of the Facilities and shall provide full access to the Facilities 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 Facilities.
- (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 Facilities.
- (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 Facilities. 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 Facilities 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 Budget or as otherwise reasonably incurred and agreed by the Parties in connection with the transition, shall be paid by Owner.

**11.6 Survival of Certain Provisions.** The obligations of the Parties in Articles XI, XII, XIII, XIV and 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 Facilities.** Operator shall be responsible for any physical loss or damage to the Facilities 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 One Hundred Thousand Dollars (\$100,000) 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 use of the Licensed IP (other than as expressly permitted under Section 3.2)
- (c) any breach of any of the License Agreements caused by Operator, except to the extent Operator breached any provision of any amendment or supplement thereto entered into after the date hereof which provision was not disclosed to Operator pursuant Section 6.1;
- (d) any negligent act or omission on the part of Operator; and
- (e) 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 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 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 Oilfield Anti-Indemnity Act.** Operator, Owner and O&M Services agree that the Louisiana Oilfield Anti-Indemnity Act, La. Rev. Stat. § 9:2780, et. seq., is inapplicable to this Agreement and the performance of the 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 Section 12.5 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 one hundred thousand Dollars (\$100,000) 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 hundred thousand dollars (\$100,000) for that Year; provided that the foregoing limitation does not apply with respect to any claim relating to breach by Operator of its obligations hereunder with respect to the Licensed IP or the License Agreements.

**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 Operator's Insurance Responsibilities.** At all times during the term of this Agreement, Operator shall provide and maintain in full force and effect insurance of the types and with limits as reasonably defined by Owner. Operator may self-insure any portion or all of these requirements with the written approval of Owner.

**14.2 Owner's Insurance Responsibilities.** At all times during the term of this Agreement, Owner shall provide and maintain in full force and effect property damage insurance and general liability insurance in accordance with Owner's usual and customary insurance practices. Owner may self insure any portion or all of these requirements.

**14.3 Subcontractors' Insurance.** Prior to commencement of the Services and at all times during the term of this Agreement, Operator shall require each of its subcontractors to provide and maintain (a) Worker's Compensation, (b) Employer's Liability, (c) Automobile Liability, and (d) General Public Liability insurance coverage having minimum limits consistent with the normal coverages and limits for the type of work to be done by the subcontractor.

**14.4 Insurance Policies.** All insurance policies provided and maintained by Operator's Contractors and subcontractors for services as to the Facilities shall:

- (i) At Operator's election, (x) be underwritten by insurers which are rated "A- VIII" or higher by the most current edition of Best's Key Rating Guide and which are authorized to write insurance in the state or states in which the Services are to be performed, or (y) be underwritten by insurers which are financially secure and are acceptable to Owner; and
- (ii) Be endorsed to specifically name Owner and its Affiliates as additional insured, excluding, however, Workers' Compensation. Operator will exercise all reasonable efforts to cause the Contractor and to require that the Contractor cause its subcontractors to obtain from their insurers an agreement to waive their subrogation rights against Owner and Operator.

**14.5 Other Requirements and Insurance Certificates.** Operator shall ensure that the insurance maintained by Operator shall provide for at least ten (10) Days' Notice to be given to Owner prior to any cancellation, non-renewal, or material modification of such policies. 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). 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.

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

**14.7 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 Facilities 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 Section 14.1 and Section 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

**15.1 Assignment.** This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Owner may assign or transfer this Agreement or any of its rights, interests or obligations hereunder to any Person without the prior written approval of Operator; provided Owner gives Operator written notice of the name of the assignee or transferee as soon as reasonably practicable after the assignment or transfer. Operator may not assign or transfer either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of Owner, which shall not be unreasonably withheld. Operator may not assign any of its rights or obligations under this Agreement to any third party purchaser that does not have, in Owner's reasonable judgment, substantially similar financial and operating capabilities as Operator. 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 or transfer not expressly permitted hereunder shall be null and void and have no force or effect.

#### ARTICLE XVI.

#### CONFIDENTIALITY

**16.1 Confidential Information.** Subject to Section 16.2, Operator shall keep confidential all matters relating to the Services, the Project Contracts, the Facilities, 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 Project Contracts, the Facilities, 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, Subcontractors, Operator's officers, directors, attorneys, agents, employees, Affiliates 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 Facilities, 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 and the FERC Authorization 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 and PHMSA notification procedures described in Section 6.3 of this Agreement or set forth in any other instructions from the FERC and PHMSA. 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 Facilities, 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, either 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 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. At anytime while the Owner is a wholly-owned subsidiary of Cheniere Energy Partners, L.P., whether directly or indirectly, 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, at anytime while the Owner is a wholly-owned subsidiary of Cheniere Energy Partners, L.P., whether directly or indirectly, 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 opposing Party or 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 other 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, at anytime while the Owner is a wholly-owned subsidiary of Cheniere Energy Partners, L.P., whether directly or indirectly, (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 prepaid 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:**

Cheniere Creole Trail Pipeline, L.P.  
700 Milam Street, Suite 800  
Houston, Texas 77002  
Attention: President  
Facsimile Number: 713.375.6000

**To Operator:**

Cheniere Energy Partners GP, LLC  
700 Milam Street, Suite 800  
Houston, Texas 77002  
Attention: Senior Vice President  
Facsimile Number: 713.375.6000

**To O&M Services:**

Cheniere LNG O&M Services, LLC  
700 Milam Street, Suite 800  
Houston, Texas 77002  
Attention: Senior Vice President  
Facsimile Number: 713.375.6000

**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
- (c) 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 or limited liability company, as the case may be, 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);
- (d) 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;
- (e) 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: (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;
- (f) 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
- (g) 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 Facilities in accordance with the terms hereof.

**20.3 OWNER'S DISCLAIMER.** NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, IT IS THE EXPLICIT INTENT AND UNDERSTANDING OF EACH PARTY THAT OWNER IS MAKING NO REPRESENTATION OR WARRANTY WHATSOEVER, WITH RESPECT TO OWNER'S FACILITIES, EXPRESS OR IMPLIED, AND OPERATOR SHALL TAKE POSSESSION OF OWNER'S FACILITIES COVERED HEREUNDER FOR THE PURPOSE OF PERFORMANCE OF THE SERVICES AND THE OPERATION AND MAINTENANCE OF THE FACILITIES "AS IS" AND "WHERE IS" WITH ALL FAULTS. OWNER HEREBY EXPRESSLY DISCLAIMS AND NEGATES ANY REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, AT COMMON LAW, BY STATUTE OR OTHERWISE, RELATING TO THE CONDITION OF OWNER'S FACILITIES (INCLUDING ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE).

**20.4 DISCLAIMER OF ALL OTHER WARRANTIES .** EXCEPT FOR ANY EXPRESS WARRANTIES SET FORTH IN THIS Article XX OR ELSEWHERE IN THIS AGREEMENT, THE PARTIES HEREBY DISCLAIM ANY AND ALL OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING THE IMPLIED WARRANTY OF MERCHANTABILITY AND IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.

## 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 Natural Gas from the Facilities.

**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 No Third Party Beneficiary.** 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.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Day and year first above written.

*Owner:*

CHENIERE CREOLE TRAIL PIPELINE, L.P.  
By: Cheniere Pipeline GP Interests, 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 McArthur

Name: Graham McArthur

Title: Treasurer

## SCHEDULE 1

### SERVICES PROVIDED BY OPERATOR

Subject to all Applicable Laws, Owner's policies and procedures as may be in effect from time to time, and FERC Authorization, as amended or supplemented from time to time, and the terms hereof, Operator shall provide the following Services relative to the Facilities:

- a) **Routine Operations.** Operator will conduct all routine field operations with respect to the Facilities, and shall procure and furnish all materials, equipment, services, supplies and labor necessary for the safe, routine and prudent operation, maintenance, routine non-major construction of the Facilities, routine engineering in support of these activities, and related warehousing and security, including, without limitation, the following:
- i) Maintain and operate all measurement, including RTU, EFM, and communications, equipment, where such activity is the obligation of Owner, in accordance with Owner's and industry standards.
  - ii) Maintain and oversee pipeline rights-of-way including aerial patrol, markings and signage; and manage landowner and other third party encroachments to preserve Owner's easement rights and prevent interference with Owner's and Operator's ability to operate and maintain the Facilities.
  - iii) In conjunction with Owner's IT personnel, maintain Owner provided GIS system including configuring all Owner provided data, system hardware, servers, communications equipment and licenses.
  - iv) Maintain integrity systems including performance of pipeline coating maintenance and maintenance and operation of cathodic protection systems.
  - v) Perform periodic testing, calibration, adjustment and external and internal inspection so as to keep the Facilities in good working order.
  - vi) Perform routine equipment maintenance, repair, reconditioning, overhaul and replacement so as to keep the Facilities in good working order and demonstrate good housekeeping measures to maintain the Facilities.
  - vii) Select and engage third party personnel as required to perform and oversee the operation, maintenance, repairs, and replacements of the Facilities.
  - viii) Keep in force and effect, in the name of Owner, all permits and maintain records thereof as required by FERC Authorization and all Applicable Laws.

- ix) Maintain, on behalf of Owner, the Owner's title to the rights-of-way, associated records and files relating to same, including acquisition of rights of way for routine pipeline construction and enhancement projects and for ground beds for cathodic protection, right of way damages payments, and lease renewal fees.
- x) In conjunction with Owner's Corporate EH&S, or any Contractor performing such services for Owner, create and maintain information systems with respect to permits, regulatory filings and rights-of-way so that matters such as renewals, expenditures, terminations, limitations on assignments and notification requirements can be tracked, maintained and complied with in accordance with applicable terms.
- xi) Enforce the Owner's FERC Gas Tariff gas quality specifications in effect from time to time as to gas transported in the Facilities.
- xii) Conduct all other routine Day-to-Day field operations of the Facilities.
- xiii) Order and purchase required material, supplies, and equipment of the types used in the ordinary course of operation of the Facilities as set out in the Approved Budget, including pipe for pipe replacements, routine meter betterments, and cathodic protection equipment, which are in conformance with the established Owner standards for materials.
- xiv) Operate and maintain, or if subcontracted to a third party, oversee the operation and maintenance of Owner's gas measurement points, including all measurement points leaving and or entering the Facilities, in accordance with all applicable standards, interconnect agreements and Owner's policies and procedures, including the Owner's FERC Gas Tariff.
- xv) Direct any requests for new gas connections or requests for new transportations services to Owner. Similarly, Operator shall not make any pipeline modifications not authorized by Owner.
- xvi) Develop and implement procedures for emergency and security response. These procedures will describe the measures that are necessary to protect employees, Owner property, and operations from man-made or emergency disruptions. Owner will approve all response measures developed by Operator. Operator will enact such procedures at, Operators discretion, in accordance with said procedures.
- xvii) At Owner's direction and with Owner's approval, develop and implement routine and recurring provisions for a pipeline integrity management plan.
- xviii) At Owner's direction and with Owner's approval, Operator will develop and implement routine and recurring provisions an internal corrosion mitigation plan.



- b) **Gas Control Operations.** Operator will provide the following to perform Gas Control services to Owner.
- i) Operator personnel providing Gas Control services will be fully qualified based on procedures developed by Operator and approved by Owner.
  - ii) Operator will locate the Gas Control Operations at the SPLNG control room at Sabine Pass.
    - (a) Any permanent change in location will require sixty (60) Day advance Notice to Owner. Likewise, any change in temporary location due to communication outages, disaster recovery, or other events does not require advance Notice to Owner. Owner should be notified of the reason and expected duration of such events within one (1) hour of such occurrence.
    - (b) Operator may change personnel performing Gas Control services at any time. Any change to personnel should be noticed to Owner within one (1) day of such change and revised contact information pursuant with Article XIX.
  - iii) Owner will provide SCADA system for use by Operator's Gas Control personnel. All system hardware, communications equipment and licenses will be the responsibility of the Owner.
    - (a) EFM, RTU and other devices will be provided, directly or indirectly, by Owner.
    - (b) Maintenance of all equipment necessary to provide SCADA services to Gas Control will be provided by Owner's IT personnel and Operator.
  - iv) Gas Control functions performed by Operator's personnel include the following:
    - (a) Ensuring that gas volumes and pressures meet customer, operational and safety demands while maintaining detailed and accurate records of daily Gas Control operations.
    - (b) Monitoring the SCADA system to analyze gas control data, respond to all SCADA alarms and ensure that pressures stay within Maximum Allowable Operating Pressures (MAOP).
    - (c) Supporting daily commercial operating plans by making necessary adjustments to pressures, flow quantities, gas heating and line pack.

