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

FORM 8-K

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

DATE OF REPORT: APRIL 22, 2002
(DATE OF EARLIEST EVENT REPORTED: APRIL 8, 2002)

COMMISSION FILE NUMBER 1-11680

EL PASO ENERGY PARTNERS, L.P.
(Exact name of Registrant as Specified in its Charter)

DELAWARE (State or Other Jurisdiction of Incorporation or Organization)	76-0396023 (I.R.S. Employer Identification No.)
EL PASO BUILDING 1001 LOUISIANA STREET HOUSTON, TEXAS (Address of Principal Executive Offices)	77002 (Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE:
(713) 420-2600

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

In April 2002, EPN Holding Company, L.P., our wholly-owned subsidiary, acquired from El Paso Corporation midstream assets located in New Mexico and Texas. El Paso Corporation is the indirect parent of our general partner. The acquired assets, which we refer to as the EPN Holding assets, include:

- the EPGT Texas intrastate pipeline system;

- the Waha gathering and treating system;

- the Carlsbad gathering system;

- an approximate 42.3 percent non-operating interest in the Indian Basin processing and treating facility;

- a 50 percent undivided interest in the Channel pipeline system;

- the TPC Offshore pipeline system; and

- a leased interest in the Wilson natural gas storage facility.

The $750 million sales price was adjusted for the assumption of $15 million of working capital related to natural gas imbalances. The net consideration of $735 million for the EPN Holding assets was comprised of the following:

- $420 million of cash;

- $119 million of assumed short-term indebtedness payable to El Paso Corporation, which has been repaid;

- $6 million in common units; and

- $190 million in exchanged assets, comprised of our Prince tension leg platform (TLP) and our Prince overriding royalty interest.

To finance substantially all of the cash consideration related to this acquisition, EPN Holding entered into an acquisition credit agreement with a syndicate of commercial banks. EPN Holding's obligations under the credit agreement are guaranteed by substantially all of its subsidiaries and EPN Holding Company I, L.P. and EPN GP Holding, L.L.C., our two subsidiaries that own the equity interests in EPN Holding. Those obligations are collateralized by the equity interest in, and substantially all of the assets of, EPN Holding and its subsidiaries. In addition, the credit agreement limits EPN Holding's ability to pay distributions to us.

We consummated this acquisition transaction only after completing a thorough evaluation, including using some evaluation procedures that we specifically implemented to analyze transactions with related parties. Our Special Conflicts Committee, which is comprised solely of independent directors, evaluated the transaction. Among other things, it engaged and consulted with independent legal and financial advisors. After determining that the transaction was fair and in our best interest, the members of the Special Conflicts Committee unanimously approved the transaction and recommended that the full board of directors of our general partner approve the transaction. The members of the full board of directors reviewed the transaction, determined it was fair and in our best interest and unanimously approved it.

The EPN Holding assets acquired are more fully described below:

NATURAL GAS PIPELINES

The following table and discussions describe our natural gas pipelines acquired as a result of the EPN Holding asset acquisition.

	EPGT	WAHA GATHERING	CARLSBAD	CHANNEL	TPC OFFSHORE
Unregulated (U)/Regulated (R)	R(3)	U	U	R(3)	R(3)
In-service date	1997-2000	1996	1996	1996	1997
Approximate capacity(1)	3,725	280	185	500	750
Aggregate miles of pipeline	8,462	501	842	743	197
Average throughput for the years ended:(2)					
December 31, 2001	2,721	187	154	450	344
December 31, 2000	2,996	189	126	548	457
December 31, 1999	2,742	179	121	556	500

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(1) All capacity measures are on a million cubic feet per day (MMcf/d) basis, and with respect to EPGT, Carlsbad, Channel and TPC Offshore, net to our interests.

(2) All average throughput measures are on a thousand dekatherms per day (MDth/d) basis. For the pipelines described above, one MDth is substantially equivalent to one MMcf.

(3) EPGT and Channel are regulated by the Railroad Commission of Texas and, along with TPC Offshore, also provide Federal Energy Regulation Commission (FERC) Section 311 services.

EPGT Texas Intrastate. The EPGT Texas intrastate system natural gas is the largest intrastate pipeline system based on miles of pipe. It is also the only intrastate pipeline in Texas that offers transportation and storage services fully unbundled from merchant services. The system consists of 8,462 miles of main lines, laterals and gathering lines with an operating capacity of 3,725 MMcf/d. The EPGT Texas intrastate system includes some small pipelines in which we own undivided interests.