- (d) Ensuring efficient use of heaters, regulators, gas measurement and related equipment to minimize fuel consumed and gas loss (LUAF).
    - (e) Coordinating with downstream pipeline operators to confirm requests for Natural Gas flow, changes in conditions and general operating information.
  - v) Operator agrees that Gas Control operating personnel will strictly conform to Owner's FERC Standards of Conduct, which may be amended from time to time, regarding marketing affiliate relations and including the 'no-conduit' obligation. The Owner's FERC Standards of Conduct are included herein in Schedule 4 and made a part of hereof.
  - vi) Coordination of certain Day-to-Day planning activities to achieve the Gas Control requirements between Owner and Operator will be in accordance to the responsibility matrix provided below in Schedule 1 (e).
- c) **Marketing Operations.** Operator will provide Marketing Operations services to Owner utilizing shared employees with Operator's Customer Services personnel or others as determined by Operator.
  - i) Operator personnel providing Marketing Operations functions will comply fully with the Owner's FERC Standards of Conduct included herein in Schedule 4 and made a part of hereof.
  - ii) All questions regarding availability of pipeline services, rates for services, availability of services, future plans or similar matters will be forwarded to Owner for response by Owner.
  - iii) Operator will conduct the following Marketing Operations tasks with respect to the Facilities:
    - (a) Manage the Day-to-Day nominations, confirmations and scheduling processes with up and downstream operators and customers utilizing the Owner's Gas Transaction Management system.
      - (i) Provide results of these processes, either via reports, screens or emails, to Owner.
      - (ii) Provide results of these processes, either via reports, screens or emails, to Gas Control.
    - (b) Manage Owner's automated and notice Informational Posting process.

- (c) Manage the Allocations process utilizing the Owner's Gas Transaction system.
  - (i) All material prior period adjustments will be reviewed and approved in advance by Owner and such approval will not reasonably be withheld.
- (d) Make Gas Transaction Management System changes to locations or other physical parameters, including capacity, as required or directed by Owner.
- (e) Generate contracts, amendments or capacity releases as necessary or at the request of Owner.
- (f) Generate and send monthly invoices to shippers.
  - (i) Monthly invoices will be reviewed and approved by Owner.
  - (ii) Changes to any billable rate must be approved by Owner.
  - (iii) Access to rate screens within the Owner's Gas Transaction Management system will be governed by security roles approved by Owner.
- (g) Other activities that may be required from time to time by Owner.
- iv) Any discretion requiring a tariff waiver will be approved in advance by Owner. Such waiver will be posted to Owner's internet website in accordance with section c (iii) (2) above.
- v) Owner will provide the Gas Transaction Management and Informational Posting systems including software and hardware but excluding desktops and laptops used by Operator. Maintenance of these systems will be provided by Operator.
  - (a) Any change request by Operator with regard to Owner's systems should be approved by Owner.
  - (b) Owner reserves the unilateral right to change Gas Transaction Systems, names, logos, internet addresses or other identifying items.
- vi) Coordination of day-to-day Marketing Operations requirements between Owner and Operator will be in accordance to the responsibility matrix provided below in Schedule 1 (e).

- d) **Measurement Services.** Operator will provide measurement accounting services to Owner. Measurement accounting services will include monitoring third party data.
- i) Owner will provide a measurement accounting system including software and hardware but excluding desktops and laptops used by Operator.
    - (a) EFM, RTU and other devices will be provided, directly or indirectly, by Owner.
    - (b) Maintenance of all equipment necessary to provide measurement accounting services will be provided by Owner's IT personnel and Operator.
  - ii) To the extent that Owner and Operator have a shared commercial interest in a facility, the Parties agree to take reasonable efforts to agree to and approve measurement information.
    - (a) The responsible measurement Party will be defined in the Interconnect Agreement executed between Owner and third Parties.
    - (b) For other, non-physical locations, including LUAF, line pack, OBA or other inventory points, the Owner will have the right to approve data of monthly close. Such approval will not be unreasonably withheld.
  - iii) Notwithstanding subsection (ii) above, Owner will have measurement accounting system security access to review, approve, modify and close measured or estimated quantities.
  - iv) Coordination of day-to-day Gas Control requirements between Owner and Operator will be in accordance to the responsibility matrix provided below in Schedule 1 (e).
- e) **Responsibility Matrix.** The following matrix describes the normal day-to-day coordination of Gas Control, Marketing Operations and Measurement activities between Owner and Operator. Changes to these activities must be approved by Both Parties. Such approval will not be unreasonably withheld.

**O&M Pipeline Services**

P	Primary Responsibility
V	Verification & Approval
BP	Backup Primary (sick, vacation, on-call)
BV	Backup Verification (sick, vacation)

Activities	Responsibilities						
	Owner	Operator					
<b>Marketing Operations</b>							
Nominations, Confirmation & Scheduling	V	BV	P	BP			
Liaison among customers, terminal, 3rd party, pipes & storage operators	V	BV	P	BP			
Manage functions after hours	V	BV	P	BP			
Measurement Allocation	V	BV	P	BP			
Transaction management system maintenance	V	BV	P	BP			
Review and post pipeline capacity, gas quality, and maintenance	V	BV	P	BP			
Prepare and validate daily transaction and measurement activities	V	BV	P	BP			
Monthly reconciliation & closing activities	V	BV	P	P			P
Billing support documentation	V	BV	P	P			P
<b>Gas Control Planning</b>							
Plan pipeline operations and communicate with gas control	V	BV			BP	P	
Track operations and coordinate with gas control	V	BV			BP	P	
Maintain pipeline balance and LUAF	V	BV			BP	P	
<b>Gas Measurement</b>							
Verify EFM data collection & resolve data collection issues				BP	BV	V/BP	P
Analyse EFM data exceptions & edit measurement data		V		BP	BP/BV	P	P
Loan meter test & unmeasured gas and edit historical data as necessary		V		BP	BV	P	P
Maintain OBA between SPLNG & CTPL	V	BP/BV	P				
PPA Approval	P	V	BP/BV				
Discuss significant PPAs with customers	P	V	P		B	P	
Maintain and evaluate physical gas balances	V	BV			BP	P	P
Measurement close	V		BV		BP	P	P

## SCHEDULE 2

### OPERATING PLAN AND BUDGET INFORMATION

#### **Part 1 - Operating Plan Information**

The following information, as applicable, will be included in each Operating Plan:

- a. Planned routine operational services.
- b. Planned routine maintenance and repair for each part of the Facilities.
- c. 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 project data.
- d. Scheduled outages for major equipment.
- e. Staffing plans of Operator (indicating any changes in the level of staff or in the management personnel at the Facilities) and details of the numbers of part-time and temporary staff, consultants, operating staff and maintenance staff.
- f. Planned training program.
- g. Contract strategy and a description of material subcontracts proposed to be entered into and material subcontracts then in effect.
- h. Planned administrative activities and the status of relationships with parties to the local community and all Government Authorities having jurisdiction over the operation and maintenance of the Facilities or Operator.
- i. Operators recommendations on any matters affecting the operation and maintenance of the Facilities (such as modifications, capital improvements or capital expenditure or changes in the O&M Procedures Manual or Standing Procedures) together with reasons therefore.
- j. 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 Facilities, together with a breakdown of any incremental costs associated therewith.
- k. Operator's environmental plan describing the actions necessary to ensure that the Facilities complies with all Government Approvals and all Applicable Laws, and
- l. 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 Uniform System 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:

GENERAL and ADMINISTRATIVE

- Payroll (office personnel) Benefits
- Employee Expenses:
  - Training
  - Meals & Entertainment
  - Travel & Lodging
  - Mileage
- Vehicle Expense
- Outside Professional Services Insurance
- Other

OPERATIONS AND MAINTENANCE (split between Operations and Maintenance is needed for each of these categories)

- Payroll (field operations personnel)
- Benefits
- Employee Expenses
  - Training
  - Meals & Entertainment
  - Travel & Lodging
  - Mileage
- Vehicle Expense
- Outside Professional Services
- Repairs & Maintenance
- Occupancy - Office Rent
- Occupancy - Utilities
- Telecommunications
- Leases - Other
- Utilities - Field
- Small Tools/Equipment
- Consumables
- Chemicals/Lubricants
- Other

### SCHEDULE 3

#### STANDING PROCEDURES

Operator shall:

- a. Develop organization and staffing proposals for the Facilities 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;
- b. Prepare a set of safety procedures for working on all electrical, mechanical and chemical items located at the Facilities;
- c. Prepare a system and procedure for the control of material modifications to the Facilities;
- d. Prepare and maintain a confidential security plan regarding Facilities security including interface with Government Authorities;
- e. Prepare the O&M Procedures Manual which will contain the following specific manual instructions and procedures or the Facilities:
  - i. Operations and Maintenance Procedures;
  - ii. Pipeline Standard Operating Procedures;
  - iii. Public Awareness Program;
  - iv. Pipeline Integrity Management Program;
  - v. Operator Qualification Plan;
  - vi. Corrosion Control Procedures;
  - vii. Measurement Standard Operating Procedures;
  - viii. Pipeline Critical Site Security Plans;
  - ix. Pipeline Operations Security Plan;
  - x. Planned maintenance schedules;
  - xi. Compliance Record Filing Plan
  - xii. Emergency Response Plans;
  - xiii. Damage Prevention Program;



- xiv. Welding Procedures;
  - xv. Non-Destructive Testing Procedures;
  - xvi. Pipeline Repair Manual;
- f. prepare a work control system;
- g. prepare a budget and expenditure control system;
- h. prepare a stores and spares inventory recording and requisitions system; and
- i. 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 Facilities.
- j. prepare regulatory compliance and safe work practices procedures, including:
- Access Control Plan and Procedures
  - [Homeland Security Compliance Procedures]
  - Valve Isolation Policy
  - Emergency Response Plan and Procedures
  - Facilities Safety Plan and Procedures
  - Safe Services Practices
  - DOT 199 Substance Abuse Prevention Program
  - Training and Operator Qualification Plan in accordance with DOT regulations set forth in 49 CFR Subpart N of Section 192.
- k. 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
  - 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
- Equipment and Vehicles Purchase, Receipt
- Owner Equipment Handling Study
- Operability Assurance Plan
- Startup and Commissioning Plan

l. 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

m. 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

**SCHEDULE 4**  
**OWNER'S FERC STANDARDS OF CONDUCT**

Attached

## SCHEDULE 5

### LIST OF PROJECT CONTRACTS

Management Services Agreement dated May 27, 2013 by and between Cheniere Creole Trail Pipeline, L.P. and Cheniere LNG Terminals LLC

Transportation Precedent Agreement for Firm Transportation Services dated August 6, 2012 by and between Cheniere Creole Trail Pipeline, L.P. and Sabine Pass Liquefaction, LLC, as amended by that certain First Amendment to Transportation Precedent Services Agreement for Firm Transportation Services dated November 5, 2012

Credit Agreement dated as of May 28, 2013 among Cheniere Creole Trail Pipeline, L.P., Lenders, Morgan Stanley Senior Funding, Inc., as Administrative Agent and The Bank of New York Mellon as Collateral Agent and Depository Bank

#### Interconnection Agreements

- 1) Interconnect Agreement dated as of March 29, 2007 between Cheniere Creole Trail Pipeline, L.P. and Bridgeline Holdings, L.P.
- 2) Interconnect Agreement dated as of February 14, 2007 between Cheniere Creole Trail Pipeline, L.P. and Natural Gas Pipeline Company of America LLC.
- 3) Interconnect Agreement dated as of July 31, 2007 between Cheniere Creole Trail Pipeline, L.P. and Texas Eastern Transmission, LP.
- 4) Amended and Restated Interconnect Agreement dated as of September 4, 2012 between Cheniere Creole Trail Pipeline, L.P. and Trunkline Gas Company, LLC.
- 5) Interconnect Agreement dated as of September 1, 2007 between Cheniere Creole Trail Pipeline, L.P. and Transcontinental Gas Pipeline Corporation (Southwest Lateral).
- 6) Interconnect Agreement dated as of September 1, 2007 between Cheniere Creole Trail Pipeline, L.P. and Transcontinental Gas Pipeline Corporation (Mainline).
- 7) Interconnect Agreement dated as of February 7, 2008 between Cheniere Creole Trail Pipeline, L.P. and Sabine Pass LNG, L.P.

#### Balancing Agreements

- 1) Operational Balancing Agreement dated April 1, 2008 between Transcontinental Gas Pipe Line Corporation and Cheniere Creole Trail Pipeline, L.P. for Mainline Location.
  - 2) Operational Balancing Agreement dated April 1, 2008 between Transcontinental Gas Pipe Line Corporation and Cheniere Creole Trail Pipeline, L.P. for Southwest Lateral Location.
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- 3) Operational Balancing Agreement dated April 1, 2008 between Natural Gas Pipeline Company of America LLC and Cheniere Creole Trail Pipeline, L.P.
- 4) Operational Balancing Agreement dated February 19, 2008 between Bridgeline Holdings, L.P. and Cheniere Creole Trail Pipeline, L.P.
- 5) Operational Balancing Agreement dated June 16, 2008 between Texas Eastern Transmission, LP and Cheniere Creole Trail Pipeline, L.P.
- 6) Operational Balancing Agreement dated June 1, 2008 between Trunkline Gas Company, LLC and Cheniere Creole Trail Pipeline, L.P.
- 7) Operational Balancing Agreement dated February 7, 2008 between Sabine Pass LNG, L.P. and Cheniere Creole Trail Pipeline, L.P.

#### Licenses Agreements

- 8) Master Software License Agreement dated as of August 3, 2006 between Cheniere Pipeline Company and Quorum Business Solutions (U.S.A.), Inc.
- 9) License Agreement (WinFlow Program Package) dated as of November 29, 2006 between Cheniere Energy, Inc. and Gregg Engineering Services, Ltd., as amended by Addendum effective August 31, 2007.
- 10) License Agreement dated as of August 25, 2010 between Cheniere Energy, Inc. and Environmental Systems Research Institute, Inc.
- 11) License and Service Level Agreement dated as of August 24, 2010 between Cheniere Energy, Inc. and Pictometry International Corp.
- 12) End Customer License Agreement dated as of March 19, 2013 between Cheniere Energy, Inc. and SynerGIS Informationssysteme GmbH.

The following License Agreements are evidenced by a click-through agreement (written agreement not executed):

- 13) Automation Solutions,  
Inc.
  - 14) Control Microsystems,  
Inc.
  - 15) Eagle Information Mapping,  
Inc.
  - 16) GIS Technology,  
Inc.
  - 17) American Innovations,  
Ltd.
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18) CartoPac Field  
Solutions

Master Services Agreements

- 1) Master Services Agreement dated as of January 5, 2012 between Cheniere Creole Trail Pipeline, L.P. and A. J. Aviation, Inc.
  - 2) Master Service Agreement dated as of January 5, 2012 between Cheniere Creole Trail Pipeline, L.P. and Buffalo Gap Instrumentation & Electrical Co., Inc.
  - 3) Master Service Agreement dated as of January 5, 2012 between Cheniere Creole Trail Pipeline, L.P. and Corpro Companies, Inc.
  - 4) Master Service Agreement dated as of February 1, 2012 between Cheniere Creole Trail Pipeline, L.P. and Eagle Information Mapping, Inc.
  - 5) Master Service Agreement dated as of March 28, 2012 between Cheniere Creole Trail Pipeline, L.P. and Furmanite America, Inc.
  - 6) Master Service Agreement dated as of March 19, 2012 between Cheniere Creole Trail Pipeline, L.P. and Liberty Pipeline Services, LLC
  - 7) Master Service Agreement dated as of January 5, 2012 between Cheniere Creole Trail Pipeline, L.P. and M. J. Harden Associates, Inc.
  - 8) Master Service Agreement dated as of January 12, 2012 between Cheniere Creole Trail Pipeline, L.P. and Project Consulting Services, Inc.
  - 9) Master Service Agreement dated as of January 3, 2012 between Cheniere Creole Trail Pipeline, L.P. and Providence Engineering & Environmental Group LLC
  - 10) Master Service Agreement dated as of March 13, 2012 between Cheniere Creole Trail Pipeline, L.P. and Roy Bailey Construction, Inc.
  - 11) Master Service Agreement dated as of January 12, 2012 between Cheniere Creole Trail Pipeline, L.P. and TRC Environmental Corporation
  - 12) Master Service Agreement dated as of January 16, 2012 between Cheniere Creole Trail Pipeline, L.P. and U.S. Valve Services & Training, Inc.
  - 13) Master Service Agreement dated as of January 9, 2012 between Cheniere Creole Trail Pipeline, L.P. and Vegetation Management Specialists, Inc.
  - 14) Master Service Agreement dated as of January 16, 2012 between Cheniere Creole Trail Pipeline, L.P. and Veriforce, LLC
  - 15) Master Service Agreement dated as of April 30, 2012 between Cheniere Creole Trail Pipeline, L.P. and Davies Construction, Inc.
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- 16) Master Service Agreement dated as of June 1, 2012 between Cheniere Creole Trail Pipeline Company, L.P. and Willbros Engineers (U.S.), LLC
  - 17) Master Service Agreement dated as of January 1, 2013 between Cheniere Creole Trail Pipeline Company, L.P. and Armor Plate, Inc.
  - 18) Master Service Agreement dated as of January 1, 2013 between Cheniere Creole Trail Pipeline Company, L.P. and Crain Brothers, Inc.
  - 19) Master Service Agreement dated as of January 21, 2013 between Cheniere Creole Trail Pipeline Company, L.P. and Global X-Ray & Testing, Corp.
  - 20) Master Service Agreement dated as of January 1, 2013 between Cheniere Creole Trail Pipeline Company, L.P. and Hatch Mott MacDonald, LLC.
  - 21) Master Service Agreement dated as of February 27, 2013 between Cheniere Creole Trail Pipeline, L.P. and Kidd Combustion Equipment Company, Inc.
  - 22) Engineering Agreement to Reconfigure Existing Interconnection Beauregard Parish, Louisiana - Transco Mainline dated as of February 29, 2012 between Cheniere Creole Trail Pipeline, L.P. and Transcontinental Gas Pipe Line Company, LLC
  - 23) Master Service Agreement dated as of January 1, 2013 between Cheniere Creole Trail Pipeline, L.P. and Reserve Equipment, Inc.
  - 24) Master Service Agreement dated as of April 5, 2013 between Cheniere Creole Trail Pipeline, L.P. and Sunland Construction, Inc.
  - 25) Master Service Agreement dated as of January 27, 2013 between Cheniere Creole Trail Pipeline, L.P. and Strike Construction, LLC
  - 26) Master Service Agreement dated as of February 27, 2013 between Creole Trail Pipeline, L.P. and WHC, Inc.
  - 27) Master Service Agreement dated as of August 20, 2012 between Cheniere Creole Trail Pipeline, L.P. and Badger Daylighting Corporation
  - 28) Master Service Agreement dated as of September 14, 2012 between Cheniere Creole Trail Pipeline, L.P. and Cameron International Corporation
  - 29) Master Service Agreement dated as of April 17, 2013 between Cheniere Creole Trail Pipeline, L.P. and Daniel Measurement Services, Inc.
  - 30) Master Service Agreement dated as of November 15, 2012 between Cheniere Creole Trail Pipeline, L.P. and Houston Inspection Field Services, LLC
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- 31) Master Service Agreement dated as of March 25, 2013 between Cheniere Creole Trail Pipeline, L.P. and R.W. Tools and Supply Company
- 32) Master Service Agreement dated as of April 10, 2013 between Cheniere Creole Trail Pipeline, L.P. and Survey and Mapping, Inc.

Assignment and Assumption Agreement (to be dated on or about May 28, 2013) between Cheniere Pipeline Company and Cheniere Creole Trail Pipeline, L.P. establishing the assignment of the following contracts to Cheniere Creole Trail Pipeline, L.P.:

- 1) Master Service Agreement dated as of October 6, 2011 between Cheniere Pipeline Company and Alliance Wood Group Engineering, L.P.
  - 2) Master Service Agreement dated as of July 6, 2010 between Cheniere Pipeline Company and Central Testing Company, Inc.
  - 3) Right of Way Services Agreement dated January 21, 2010 between Cheniere Pipeline Company and Contract Land Staff, LLC
  - 4) Master Service Agreement dated as of May 11, 2010 between Cheniere Pipeline Company and Driver Pipeline Company
  - 5) Environmental Spill Response and Clean Up Master Service Agreement dated as of April 7, 2008 between Cheniere Pipeline Company and Environmental Safety and Health Consulting Services, Inc.
  - 6) Master Service Agreement dated June 25, 2007 between Cheniere Pipeline Company and Industrial Solutions Group, L.L.C., and amended by Agreement Letter dated as of March 15, 2011
  - 7) Service Provider Agreement dated as of June 15, 2007 between Cheniere Pipeline Company and IRTH Solutions, Inc.
  - 8) Master Service Agreement dated as of October 14, 2011 between Cheniere Pipeline Company and L & L Sandblasting, Inc.
  - 9) Master Service Agreement dated as of April 26, 2010 between Cheniere Pipeline Company and M&H Energy Services
  - 10) Environmental Spill Response and Clean Up Master Service Agreement dated April 7, 2008 between Cheniere Pipeline Company and Oil Mop, L.L.C.
  - 11) Master Service Agreement dated as of June 28, 2010 between Cheniere Pipeline Company and R&M Energy Systems
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- 12) Master Service Agreement dated as of July 19, 2011 between Cheniere Pipeline Company and Reserve Compression Corp.
- 13) Master Service Agreement dated as of March 26, 2008 between Cheniere Pipeline Company and Sagebrush Pipeline Equipment Co., Inc., amended by Letter Agreements dated December 7, 2009 and March 24, 2010
- 14) Master Service Agreement dated as of April 22, 2010 between Cheniere Pipeline Company and TDW Services, Inc.
- 15) Master Service Agreement dated as of September 23, 2011 between Cheniere Pipeline Company and Universal Enasco Inc.
- 16) Master Service Agreement dated as of August 13, 2012 between Cheniere Pipeline Company and Bolt Geographic, Inc.
- 17) Master Service Agreement dated as of August 10, 2010 between Cheniere Pipeline Company and Willbros Construction (U.S.) LLC

#### Purchase Orders

Order 15323 dated 02-JAN-2013. Supplier: Wood Group Mustang Inc. Description: Provide Engineering, Procurement Assistance and Construction Contract Management for Gillis Compressor Station - Tetco/Transco/Trunkline Interconnects and CTPL Tie In at SPLM. Work will be done under Master Service Agreement between Cheniere Pipeline Company and Alliance Wood Group Engineering, L.P. dated October 6, 2011

Order 15567 dated 20-MAR-2013. Supplier: Solar Turbines Inc. Description: Four (4) Gas Turbines, Startup/Commissioning Parts and delivery

Order 15658 dated 19-APR-2013. Supplier: Peerless MFG Co. Description: Purchase of Four (4) Filter Separators, Essential Options/Adders; Start Up Spares and Freight

Order 15659 dated 19-APR-2013. Supplier: Peerless MFG Co. Description: Purchase of Three (3) Filter Separators, Essential Options/Adders; Start Up Spares and Freight

Order 15660 dated 19-APR-2013. Supplier: Peerless MFG Co. Description: Purchase of Three (3) Filter Separators, Essential Options/Adders; Start Up Spares and Freight

Order 15722 dated 03-MAY-2013. Supplier: Hammco Inc. Description: Three (3) Gas Coolers, Options/Adders and Freight

**MANAGEMENT SERVICES AGREEMENT**

This **MANAGEMENT SERVICES AGREEMENT** is made this May 27, 2013 by and between Cheniere LNG Terminals, LLC, a Delaware limited liability company (the “Manager”), and Cheniere Creole Trail Pipeline, 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 owns, manages, operates and maintains an interstate natural gas pipeline in Cameron, Calcasieu, and Beauregard Parishes in Louisiana, (“CTPL”) including certain additions and modifications to CTPL described in the Abbreviated Application (the “CTPL Modifications”);

**WHEREAS**, the Project Company has, concurrently with the date hereof, entered into an Amended and Restated Operation and Maintenance Services Agreement (the “O&M Agreement”) with Cheniere Energy Partners GP, LLC ( the “Operator”) and Cheniere LNG O&M Services, LLC for the operation and maintenance of the Facilities;

**NOW, THEREFORE**, as of the Effective Date (as defined below), in consideration of the foregoing and the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree 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.