Waha Gathering System and Treating Plant. The Waha gathering system is located in the Permian Basin region of Texas and New Mexico, and consists of 501 miles of predominantly 8-inch to 20-inch pipelines. The treating plant, located in Texas, has a capacity of 280 MMcf/d. The average utilization rates for the Waha treating plant for the calendar years 2001, 2000 and 1999 were 61%, 61% and 58%.

Carlsbad Gathering System. The Carlsbad gathering system is located in the Permian Basin region of New Mexico and consists of approximately 842 miles of predominantly 4-inch to 12-inch pipelines.

Channel Pipeline System. We have a 50% undivided interest in the Channel pipeline system, an intrastate natural gas transmission system located along the Gulf Coast of Texas consisting of 743 miles of predominantly 30-inch pipelines.

TPC Offshore. TPC Offshore is a rich gas gathering system located offshore of Matagorda Bay, Texas consisting of 197 miles of predominantly 8-inch to 20-inch pipelines. The TPC Offshore system includes some smaller pipelines in which we own undivided interests.

NATURAL GAS PROCESSING FACILITY

We have an approximate 42.3 percent non-operating interest in the Indian Basin processing plant and treating facility. The plant is capable of processing up to 240 MMcf/d with overflow volumes of up to 60 MMcf/d. The utilization rates for the Indian Basin processing and treating facility for 2001, 2000 and 1999 were 93%, 82% and 77%.

NATURAL GAS STORAGE

As a result of our acquisition of the EPN Holding assets, we have the exclusive right to use the Wilson natural gas storage facility, located in Wharton County, Texas, under an operating lease that expires in January 2008. The facility has a current working gas capacity of approximately 7 Bcf.

ITEM 5. OTHER EVENTS

Risk Factor

This disclosure is to include the effect of EPN Holding's credit agreement into our current risk factors discussion.

EPN HOLDING'S ABILITY TO PAY DISTRIBUTIONS TO US IS LIMITED.

EPN Holding's credit agreement prohibits EPN Holding from distributing cash to us before June 30, 2002. After June 30, 2002, (1) if no default or event of default under the credit agreement has occurred and is continuing or would result from the distribution and (2) the ratio of EPN Holding's consolidated total indebtedness (as defined in the credit agreement) to its consolidated EBITDA (as defined in the credit agreement) for the immediately previous calendar quarter is no more than 4:1, then EPN Holding may distribute cash to us in any calendar year in an amount up to 75 percent of its consolidated EBITDA for the previous calendar quarter.

Amendment of Management Agreement

In connection with the EPN Holding acquisition, our general partner amended, restated and replaced its management agreement with DeepTech International, Inc., a wholly owned subsidiary of El Paso Corporation, to, among other things:

- change the name of the existing management agreement to "General and Administrative Services Agreement" to more accurately reflect the nature of the arrangement;

- extend the initial term of the agreement through December 31, 2005;

- increase the fees paid by us, to reflect the increased general and administrative costs to be incurred following the EPN Holding acquisition, to an aggregate of $1,608,333 per month; and

- add El Paso Field Services, L.P. as a party.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements of the businesses acquired.

The audited financial statements of EPGT Texas Pipeline, L.P., El Paso Gas Storage Company, El Paso Hub Services Company and the El Paso Field Services gathering and processing businesses for the years ended December 31, 2001, 2000 and 1999 are included below. These financial statements include all the assets acquired for all periods presented except as more fully described in Note 1 to these financial statements, the financial statements for the years ended December 31, 2000 and 1999, do not include the operations of EPGT Texas Pipeline, L.P., El Paso Gas Storage Company and El Paso Hub Services Company which entities were not owned by El Paso Corporation during those periods.

The audited financial statements of EPGT Texas Pipeline, L.P., El Paso Gas Storage Company and El Paso Hub Services L.L.C. for the years ended December 31, 2000 and 1999 are also included below.

EPGT TEXAS PIPELINE, L.P.
EL PASO GAS STORAGE COMPANY
EL PASO HUB SERVICES COMPANY
EL PASO FIELD SERVICES GATHERING AND PROCESSING BUSINESSES

COMBINED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

EPGT TEXAS PIPELINE, L.P.
EL PASO GAS STORAGE COMPANY
EL PASO HUB SERVICES COMPANY
EL PASO FIELD SERVICES GATHERING AND PROCESSING BUSINESSES

COMBINED BALANCE SHEETS
(IN THOUSANDS)