“**Abbreviated Application**” means the Abbreviated Application for a Certificate of Convenience and Necessity in FERC Docket No. CP12-351 allowing for Bi-directional flow of Natural Gas through the Facilities.

“**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 this Management Services Agreement, as modified, supplemented or amended from time to time.

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“**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.

“**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 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.

“**CTPL**” has the meaning given in the recitals hereto.

“**CTPL Modifications**” has the meaning given in the recitals hereto.

“**Discriminatory Practice**” means a pattern or practice of favoring the interests of Affiliates of Manager (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

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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 date first written above.

“**Facilities**” has the meaning provided in the O&M Agreement.

“**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 or (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.

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

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

“**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.

“**Month**” means a calendar month.

“**Monthly Expenditures**” has the meaning given in Section 6.3.

“**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.

“**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.

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“**Project Contract**” means any agreement related to the development, financing, construction, operation, and maintenance of the Facilities 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.

“**SPL Facility**” means Sabine Pass Liquefaction, LLC’s facilities for the receipt of Natural Gas, the liquefaction of Natural Gas and the storage and send-out of LNG which facilities are located in Cameron Parish, Louisiana adjacent to the facilities of Sabine Pass LNG, L.P.

“**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 Manager.

“**Successor Manager**” has the meaning given in Section 7.5.

“**Termination Date**” has the meaning given in Section 7.4.

“**Termination Notice**” has the meaning given in Section 7.4.

## **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

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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 Facilities. 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 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 counterparty'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.

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**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. Not later than sixty (60) days after the Effective Date with respect to the first Operating Year and no later than forty-five (45) days before the beginning of each subsequent 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  
EFFECTIVE DATE AND TERM**

4.1 The initial term of this Agreement shall commence on the Effective Date and unless sooner terminated as provided herein, shall continue in full force and effect until twenty (20) years after the last LNG production train located at the SPL Facility reaches substantial completion under the engineering, procurement and construction agreement pursuant to which such train is built. 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.

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**ARTICLE 5**  
**REPRESENTATIVES, INFORMATION AND AGREEMENTS**

5.1 The Manager shall provide the Project Company and at anytime while the Project Company is a wholly-owned subsidiary of Cheniere Energy Partners, L.P., whether directly or indirectly, 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 at anytime while the Project Company is a wholly-owned subsidiary of Cheniere Energy Partners, L.P., whether directly or indirectly, a member of the GP Board requests any report, contract, agreement, arrangement, document or other information relating to or in connection with the Facilities 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 at anytime while the Project Company is a wholly-owned subsidiary of Cheniere Energy Partners, L.P., whether directly or indirectly, (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,

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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 defined in the LLC Agreement), as determined by the GP Board, the Executive Committee, (c) 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 (d) 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 Commencing on the Effective Date of this Agreement and continuing during the term of this Agreement until all expenditures related to the CTPL Modifications have been incurred and all fees as provided for in this Section 6.1 have been invoiced and paid, the Project Company shall pay the Manager a fee equal to three percent (3.0%) of the capital costs expended during each Month for the CTPL Modifications (the “Construction Management Fee”).

6.2 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 shall submit an invoice reflecting the Construction Management 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 Construction Management Fee and any Ancillary Expenses on or before the thirtieth (30th) day after it receives an invoice for such fees and expenses. In connection with the Construction Management Fee, the Manager shall provide the Project Company with a written report evidencing the capital expenditures in the previous month, including, without limitation, documentation identifying and substantiating in reasonable detail the nature and amount of such capital expenditures. 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 6.2 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.

6.3 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

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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 Facilities 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.

6.4 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.
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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 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 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.

Upon the occurrence and during the continuance of a Project Company Event of Default, 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 Facilities and shall provide full access to the Facilities 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 Facilities.

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

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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 Facilities. 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 Facilities 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
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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 Construction Management 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 at anytime while the Project Company is a wholly-owned subsidiary of Cheniere Energy Partners, L.P., whether directly or indirectly, the GP Board requesting that a representative of the Project Company's senior management and the Manager's senior management and at anytime while the Project Company is a wholly-owned subsidiary of Cheniere Energy Partners, L.P., whether directly or indirectly, 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 at anytime while the Project Company is a wholly-owned subsidiary of Cheniere Energy Partners, L.P., whether directly or indirectly, 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. At anytime while the Project Company is a wholly-owned subsidiary of Cheniere Energy Partners, L.P., whether directly or indirectly, 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

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Dispute Notice given in this Section 8.1 (including, without limitation, at anytime while the Project Company is a wholly-owned subsidiary of Cheniere Energy Partners, L.P., whether directly or indirectly, due to failure of the GP Board to approve any proposed resolution), then either Party may by notice to the other Party and at anytime while the Project Company is a wholly-owned subsidiary of Cheniere Energy Partners, L.P., whether directly or indirectly, 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
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(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 Project Company under this Agreement for damages, compensation, or other such liabilities incurred (i) in any Operating Year during which the Construction Management Fee is required to be paid shall be limited to, and shall in no event exceed, an amount equal to the fees payable to the Manager under Section 6.1 plus reimbursable Ancillary Expenses for such Operating Year and (ii) in any Operating Year during which the Construction Management Fee is not required to be paid shall be limited to one hundred thousand dollars (\$100,000) plus reimbursable Ancillary Expenses for such Operating Year; provided that the foregoing limitation does not apply in the event of fraud or an intentional breach of this Agreement by the Project Company.

The aggregate amount of damages, compensation, or other such liabilities payable by the Manager under this Agreement for damages, compensation, or other such liabilities incurred (i) in any Operating Year during which the Construction Management Fee is required to be paid shall be limited to, and shall in no event exceed, an amount equal to the fees paid to the Manager pursuant to Section 6.1 for such Operating Year, and (ii) in any Operating Year during which the Construction Management Fee is not required to be paid shall be limited to one hundred thousand dollars (\$100,000); provided that the foregoing limitation does not apply in the event of fraud or an intentional breach of this Agreement by the Manager.

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

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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 Facilities and general liability insurance relating to the Facilities 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 Facilities (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 Facilities 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

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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 XII.**

**CONFIDENTIALITY**

12.1 Confidential Information. Subject to Section 12.2, the Manager shall keep confidential all matters relating to the Services, the Facilities, the Project Contracts, and this Agreement, and

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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:

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;

any disclosure which may reasonably be required for the performance of the Manager's obligations under this Agreement; or

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

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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.

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IN WITNESS WHEREOF, the Parties hereto have executed this Management Services Agreement as of the date first written above.

**Manager:**

Cheniere LNG Terminals, LLC  
700 Milam Street, Suite 800  
Houston, Texas 77002

By: /s/ R. Keith Teague

Name: R. Keith Teague

Title: President

**Project Company:**

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

By: Cheniere Pipeline GP Interests, LLC,  
its general partner

By: /s/ Meg A. Gentle

Name: Meg A. Gentle

Title: Chief Financial Officer

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## 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. Managing compliance with the Project Company's tax reporting obligations and its legal and regulatory obligations, including, without limitation, the requirements of the Federal Energy Regulatory Commission, the Pipeline and Hazardous Materials Safety Administration, the Environmental Protection Agency and the State of Louisiana environmental and pipeline safety agencies.
  6. 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.
  7. Preparing business planning and forecasting reports from time to time for the benefit of the Project Company.
  8. 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, aging payables and receivables, making borrowing and other requests of the Project Company's lenders and their agents, and managing letter of credit and outside credit sources; 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.
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9. Arranging for the purchase or leasing, at the sole expense of the Project Company, any materials, commodities 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.
  10. 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.
  11. 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.
  12. 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.
  13. Within forty-five (45) days after the end of each calendar quarter, preparing together with the Operator, (i) a status report relating to the Facilities' operations for such quarter, which will detail variances between actual and forecasted performance, and include (A) information on utilization and efficiencies of physical operations and (B) 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.
  14. Providing contract administration services for all contracts associated with the Facilities, including, without limitation, daily management reports, 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.
  15. 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.

16. 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 Facilities in the normal course of business.
  17. Making arrangements for the Project Company to obtain and maintain all insurance required by the O&M Agreement and any other agreement obligating the Facilities 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 Facilities.
  18. 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.
  19. 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.
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## **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 the Effective Date (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:** 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.

\*\*\* indicates material has been omitted pursuant to a Confidential Treatment Request filed with the Securities and Exchange Commission. A complete copy of this agreement has been filed separately with the Securities and Exchange Commission.

EXHIBIT 10.4

**CHANGE ORDER FORM  
Increase to Insurance Provisional Sum**

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

**CHANGE ORDER NUMBER:** CO-00021

**OWNER:** Sabine Pass Liquefaction, LLC

**DATE OF CHANGE ORDER:** April 17, 2013

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

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

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

1. The Insurance Provisional Sum specified in Article 1.3 of Attachment EE, Schedule EE-1 of the Agreement was originally \*\*\* U.S. Dollars (U.S. \$\*\*\*). Change Order CO-00002, executed on June 4, 2012, increased the value by \$\*\*\* resulting in a new Insurance Provisional Sum of \*\*\* U.S. Dollars (U.S. \$\*\*\*). This Change Order will increase the Insurance Provisional Sum by \$\*\*\* for a new value of \*\*\* U.S. Dollars (U.S. \$\*\*\*).
2. The Aggregate Provisional Sum prior to this Change Order was Two Hundred Fifty Eight Million, Seven Hundred Four Thousand, Four Hundred Sixty One U.S. Dollars (U.S. \$258,704,461). This Change Order will amend that value and the new value shall be Three Hundred One Million, Two Hundred Eighty Seven Thousand, Eight Hundred Twenty Nine U.S. Dollars (U.S. \$301,287,829).
3. This Change Order will increase the Contract price by an amount of \$42,583,368 which will all be allocated to an increase in the aggregate provisional sum as noted in item 2 of this Change Order. Accordingly, the Agreement is modified as follows:
  - a. 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.
4. The overall cost breakdown data associated with securing the required Insurance is provided in Exhibit B of this Change Order.

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**Adjustment to Contract Price**

The original Contract Price was .....	\$3,900,000,000
Net change by previously authorized Change Orders (#0001-00020) .....	\$ 65,299,908
The Contract Price prior to this Change Order was .....	\$3,965,299,908
The Contract Price will be (increased/(decreased)) by this Change Order in the amount of .....	\$ 42,583,368
The new Contract Price including this Change Order will be .....	\$4,007,883,276

**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 Exhibits A and B of this Change Order.**

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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/ \*\*\*  
Owner  
\*\*\*  
Name  
VP LNG Project Management  
Title  
May 6, 2013  
Date of Signing

/s/\*\*\*  
Contractor  
\*\*\*  
Name  
Sr. Vice President  
Title  
April 19, 2013  
Date of Signing

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**CHANGE ORDER FORM**  
**Removal of LNG Static Mixer Scope**

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

**CHANGE ORDER NUMBER:** CO-00022

**OWNER:** Sabine Pass Liquefaction, LLC

**DATE OF CHANGE ORDER:** May 8, 2013

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

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

---

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

1. Per Article 6.1.B of the Agreement, Parties agree Bechtel will cancel all work associated with Items 1(a-e), 8, and 13 of Change Order 00015, dated November 8, 2012, wherein Bechtel and Owner agreed to install two static mixers at the East and West Jetty locations in the Existing Facility.
  - a. The Previous Existing Facility Labor Provisional Sum in Article 2.2 of Attachment EE of the Agreement was \*\*\* U.S. Dollars (\$\*\*\*) and \*\*\* hours for direct craft. This Change Order will amend the previous values respectively to \*\*\* U.S. Dollars (\$\*\*\*) and \*\*\* hours.
  - b. The previous Aggregate Provisional Sum prior to this Change Order was Three Hundred One Million, Two Hundred Eighty Seven Thousand, Eight Hundred Twenty Nine U.S. Dollars (U.S. \$301,287,829). This Change Order will amend that value and the new value shall be Three Hundred Million, Nine Hundred Forty One Thousand, Five Hundred Twenty Two U.S. Dollars (\$300,941,522).
2. This Contract Change Order will decrease the Contract price by a fixed lump sum amount of \$3,186,779. Accordingly, the Agreement is modified as follows:
  - a. 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 overall cost breakdown data for this change is provided 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 (#00001-00021) .....	\$ 107,883,276
The Contract Price prior to this Change Order was .....	\$4,007,883,276
The Contract Price will be (decreased) by this Change Order in the amount of .....	\$ (3,186,779)
The new Contract Price including this Change Order will be .....	\$4,004,696,497

**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.**

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**CHANGE ORDER FORM**  
**Revised LNG Rundown Line**

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

**CHANGE ORDER NUMBER:** CO-00023

**OWNER:** Sabine Pass Liquefaction, LLC

**DATE OF CHANGE ORDER:** May 30, 2013

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

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

---

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

1. Per Article 6.1.B of the Agreement, Parties agree Bechtel will revise the LNG Rundown Line to provide operational flexibility enabling Owner to send LNG from Trains 1 and 2 to Tanks 1, 2, and 3 during ship loading. The work will be completed in accordance with the Scope of Work detailed in Exhibit A of this Change Order.
2. This Contract Change Order will increase the Contract price by an amount of \$8,689,836 which includes \$2,819,408 Provisional Sum and \$5,870,428 lump sum adjustment. Accordingly, the Agreement is modified as follows:
  - a. Schedule C-1 (Milestone Payment Schedule) of Attachment C of the Agreement will be amended by including the Milestone(s) listed in Exhibit C of this Change Order.
3. The overall cost breakdown data for this change is provided in Exhibit D of this Change Order.
4. Exhibit D details the cost breakdown for the Provisional Sum portion of this Change Order:
  - a. The Previous Existing Facility Labor Provisional Sum in Article 2.2 of Attachment EE of the Agreement was \*\*\* U.S. Dollars (\$\*\*\*) and \*\*\* direct man hours. This Change Order will amend the previous values respectively to \*\*\* U.S. Dollars (\$\*\*\*) and \*\*\* hours.
  - b. The previous Aggregate Provisional Sum prior to this Change Order was Three Hundred Million, Nine Hundred Forty One Thousand, Five Hundred Twenty Two U.S. Dollars (\$300,941,522). This Change Order will amend that value and the new value shall be Three Hundred Three Million, Seven Hundred Sixty Thousand, Nine Hundred Thirty U.S. Dollars (\$303,760,930).
5. Drawings for this Change Order are provided in Exhibit E.

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**Adjustment to Contract Price**

The original Contract Price was .....	\$3,900,000,000
Net change by previously authorized Change Orders (#00001-00022) .....	\$ 104,696,497
The Contract Price prior to this Change Order was .....	\$4,004,696,497
The Contract Price will be (increased) by this Change Order in the amount of .....	\$ 8,689,836
The new Contract Price including this Change Order will be .....	\$4,013,386,333

**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.**

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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 2, 3, and 4 and Exhibit B, C, and D 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/ \*\*\*  
\_\_\_\_\_  
Owner  
\*\*\*  
\_\_\_\_\_  
Name  
VP LNG Project Management  
\_\_\_\_\_  
Title  
June 24, 2013  
\_\_\_\_\_  
Date of Signing

/s/ \*\*\*  
\_\_\_\_\_  
Contractor  
\*\*\*  
\_\_\_\_\_  
Name  
Principal Vice President  
\_\_\_\_\_  
Title  
June 4, 2013  
\_\_\_\_\_  
Date of Signing

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**CHANGE ORDER FORM**  
**Reroute Condensate Header, Substation HVAC Stacks, Inlet Metering Station Pile Driving**

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

**CHANGE ORDER NUMBER:** CO-00024

**OWNER:** Sabine Pass Liquefaction, LLC

**DATE OF CHANGE ORDER:** June 11, 2013

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

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

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

1. Per Article 6.1.B of the Agreement, Parties agree Bechtel will revise the routing of the stabilized condensate line and condensate header to ensure spill containment. The scope of work is detailed below:
  - a. Within the battery limit, the stabilized condensate line will be routed as a 3" line to the north from the Condensate Stabilizer V-1810.
  - b. Upon exiting the north ISBL, the stabilized condensate line will tie into a 6" condensate header within the 135R02 pipe rack.
  - c. 3" double block and bleed valves will be provided for Trains 3 and 4 within the 135R02 pipe rack.
  - d. 6" double block and bleed valves for Stage 2 condensate header tie-in will be deleted. These were previously provided in executed Change Order CO-00017, dated December 21, 2012.
  - e. The 6" condensate header will be routed in the following way:
    - i. West to east through pipe rack 135R02;
    - ii. South through 135R01;
    - iii. East through pipe rack 121R02 and 121R01
    - iv. South through 126R02
  - f. The 4" double block and bleed valves will be provided for a future connection at the intersection of pipe racks 121R01 and 126R01. The tie-ins will be oriented to the east.
  - g. Exclusions and clarifications for this scope of work include:
    - i. No pre-investment piping for Stage 2 will be provided - only double block and bleed tie-in valves for Trains 3 and 4.
    - ii. No off-specification condensate handling system will be provided. Handling of off-specification condensate from Unit 18 will be SPL's responsibility.
    - iii. No isolation valves will be provided at the SPL/Bechtel interface location. Isolation valves are already provided at the battery limit of each LNG train.
    - iv. SPL/Bechtel tie-in interface will be located at the mid-level pipe rack, elevation 145'-6", rather than the lower level originally requested by SPL due to congestion.
    - v. The safety review of Unit 23 and the closure of action items 18.04 and 18.06 from the unit 18 HAZOP will be SPL's responsibility and excluded from this Change Order.
    - vi. Any modifications to systems upstream of SPL's scope of work resulting from the subsequent Unit 23 safety review are excluded from this Change Order.

2. Exhibit A details the cost breakdown for the condensate header portion of the Change Order.
3. Exhibit B shows the changes to the drawings associated with this portion of the Change Order.
4. Per Article 6.1.B of the Agreement, Parties agree Bechtel will provide HVAC stacks on electrical substation buildings in the process area to avoid ethylene vapor clouds in the area of the substation building. The scope of work is detailed below:
  - a. Each HVAC unit at the substation will have a dedicated stainless steel, self-supporting air intake stack. The pads for the HVAC units will be extended to include the air intake stacks.
  - b. The specific units associated with this portion of the scope are detailed in Exhibit G.
5. Exhibit C details the cost breakdown for the HVAC stacks portion of this Change Order.
6. Per Article 6.1.B of the Agreement, Parties agree Bechtel will direct its piling contractor to install piles at the Inlet Feed Gas Metering Stations as provided for in Exhibit H. The scope of work is detailed below:
  - a. Soil improvement in this area will be extended to a depth of 6 feet.
  - b. SPL will be responsible for installing fencing, pile caps, related site work, access ways, and all other work within the Gas Metering Station area.
7. Exhibit D details the cost breakdown for installation of additional piles at the Metering Station.
8. The overall cost breakdown for these changes is detailed in Exhibit E and described as follows:
  - a. This Change Order will increase the Contract price by a fixed lump sum amount of \$3,398,169.
  - b. The Previous Existing Facility Labor Provisional Sum in Article 2.2 of Attachment EE of the Agreement was \*\*\* U.S. Dollars (\$\*\*\*) and \*\*\* hours. This Change Order will amend the previous values respectively to \*\*\* U.S. Dollars (\$\*\*\*) and \*\*\* hours.
  - c. The previous Aggregate Provisional Sum prior to this Change Order was Three Hundred Three Million, Seven Hundred Sixty Thousand, Nine Hundred Thirty U.S. Dollars (\$303,760,930). This Change Order will amend that value and the new value shall be Three Hundred Three Million, Seven Hundred Seventy Five Thousand, Three Hundred Twenty Four U.S. Dollars (\$303,775,324).
9. Schedule C-1 (Milestone Payment Schedule) of Attachment C of the Agreement will be amended by including the Milestone(s) listed in Exhibit F of this Change Order.

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**Adjustment to Contract Price**

The original Contract Price was .....	\$3,900,000,000
Net change by previously authorized Change Orders (#00001-00023) .....	\$ 113,386,333
The Contract Price prior to this Change Order was .....	\$4,013,386,333
The Contract Price will be (increased) by this Change Order in the amount of .....	\$ 3,412,563
The new Contract Price including this Change Order will be .....	\$4,016,798,896

**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.**

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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 2, 5, 7, 8, 9 and Exhibit A, C, D, E, and F 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/ \*\*\*  
Owner  
\*\*\*  
Name  
VP LNG Project Management  
Title  
July 8, 2013  
Date of Signing

/s/ \*\*\*  
Contractor  
\*\*\*  
Name  
Principal Vice President  
Title  
June 11, 2013  
Date of Signing

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**CHANGE ORDER FORM**  
**FEED Gas Header Connection Impacts/Metering Station Interface**

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

**CHANGE ORDER NUMBER:** CO-00025

**OWNER:** Sabine Pass Liquefaction, LLC

**DATE OF CHANGE ORDER:** June 11, 2013

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

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

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

1. Per Article 6.1.B of the Agreement, Parties agree Bechtel will implement the pipeline interface modifications. The scope of work is detailed below:
    - a. Addition of two (2) aboveground 48" feed gas manifolds in Bechtel's scope of work. Each manifold will have two (2) 42" flanged connections. The flanged connections will be located at Easting coordinate 2468.
    - b. The four (4) 42" flanged connections also mark the ASME B31.8 scope break. All piping provided by Bechtel will be designed to ASME B31.3.
    - c. The manifolds are connected by an aboveground 36" interconnecting pipe with two (2) ball valves. An equalization line and valves will be required.
    - d. Routing of feed gas piping will be done by Bechtel. Each feed gas line will include an aboveground 42" ball valve with an equalization line and valves.
    - e. Installation of a bridge on or over the portion of Heavy Hail Rd. crossed by the underground feed gas piping will be performed by Bechtel.
    - f. Bechtel will install 2x12 fiber direct burial cables from the liquefaction facilities to the metering facilities. The cables should be in PVC/HDPE sleeves underground and protected with a concrete cap. Scope will include connecting to the sleeves at the fence line and running the fiber cables into the metering buildings and terminate in the building patch panels provided with the buildings.
    - g. Bechtel to provide two (2) future underground sleeves to the fence line for future metering buildings.
    - h. Increase the size of the power feeder from 30A to 50A with a second spare underground conduit/sleeve from the pipe rack to the fence line for future expansion.
    - i. Pressure test on the Bechtel provided piping will be performed according to the ANSI B31.3 before the tie-ins are made with the pipeline flanges. After pressure testing, Bechtel will bolt up with pipeline flanges and torque the bolts according to the requirements.
    - j. The drawing entitled Exhibit A of this Change Order depicts the work for the scope listed above.
  