	DECEMBER 31, 2001	DECEMBER 31, 2000
ASSETS		
Current assets		
Cash and cash equivalents	$ --	$ 27
Accounts receivable		
Trade, net of allowance of $4,412 in 2001 and $450 in 2000	47,936	34,190
Affiliates	11,424	10,705
Natural gas imbalance receivable	10,309	10,076
Inventories	13,001	35,844
Other current assets	1,729	5,029
Total current assets	84,399	95,871
Property, plant and equipment, net	776,153	784,618
Deferred tax asset	1,108	3,252
Other noncurrent assets	--	41
Total assets	$861,660	$883,782
LIABILITIES AND OWNERS' NET INVESTMENT		
Current liabilities		
Accounts payable		
Trade	$ 10,543	$ 17,015
Affiliates	4,016	7,273
Natural gas imbalance payable	15,950	41,854
Other current liabilities	2,107	431
Total current liabilities	32,616	66,573
Deferred tax liability	--	33,716
Environmental liabilities	23,793	23,793
Legal liabilities	40,000	40,000
Building lease liability	6,472	7,588
Other noncurrent liabilities	5,826	1,233
Total liabilities	108,707	172,903
Commitments and contingencies		
Minority interest	199	122
Owners' net investment	752,754	710,757
Total liabilities and owners' net investment	$861,660	$883,782

See accompanying notes.

EPGT TEXAS PIPELINE, L.P.
EL PASO GAS STORAGE COMPANY
EL PASO HUB SERVICES COMPANY
EL PASO FIELD SERVICES GATHERING AND PROCESSING BUSINESSES

COMBINED STATEMENTS OF INCOME
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	2001	2000	1999
Operating revenues			
Gathering and transportation services	$268,064	$123,998	$88,297
Processing services	33,386	19,227	--
Other revenue	43,239	19,425	137
	344,689	162,650	88,434
Operating expenses			
Cost of natural gas	188,582	99,190	44,028
Operations and maintenance	59,417	20,389	17,856
Depreciation and amortization	32,305	15,078	12,962
Taxes other than income	7,198	2,491	2,581
	287,502	137,148	77,427
Operating income	57,187	25,502	11,007
Other expense (income)	5,026	475	(35)
Earnings before income taxes	52,161	25,027	11,042
Income tax (benefit) expense	(24)	1,367	2,445
Net income	$ 52,185	$ 23,660	$ 8,597

See accompanying notes.

EPGT TEXAS PIPELINE, L.P.
EL PASO GAS STORAGE COMPANY
EL PASO HUB SERVICES COMPANY
EL PASO FIELD SERVICES GATHERING AND PROCESSING BUSINESSES

COMBINED STATEMENTS OF CASH FLOW
(IN THOUSANDS)

DECEMBER 31,	2001	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 52,185	$ 23,660	$ 8,597
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization	32,305	15,078	12,962
Loss (gain) on disposition of assets	186	466	(41)
Deferred income tax (benefit) expense	--	(5,394)	4,626
Increase (decrease) in minority interest	77	(4)	(17)
Working capital changes:			
(Increase) decrease in accounts receivable	(26,810)	(5,666)	(10,518)
Increase in natural gas imbalance receivable	(233)	(7,787)	(2,289)
Decrease in inventories	22,843	--	--
(Decrease) increase in accounts payable	(8,053)	6,289	3,424
(Decrease) increase in natural gas imbalance payable	(25,904)	4,170	1,241
Decrease in other current assets	2,836	907	2,305
Non-working capital changes: Decrease in noncurrent assets and liabilities	(15,280)	16,470	(1,433)
Net cash provided by operating activities	34,152	48,189	18,857
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(23,991)	(15,021)	(34,848)
Proceeds from the sale of property, plant and equipment	--	--	52
Net cash used in investing activities	(23,991)	(15,021)	(34,796)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash (distributions to) contributions from owners	(10,188)	(33,141)	15,939
Net cash provided by (used in) financing activities	(10,188)	(33,141)	15,939
Increase (decrease) in cash and cash equivalents	(27)	27	--
Cash and cash equivalents			
Beginning of period	27	--	--
End of period	$ --	$ 27	$ --
SCHEDULE OF NONCASH ACTIVITIES:			
Noncash capital contribution of EPGT Texas	$ --	$391,110	$ --
Noncash capital contribution of Indian Basin	$ --	$ 55,000	$ --
Noncash capital contribution of the TGP laterals	$ --	$ 3,461	$ --

See accompanying notes.

EPGT TEXAS PIPELINE, L.P.
EL PASO GAS STORAGE COMPANY
EL PASO HUB SERVICES COMPANY
EL PASO FIELD SERVICES GATHERING AND PROCESSING BUSINESSES

COMBINED STATEMENTS OF OWNERS' NET INVESTMENT
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	2001	2000	1999
Balance, at beginning of period	$ 710,757	$270,667	$246,131
Contribution of EPGT Texas	--	391,110	--
Contribution of Indian Basin	--	55,000	--
Contribution of the TGP laterals	--	3,461	--
Net income	52,185	23,660	8,597
Net cash (distributions to) contributions from owners	(10,188)	(33,141)	15,939
Balance, at end of period	$ 752,754	$710,757	$270,667

See accompanying notes.