  2. Per Article 6.1B of the Agreement, Parties agree Bechtel will address the following changes and impacts resulting from SPL, LLC increasing the footprint of the Metering Station area:
    - a. The warehouse and the associated trailer will be moved to Laydown Yard 1 and require electrical changes.
-

- b. New fencing will be added around the metering skid by SPL.
  - c. Bechtel subcontractor will extend the fiber connection to the new warehouse location.
  - d. The drawings entitled Exhibit B depict the location for the changes and impacts of the increased footprint.
3. This Contract Change Order will increase the Contract price by an amount of \$10,791,224 which includes \$16,800 Provisional Sum and \$10,774,424 lump sum.
  4. Exhibit C details the lump sum cost breakdown for this portion of the Change Order.
  5. The overall cost breakdown for this Change Order is detailed in Exhibit D and described as follows:
    - a. The previous Soils Provisional Sum in Article 2.1 of Attachment EE of the Agreement was \*\*\* U.S. Dollars (\$\*\*\*). This Change Order will amend the previous value and increase the value by \$\*\*\*. The new Soils Provisional Sum is now \*\*\* U.S. Dollars (\$\*\*\*).
    - b. The previous Aggregate Provisional Sum prior to this Change Order was Three Hundred Three Million, Seven Hundred Seventy Five Thousand, Three Hundred Twenty Four U.S. Dollars (\$303,775,324). This Change Order will amend that value and the new value shall be Three Hundred Three Million, Seven Hundred Ninety Two Thousand, One Hundred Twenty Four U.S. Dollars (\$303,792,124).
  6. Schedule C-1 (Milestone Payment Schedule) of Attachment C of the Agreement will be amended by including the Milestone(s) listed in Exhibit E of this Change Order.

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**Adjustment to Contract Price**

The original Contract Price was .....	\$3,900,000,000
Net change by previously authorized Change Orders (#00001-00024) .....	\$ 116,798,896
The Contract Price prior to this Change Order was .....	\$4,016,798,896
The Contract Price will be (increased) by this Change Order in the amount of .....	\$ 10,791,224
The new Contract Price including this Change Order will be .....	\$4,027,590,120

**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 3, 4, 5 and Exhibits C, D, and E 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:

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\*\*\* indicates material has been omitted pursuant to a Confidential Treatment Request filed with the Securities and Exchange Commission. A complete copy of this agreement has been filed separately with the Securities and Exchange Commission.

**CHANGE ORDER FORM**

**Electrical Station HVAC Stacks**

**PROJECT NAME:** Sabine Pass LNG Stage 2 Liquefaction Facility

**CHANGE ORDER NUMBER:** CO-0001

**OWNER:** Sabine Pass Liquefaction, LLC

**DATE OF CHANGE ORDER:** June 4, 2013

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

**DATE OF AGREEMENT:** December 20, 2012

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

1. Per Article 6.1.B of the Agreement, Parties agree Bechtel will provide HVAC stacks on electrical substation buildings in the process area to avoid ethylene vapor clouds in the area of the substation building. The scope of work is detailed below:
  - a. Each HVAC unit at the substation will have a dedicated stainless steel, self-supporting air intake stack. The pads for the HVAC units will be extended to include the air intake stacks.
  - b. The specific units associated with this portion of the scope are detailed in Exhibit D
2. This Contract Change Order will increase the Contract price by a fixed lump sum amount of \$1,123,291. Accordingly, the Agreement is modified as follows:
  - a. 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. Exhibit B details the cost breakdown of this Change Order.
4. Drawings for this Change Order are provided in Exhibit C.

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**Adjustment to Contract Price**

The original Contract Price was .....	\$3,769,000,000
Net change by previously authorized Change Orders (#0000) .....	\$ 0
The Contract Price prior to this Change Order was .....	\$3,769,000,000
The Contract Price will be (increased) by this Change Order in the amount of .....	\$ 1,123,291
The new Contract Price including this Change Order will be.....	\$ 3,770,123,291

**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

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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/ \*\*\*  
\_\_\_\_\_  
Owner  
\*\*\*  
\_\_\_\_\_  
Name  
VP LNG Project Management  
\_\_\_\_\_  
Title  
June 14, 2013  
\_\_\_\_\_  
Date of Signing

/s/ \*\*\*  
\_\_\_\_\_  
Contractor  
\*\*\*  
\_\_\_\_\_  
Name  
Principal Vice President  
\_\_\_\_\_  
Title  
June 4, 2013  
\_\_\_\_\_  
Date of Signing

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**CHANGE ORDER FORM**

**Revised LNG Rundown Lines**

**PROJECT NAME:** Sabine Pass LNG Stage 2 Liquefaction Facility

**CHANGE ORDER NUMBER:** CO-0002

**OWNER:** Sabine Pass Liquefaction, LLC

**DATE OF CHANGE ORDER:** May 30, 2013

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

**DATE OF AGREEMENT:** December 20, 2012

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

1. Per Article 6.1.B of the Agreement, Parties agree Bechtel will revise the LNG Rundown Line to provide operational flexibility enabling Owner to send LNG from Trains 3 and 4 to Tanks 1, 2, and 3 during ship loading. The work will be completed in accordance with the Scope of Work detailed in Exhibit A of this Change Order.
2. This Contract Change Order will increase the Contract price by a fixed lump sum amount of \$4,312,798 which includes \$1,381,806 Provisional Sum and \$2,930,992 lump sum adjustments. Accordingly, the Agreement is modified as follows:
  - a. Schedule C-1 (Milestone Payment Schedule) of Attachment C of the Agreement will be amended by including the Milestone(s) listed in Exhibit C of this Change Order.
3. The overall cost breakdown associated with this Change Order is detailed in Exhibit C of this Change Order.
4. Exhibit D details the cost breakdown for the Provisional Sum portion of this Change Order:
  - a. The Previous Existing Facility Labor Provisional Sum in Article 2.2 of Attachment EE of the Agreement was \*\*\* U.S. Dollars (\$\*\*\*) and \*\*\* direct man hours. This Change Order will amend the previous values respectively to \*\*\* U.S. Dollars (\$\*\*\*) and \*\*\* hours.
  - b. The previous Aggregate Provisional Sum prior to this Change Order was Seven Hundred Eighty Million, Nine Hundred Fifty Thousand, Nine Hundred and Six U.S. Dollars (\$780,950,906). This Change Order will amend that value and the new value shall be Seven Hundred Eighty Two Million, Three Hundred Thirty Two Thousand, Seven Hundred Twelve U.S. Dollars (\$782,332,712).
5. Drawings for Change Order are provided in Exhibit E.

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**Adjustment to Contract Price**

The original Contract Price was .....	\$3,769,000,000
Net change by previously authorized Change Orders (#0001) .....	\$ 1,123,291
The Contract Price prior to this Change Order was .....	\$3,770,123,291
The Contract Price will be (increased) by this Change Order in the amount of .....	\$ 4,312,798
The new Contract Price including this Change Order will be .....	\$3,774,436,089

**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.**

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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 2, 3, 4 and Exhibits B, C, and D 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/ \*\*\*

Owner

\*\*\*

        
Name

VP LNG Project Management

        
Title

June 14, 2013

        
Date of Signing

        
/s/ \*\*\*

Contractor

\*\*\*

        
Name

Principal Vice President

        
Title

June 4, 2013

        
Date of Signing

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**CHANGE ORDER FORM**

**Currency Provisional Sum Closure**

**PROJECT NAME:** Sabine Pass LNG Liquefaction Facility - Stage 2

**CHANGE ORDER NUMBER:** CO-0003

**OWNER:** Sabine Pass Liquefaction, LLC

**DATE OF CHANGE ORDER:** May 29, 2013

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

**DATE OF AGREEMENT:** December 20, 2012

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**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. \*\*\*. The Currency Provisional Sum is decreased by \$\*\*\*. The new value of the Currency Provisional Sum as adjusted by this Change Order is \$\*\*\*.
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 \$780,950,906. The Aggregate Provisional Sum is decreased by this Change Order in the amount of \$497,588,968. As a result, the new Aggregate Provisional Sum as adjusted by this Change Order is \$283,361,938.
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.

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**Adjustment to Contract Price**

The original Contract Price was .....	\$3,769,000,000
Net change by previously authorized Change Orders (#0001-0002) .....	\$ 5,436,089
The Contract Price prior to this Change Order was .....	\$3,774,436,089
The Contract Price will be (decreased) by this Change Order in the amount of .....	\$ (2,951,053)
The new Contract Price including this Change Order will be .....	\$ 3,771,485,036

**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

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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/ \*\*\*  
\_\_\_\_\_  
Owner  
\*\*\*  
\_\_\_\_\_  
Name  
VP LNG Project Management  
\_\_\_\_\_  
Title  
June 14, 2013  
\_\_\_\_\_  
Date of Signing

/s/ \*\*\*  
\_\_\_\_\_  
Contractor  
\*\*\*  
\_\_\_\_\_  
Name  
Principal Vice President  
\_\_\_\_\_  
Title  
June 4, 2013  
\_\_\_\_\_  
Date of Signing

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**CHANGE ORDER FORM**

**Fuel Provisional Sum Closure**

**PROJECT NAME:** Sabine Pass LNG Liquefaction Facility - Stage 2

**CHANGE ORDER NUMBER:** CO-0004

**OWNER:** Sabine Pass Liquefaction, LLC

**DATE OF CHANGE ORDER:** May 29, 2013

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

**DATE OF AGREEMENT:** December 20, 2012

**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.\$\*\*\*. The Fuel Provisional Sum is decreased by \$\*\*\*. The new value of the Fuel Provisional Sum as adjusted by this Change Order is \$\*\*\*.
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 \$283,361,938. The Aggregate Provisional Sum is decreased by \$22,668,796. As a result, the new Aggregate Provisional Sum as adjusted by this Change Order is \$260,693,142.
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 .....	\$3,769,000,000
Net change by previously authorized Change Orders (#0001-0003) .....	\$ 2,485,036
The Contract Price prior to this Change Order was .....	\$3,771,485,036
The Contract Price will be (decreased) by this Change Order in the amount of .....	\$ (3,119,044)
The new Contract Price including this Change Order will be .....	\$3,768,365,992

**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/ \*\*\*  
\_\_\_\_\_  
Owner  
\*\*\*  
\_\_\_\_\_  
Name  
VP LNG Project Management  
\_\_\_\_\_  
Title  
June 14, 2013  
\_\_\_\_\_  
Date of Signing

/s/ \*\*\*  
\_\_\_\_\_  
Contractor  
\*\*\*  
\_\_\_\_\_  
Name  
Principal Vice President  
\_\_\_\_\_  
Title  
June 4, 2013  
\_\_\_\_\_  
Date of Signing

Blackstone CQP Holdco LP  
345 Park Avenue  
New York, NY 10154

June 23, 2013

Cheniere Energy Partners, L.P.  
c/o H. Davis Thames  
700 Milam Street, Suite 800  
Houston, Texas 77002

Re: Engagement of Consultant Under Investors' and Registration Rights Agreement

Dear Mr. Thames:

The purpose of this letter agreement is to acknowledge the agreement between Blackstone CQP Holdco LP ("Blackstone") and Cheniere Energy Partners, L.P. ("CQP") regarding the engagement of Philip Meier (through Meier Consulting LLC) ("Meier") to serve as the Consultant (as defined in Section 4.1.2 of the Investors' and Registration Rights Agreement among Cheniere Energy, Inc., Cheniere Energy Partners GP, LLC, CQP, Cheniere Class B Units Holdings, LLC and Blackstone (the "IRRA"). In consideration for the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party hereto, the parties hereby agree as follows:

1. Blackstone shall appoint Meier to serve as the Consultant, effective as of June 15, 2013, and Meier is reasonably acceptable to CQP. Meier's services as the Consultant shall be subject to the terms and conditions of Section 4.1.2 of the IRRA.

2. As set forth in Section 4.1.2 of the IRRA, CQP will pay (or reimburse Blackstone for) all fees and expenses of the Consultant (or any replacement thereof) (including, without limitation, the Annual Base Consulting Fee, Annual Performance Fee and the Phantom Equity Fees described in the letter agreement between Blackstone, Meier and Meier Consulting LLC, dated as of June 14, 2013, as amended (the "Consulting Agreement")); provided that, notwithstanding anything to the contrary herein or in Section 4.1.2 of the IRRA, Blackstone shall pay (and shall not seek reimbursement from CQP for) (i) 75% of all fees of the Consultant described in the Consulting Agreement, (ii) 75% of all expenses of the Consultant incurred in connection with Services (as defined in the Consulting Agreement) relating to the Liquefaction Project which are either to be paid or reimbursed by Blackstone under the Section 2 of the Consulting Agreement, and (iii) 100% of all other fees and expenses of the Consultant. Blackstone shall not amend, supplement or otherwise modify Section 2 or Section 3 of the Consulting Agreement or otherwise agree to pay or pay the Consultant any fees or reimburse or otherwise pay any expenses of the Consultant in respect of the Services relating to the Liquefaction Project without the prior written approval of CQP; provided that, for the avoidance of doubt, (x) the Annual Performance Fee (as defined in the Consulting Agreement) with respect to each calendar year shall be determined by Blackstone in its sole discretion, subject to the terms of the Consulting Agreement, and (y) the prior written approval of CQP shall not be required in respect of Blackstone's payment or reimbursement obligations to the Consultant set forth in the Consultant Agreement or in respect of any Services (as defined in the Consulting Agreement) that are not Services relating to the Liquefaction Project. Blackstone represents and warrants to CQP that, except for the Consulting Agreement, there are no written or oral agreements between Blackstone and the Consultant obligating the payment of any fees or expenses to the Consultant.

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3. Blackstone shall, on or within 30 days following the date hereof, appoint Meier as an Investor CQP Director (as defined in the Third Amended and Restated Limited Liability Company Agreement of Cheniere Energy Partners GP, LLC, dated as of August 9, 2012, as amended (the “GP LLC Agreement”)) and Meier shall serve as an Investor CQP Director until his resignation or removal pursuant to the terms of the GP LLC Agreement.

4. This letter agreement is solely and exclusively between Blackstone and CQP and any obligations created herein shall be solely the obligation of the parties hereto. Meier and Meier Consulting LLC (and its contractors, employees, agents and other representatives) and their respective affiliates shall have no rights hereunder.

5. This letter agreement and the rights and obligations of the parties hereunder shall be governed by and construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to conflicts of laws rules that would require or permit the application of the laws of another jurisdiction.

*(Signature page follows)*

HOU:3214003.14

*Signature Page to Letter Agreement Regarding Philip Meier*

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

Kindest regards,

**BLACKSTONE CQP HOLDCO LP**

By: Blackstone CQP Holdco GP LLC, its  
general partner

By: Blackstone Management Associates VI L.L.C.,  
its sole member

By: BMA VI L.L.C., its sole member

By: /s/ Sean Klimczak

Name: Sean Klimczak

Title: Senior Managing Director

Agreed and accepted as of the first date set forth above:

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

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

By: /s/ H. Davis Thames

Name: H. Davis Thames

Title: Senior Vice President and  
Chief Financial Officer

*Signature Page to Letter Agreement Regarding Philip Meier*

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Blackstone CQP Holdco LP  
345 Park Avenue  
New York, NY 10154

June 14, 2013  
Philip Meier

Dear Mr. Meier:

This letter agreement will confirm our arrangements for consulting services described in Section 1, below, related to the investment by Blackstone CQP Holdco LP (“Blackstone”) in Cheniere Energy Partners, L.P. (“Cheniere”) to be provided by Philip Meier (“you” or “Meier”) through Meier Consulting LLC (the “Consultant”). The Consultant will provide such services (and you agree to cause the Consultant to provide such services) on the following terms:

1) In connection with Blackstone's investment in Cheniere, Blackstone and Cheniere have agreed that Blackstone is entitled to engage a third-party engineering consultant, who will be entitled to information regarding the liquefaction facilities to be developed, owned and operated by Sabine Pass Liquefaction, LLC, at the liquefied natural gas terminal in Cameron Parish, Louisiana, including Train 1, Train 2, Train 3 and Train 4 (each as defined in the Unit Purchase Agreement, dated May 14, 2012, by and among Cheniere, Blackstone and Cheniere Energy, Inc., and each, a “Train”) and the related facilities, equipment and activities incidental thereto (the “Liquefaction Project”), and to observe, attend or request meetings with relevance to the construction of the Liquefaction Project. The Consultant has been selected as such consultant. In this role, the Consultant will assist Blackstone by providing such services as may be requested by Blackstone from time to time relating to Cheniere, including but not limited to monitoring the progress of, and providing diligence reports in respect of, the Liquefaction Project, and such other services described in Exhibit A attached hereto (collectively, the “Services”). The Consultant shall provide the Services during the period beginning on June 15, 2013 (the “Commencement Date”) and ending on the date determined in accordance with Section 7, below. The Consultant agrees to perform the Services using at least the degree of skill and diligence normally practiced by professional engineers or consultants performing the same or similar services.

2) As compensation for the Services, the Consultant will (a) receive an annual base consulting fee from Blackstone at the rate of \$375,000 per year, payable in equal installments not less frequently than monthly (the “Annual Base Consulting Fee”) and (b) be eligible, with respect to each calendar year beginning with 2013, to receive an annual performance consulting fee from Blackstone of up to \$200,000 (the “Annual Performance Fee”) in the discretion of Blackstone based on an evaluation of the Consultant's performance during such calendar year; provided that, notwithstanding the foregoing, subject to the Consultant's continued performance through December 31, 2013, the amount of the Annual Performance Fee with respect to 2013 shall be equal to \$125,000. Each Annual Performance Fee will be payable as soon as practicable following the calendar year to which it relates, but no later than January 31<sup>st</sup> of such following calendar year. The Consultant shall be based out of your home office (when not traveling in connection with the Services), however, Blackstone will explore obtaining Houston office space for the Consultant. In addition, Blackstone shall pay or reimburse the Consultant for all reasonable business expenses incurred in connection with providing the Services, in accordance with reimbursement policies and procedures to be agreed upon in good faith by Blackstone and the Consultant. All desired medical insurance for you shall be purchased by the Consultant at its sole expense. Blackstone agrees to seek the opportunity for the Consultant to purchase such medical insurance either through Cheniere or Blackstone affiliations.

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3) In addition, the Consultant will be entitled to receive an additional “phantom equity” consulting fee from Blackstone upon “Substantial Completion” (as such term or the functionally equivalent term is defined in the engineering, procurement and construction agreement for the applicable train) of each Train (collectively, the “Phantom Equity Fees”). Each Phantom Equity Fee will be payable within 75 days of Substantial Completion of the applicable Train, subject to the Consultant's continued services through the date of the applicable Substantial Completion. The amount of the Phantom Equity Fee with respect to each Train will be determined as follows:

(a) The Phantom Equity Fee with respect to Train 1 shall equal the product of (i) 83,333, (ii) 15% and (iii) the fair market value of a Unit of Cheniere Energy Partners LP (“CQP” as listed on the NYSE), as of the date of Substantial Completion of Train 1;

(b) The Phantom Equity Fee with respect to Train 2 shall equal the product of (i) 83,333, (ii) 15% and (iii) the fair market value of a Unit of CQP, as of the date of Substantial Completion of Train 2;

(c) The Phantom Equity Fee with respect to Train 3 shall equal the product of (i) 83,333, (ii) 30% and (iii) the fair market value of a Unit of CQP, as of the date of Substantial Completion of Train 3; and

(d) The Phantom Equity Fee with respect to Train 4 shall equal (i) the product of (A) 83,333 and (B) the fair market value of a Unit of CQP, as of the date of Substantial Completion of Train 4 less (ii) the sum of all payments made with respect to Train 1, Train 2 and Train 3 pursuant to this Section 3. For the avoidance of doubt, if the amount set forth in subsection (ii) exceeds the amount set forth in subsection (i), no Phantom Equity Fee shall be paid with respect to Train 4, but the Consultant shall not be required to repay any such excess to Blackstone.

4) CONFIDENTIALITY:

(a) You and the Consultant will not, during the term of this letter agreement and thereafter, disclose, divulge or use for any purpose any Confidential Information (as defined below) to any third party, nor will you or the Consultant use Confidential Information for any purpose other than the performance of the Services on behalf of Blackstone. As used in this letter agreement, Confidential Information means any confidential information provided to you or the Consultant regarding the Liquefaction Project or any proprietary information of Blackstone or its affiliates provided to you or the Consultant. You and the Consultant will not, during the term of this letter agreement and thereafter, use Blackstone's or Cheniere's name or any name of their respective subsidiaries or affiliates, or any adaptations of those names, for advertising, trade or other commercial purposes without Blackstone's prior written consent. The Consultant, Meier and their respective contractors, employees and agents (collectively, “Representatives”) shall not hold themselves out as employees, affiliates, or subsidiaries of Blackstone or Cheniere at any time while performing Services under this letter agreement. Any materials provided to you or the Consultant by Blackstone pursuant to this letter agreement or in connection with your or the Consultant's performance of Services hereunder, bearing any Blackstone names, logos, styles or trademarks may be used by you or the Consultant only as necessary to perform Services under this letter agreement.

(b) Each of Meier and the Consultant recognizes that Blackstone has received and in the future will receive from Cheniere and other third parties their confidential or proprietary information subject to a duty on Blackstone's part to maintain the confidentiality of such

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information and to use it only for certain limited purposes. Accordingly, each of Meier and the Consultant agrees that they each owe Blackstone, Cheniere and such third parties, during the term of this letter agreement and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence, and Meier and the Consultant will not, during the term of this letter agreement and thereafter, disclose or use such information except as necessary in carrying out the Services for Blackstone consistent with Blackstone's agreement with Cheniere or such other third party pursuant to agreements made available or provided to the Consultant by Blackstone or Cheniere.

(c) Upon the termination of the Consultant's services pursuant to this letter agreement, or upon Blackstone's earlier request, you and the Consultant will deliver to Blackstone all of Blackstone's property and Confidential Information that you or the Consultant may have in your or its possession or control.

5) The Consultant agrees that it shall take all direction from, and to report to Sean Klimczak of Blackstone Energy Partners and Blackstone Capital Partners VI or, in his absence, the Senior Managing Director of Blackstone Management Partners L.L.C. who is overseeing Blackstone's investment in Cheniere.

6) You and the Consultant represent and certify that neither you nor the Consultant has any outstanding agreement or other obligation, whether or not written, that is in conflict with any of the provisions of the terms hereof, that would preclude either you or the Consultant from complying with the provisions hereof, or that would be violated by your or the Consultant's performance of the Services. You and the Consultant further represent and certify that neither you nor the Consultant will enter into any such conflicting agreement or other obligation during the term of this letter agreement. You and the Consultant agree that during the Restricted Period (as defined below) neither you nor the Consultant will be employed by, be a consultant to, or provide development, construction, engineering, operating or management services to, any person or entity owning, managing, operating, planning or constructing a liquefaction facility or any other facility anywhere in the United States (other than Blackstone as contemplated by this letter agreement). For purposes of this letter agreement, "Restricted Period" shall mean the period beginning on the Commencement Date and ending on (a) the first anniversary of the date of the termination of the Consultant's services hereunder if such termination date is prior to the date of Substantial Completion of Trains 1 and 2; (b) the nine-month anniversary of the date of the termination of the Consultant's services hereunder if such termination date is following the date of Substantial Completion of Trains 1 and 2 but prior to the date of Substantial Completion of Train 3; (c) the six-month anniversary of the date of the termination of the Consultant's services hereunder if such termination date is following the date of Substantial Completion of Trains 1, 2 and 3 but prior to the date of Substantial Completion of Train 4; and (d) the date of the termination of Consultant's services hereunder if such termination date is on or following the date of Substantial Completion of Trains 1, 2, 3 and 4.

7) The Consultant and Blackstone acknowledge and agree that both the Consultant and Blackstone expect that the Consultant will continue to serve as consultant to Blackstone pursuant to this letter agreement through Substantial Completion of Trains 1 - 4. Notwithstanding the foregoing or anything else herein to the contrary, (a) Blackstone may terminate the Consultant's services pursuant to this letter agreement immediately and without prior notice if (x) the Consultant refuses to or is unable to perform the Services, (y) the Consultant is in breach of any material provision of this letter agreement or (z) Cheniere or its independent directors remove the Consultant as Blackstone's consultant as a result of the Consultant's being unreasonably disruptive to the business of Cheniere, pursuant to the agreement between Cheniere and Blackstone regarding Blackstone's entitlement to engage a consultant (each of the foregoing clauses, (x), (y) and (z), a "For Cause Termination"), and (b) either the

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Consultant or Blackstone may terminate the Consultant's services pursuant to this letter agreement other than pursuant to a For Cause Termination upon not less than 30 days' advance written notice to the other party. Notwithstanding any termination of this letter agreement, the provisions of Section 4 and Sections 6 through 12 hereof shall survive the termination of this letter agreement.

8) Upon termination of the Consultant's services pursuant to this letter agreement, Blackstone shall pay to the Consultant any unpaid Annual Base Consulting Fee due with respect to services provided through the termination date and any Annual Performance Fee for any calendar year completed prior to such termination. The Consultant will not be entitled to receive any other payments from Blackstone pursuant to this letter agreement.

9) It is hereby understood and agreed by the Consultant and Blackstone that (a) no relationship of principal and agent will exist between the Consultant and Blackstone, (b) the rendering of the Services pursuant to this letter agreement is as an independent contractor, within the meaning of the Internal Revenue Code of 1986, as amended, and not as a director, officer, partner, member, agent, representative or employee of Blackstone, (c) nothing in this letter agreement will make the Consultant or any of its Representatives an employee of Blackstone or entitle the Consultant or any of its Representatives to any benefits (including membership in insurance, pension and other group benefit plans) or any other forms of compensation that Blackstone may grant to any of its employees, and (d) as an independent contractor, the Consultant will be solely responsible for complying with all applicable laws, rules and regulations concerning income, employment and other tax withholding, social security contributions, pension fund contributions, unemployment contributions and similar matters and Blackstone shall not be required to withhold income, employment or other taxes from payments to the Consultant and will report all payments to the Internal Revenue Service on a 1099 form. The Consultant shall and does hereby release and hold Blackstone harmless from and against any taxes or other similar liabilities owed by the Consultant. The Consultant agrees to complete and sign a W-9 form and provide such other information to Blackstone as Blackstone may reasonably request from time to time. This letter agreement is not a contract of employment between the Consultant and Blackstone, and the Consultant and Blackstone hereby agree and acknowledge that this letter agreement does not impose any obligation on Blackstone to offer employment to or otherwise continue the Consultant's services at any time. The Consultant hereby acknowledges and agrees that, unless otherwise authorized or directed in writing by Blackstone, the Consultant shall have no right or authority to act, make commitments, or enter into any agreements or other arrangements, in connection with any matter, in the name or on behalf of Blackstone, or to assume or create any obligation or liability of any kind whatsoever, express or implied, in the name or on behalf of Blackstone. The Consultant further acknowledges and agrees that the Consultant has no right or authority to act, make commitments, or enter into any agreements or other arrangements, in connection with any matter, in the name or on behalf of Cheniere, or to assume or create any obligation or liability of any kind whatsoever, express or implied, in the name or on behalf of Cheniere.

10) Neither this letter agreement nor any right hereunder or interest herein may be assigned or transferred by Meier or the Consultant without the express written consent of Blackstone. In addition, the Consultant shall cause Meier, individually, to be available to provide the Services and, unless the context specifically provides otherwise, all references to the Consultant (including without limitation in Section 4, Section 6 and Section 9) shall be deemed to be references to the Consultant, to Meier individually, and to each employee, agent, member or service provider of the Consultant. You hereby agree to be bound by the provisions of sections 4, 5, 6, 9, 10, 11 and 12 of this letter agreement and agree that notwithstanding any termination of this letter agreement, the provisions of said sections shall continue to be binding upon you in all respects and shall survive in accordance with their terms, including such terms which provide for specific survival periods as set forth therein.

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11) The laws of the state of New York shall govern the validity of this letter agreement, the construction of its terms and the interpretation of the rights and duties of the parties hereto, without regard to the conflict of law provisions that would result in the application of the laws of any other jurisdiction. Each party hereto waives any objection to jurisdiction on the grounds of venue, forum non-conveniens or any other grounds and irrevocably consents to service of process by mail (to the address set forth above) or in any other manner permitted by applicable law and consents to the exclusive jurisdiction of the courts located in the State of New York located in the County of New York and of the United States District Court for the State of New York located in the Southern District of Manhattan for any actions, suits or proceedings arising out of or relating to this letter agreement and the transactions contemplated hereby (and the parties hereto agree not to commence any action, suit or proceeding relating thereto except in such courts). To the extent that in any jurisdiction a party may now or hereafter be entitled to claim for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, such party shall not claim, and hereby irrevocably waives, such immunity. The parties hereto further hereby waive any right to a trial by jury with respect to any action, suit or judicial proceeding arising or relating to this letter agreement. This letter agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument or instruction, as applicable. Each of Cheniere and Sabine Pass Liquefaction, LLC is an intended third-party beneficiary of the provisions of Sections 4, 5, 6, 9, 10, 11 and 12 of this letter agreement to which it has an interest and shall be entitled to enforce any and all of such provisions to the same extent as if it was a party hereto and such sections may not be amended, supplemented or otherwise modified without Cheniere's prior written consent.

12) This letter agreement is the entire agreement of the parties hereto and supersedes any prior or contemporaneous agreements or understandings between them, whether written or oral, with respect to the subject matter hereof. No waiver, alteration, or modification of any of the provisions of this letter agreement shall be binding unless in writing and signed by duly authorized representatives of the parties hereto.

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Thank you very much for working with Blackstone as an independent consultant with respect to the matters set forth herein. Please acknowledge your agreement and acceptance of the foregoing by signing in the space indicated below and returning an originally executed copy of this letter agreement. We look forward to working with the Consultant on this exciting project.

Kindest regards,

**BLACKSTONE CQP HOLDCO LP**

By: Blackstone CQP Holdco GP LLC, its  
general partner

By: Blackstone Management Associates VI L.L.C.,  
its sole member

By: BMA VI L.L.C., its sole member

By: /s/ Sean Klimczak

Name: Sean Klimczak

Title: Senior Managing Director

Agreed and accepted:

/s/ Philip Meier

Philip Meier

/s/ Meier Consulting LLC

Meier Consulting LLC

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## Exhibit A

- Cheniere

- Blackstone technical interface with project team
- Work with Keith Teague and construction management to ensure delivery of project
- Review Bechtel's construction reports
- Monitor Bechtel's progress, challenge procedures as necessary, and ensure transparent reporting
- Member of Cheniere Energy Partners LP Board

- Other

- Projects

- Technical advisor to ongoing and future project engagements
- Meet with management teams and contractors as necessary to provide technical job assessments and assist management, as deemed appropriate by Blackstone
- Review and advise on contracting plans and strategies and provide input on contract terms
- Site visits as necessary to inspect and validate progress and quality
- Member of project boards as deemed necessary by Blackstone
- Manage periodic progress meetings with projects and address issues

## 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 \_\_\_\_\_, 20\_\_\_. 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 herein. 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 or services to 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 provisions of Paragraph 4, Participant shall vest in his or her rights to the Phantom Units and the restrictions imposed thereon shall lapse as follows: 25% of the Phantom Units shall vest on the first anniversary of the date hereof, an additional 25% of the Phantom Units shall vest on the second anniversary of the date hereof, an additional 25% of the Phantom Units shall vest on the third anniversary of the date hereof and the remainder of the Phantom Units shall vest on the fourth anniversary of the date hereof. 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.”

**4. Termination of Employment or Services; Change in Control.** Except as provided otherwise in this Paragraph 4, 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 5 or 7 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

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“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 involuntary termination of Participant from service with Company and its Affiliates by the Company or an Affiliate without Cause within one (1) year from the effective date of such Change in Control. For purposes of this Phantom Units Agreement, the term “Cause” shall mean the commission of an act of fraud or intentional misrepresentation or an act of embezzlement, misappropriation or conversion of assets or opportunities of the Company or any Affiliate.

**5. Time and Form of Payment.** To the extent a Phantom Unit shall become fully vested and the restrictions imposed thereon shall have lapsed pursuant to Paragraph 3 or Paragraph 4, Participant shall receive a single sum cash payment in an amount equal to the Fair Market Value of a Unit on the applicable vesting date. Such payment shall be made as soon as administratively practicable following the applicable vesting date, but in no event later than the thirtieth (30<sup>th</sup>) day following the date on which vesting occurs and the restrictions lapse with respect to such Phantom Unit. Should Participant die before receiving all amounts payable under this Paragraph 5, such amounts shall be paid to his estate. Participant's right to any amounts described in this Paragraph 5 shall not rise above those of a general creditor of Company.

**6. 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.

**7. 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.

**8. 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.

**9. 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

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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.

**10. Amendment and Termination.** This Phantom Units Agreement may not be terminated by the Company 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.

**11. 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.

**12. 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, to the maximum extent permitted by applicable law, the payments payable to Participant pursuant to this Phantom Units Agreement shall be made in reliance upon Treasury Regulation Section 1.409A-1(b)(4) (relating to short-term deferrals). However, 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. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), 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 payment event, the actual date of payment during such specified period will be determined by Company, in its sole and absolute discretion.

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**13. 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.

**14. 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.

**15. 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.

**COMPANY:**

**CHENIERE ENERGY PARTNERS GP, LLC**

**COMPANY:**

**CHENIERE ENERGY PARTNERS  
GP,  
LLC**

By: \_\_\_\_\_

Printed

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**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

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Charif Souki  
Chief Executive Officer of Cheniere Energy Partners GP, LLC,  
general partner of Cheniere Energy Partners, L.P.

Date: August 2, 2013



CERTIFICATION BY CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER THE EXCHANGE ACT

I, H. Davis Thames, 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/ H. Davis Thames

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H. Davis Thames  
Senior Vice President and Chief Financial Officer of Cheniere Energy Partners GP, LLC,  
general partner of Cheniere Energy Partners, L.P.

Date: August 2, 2013

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 June 30, 2013 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

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Charif Souki  
Chief Executive Officer of Cheniere Energy Partners GP, LLC,  
general partner of Cheniere Energy Partners, L.P.

Date: August 2, 2013

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 June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, H. Davis Thames, 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/ H. Davis Thames

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H. Davis Thames  
Senior Vice President and Chief Financial Officer of Cheniere Energy Partners GP, LLC,  
general partner of Cheniere Energy Partners, L.P.

Date: August 2, 2013