EPGT TEXAS PIPELINE, L.P.
EL PASO GAS STORAGE COMPANY
EL PASO HUB SERVICES COMPANY
EL PASO FIELD SERVICES GATHERING AND PROCESSING BUSINESSES

NOTES TO COMBINED FINANCIAL STATEMENTS

1. ORGANIZATION AND NATURE OF BUSINESS

ORGANIZATION

EPGT Texas Pipeline, L.P. (formerly PG&E Texas Pipeline, L.P.), El Paso Gas Storage Company (formerly PG&E Texas Gas Storage Company), and El Paso Hub Services Company (formerly PG&E Texas Hub Services Company) (collectively EPGT Texas) were acquired by El Paso Field Services L.P., an indirect subsidiary of El Paso Corporation, from PG&E Gas Transmission Company on December 22, 2000, and became wholly owned subsidiaries of El Paso Field Services. Prior to December 22, 2000, these companies were wholly owned subsidiaries of PG&E Gas Transmission Company, which was an indirect subsidiary of PG&E Corporation. EPGT Texas owns and operates approximately 8,500 miles of natural gas pipelines and gathering systems with capacity of approximately 3.2 billion cubic feet per day (Bcf/d), primarily serving the Texas intrastate market. EPGT Texas' natural gas pipeline operations include gathering, transportation and storage of natural gas. EPGT Texas also transports natural gas for, among others, producers, gas distribution companies, electric utilities, other pipelines, marketers, electric power generators and end users. EPGT Texas also has a lease for the Wilson natural gas storage facility.

El Paso Field Services also owned, directly and through wholly-owned subsidiaries, gathering and processing businesses, which include the following assets (collectively the Field Services gathering and processing businesses):

- a 42.3 percent non-operating interest in the Indian Basin natural gas processing and treating facility;
- the Carlsbad gathering system;
- the Waha gathering and treating system;
- a 50 percent undivided interest in the Channel pipeline system; and
- the TPC Offshore pipeline system.

El Paso Field Services acquired its interest in the Indian Basin facility in April 2000. The plant has a capacity of 240 MMcf/d.

Channel includes 743 miles of transportation pipeline in southern Texas. Carlsbad includes 842 miles of gathering and transportation pipeline connected to 383 natural gas wells. Waha includes 501 miles of gathering and transportation pipeline connected to 176 natural gas wells.

The TPC Offshore pipeline system includes five gathering systems, condensate separation and stabilization facilities, and 197 miles of gathering and transportation pipeline with 22 natural gas well connects.

The terms "we," "our" or "us" refer to EPGT Texas and the Field Services gathering and processing businesses on a combined basis.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared from El Paso Field Services' historical accounting records and are presented on a carve-out basis to include the historical operations applicable to EPGT Texas and the El Paso Field Services gathering and processing businesses. In this context, no direct owner relationship existed among these businesses. Accordingly, El Paso Field Services' net investment in these businesses (owners' net investment) is shown in lieu of owners' equity in the financial statements.

Our financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. All significant intercompany accounts and transactions within the companies have been eliminated.

Throughout the periods covered by the combined financial statements, El Paso Field Services has provided cash management services to us through a centralized treasury system. As a result, all of our charges and cost allocations covered by the centralized treasury system were deemed to have been paid by us to El Paso Field Services, in cash, during the period in which the cost was recorded in the financial statements. In addition, all of our cash receipts were advanced to our parent as they were received. As a result of using our parent's centralized treasury system, the excess of cash receipts advanced to our parent over the charges and cash allocation is reflected as net cash distributions to our owners in the statements of owners' net investment and cash flows.

We have been allocated, as appropriate, expenses incurred by El Paso Field Services in order to present our financial statements on a stand-alone basis. All of the allocations and estimates in the financial statements are based on assumptions that management believes are reasonable under the circumstances. However, these allocations and estimates are not necessarily indicative of the costs and expenses that would have resulted had we operated as a separate entity.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions that affect the amount we reported as assets, liabilities, revenues and expenses and disclosures in these financial statements. While we believe our estimates are appropriate, actual results can, and often do, differ from those estimates.

REVENUE RECOGNITION

Revenue from pipeline transportation of hydrocarbons is recognized upon receipt of the hydrocarbons into the pipeline systems. Revenue from processing services is recognized in the period services are provided. Other revenues generally are recorded when services have been provided or products have been delivered.

INVENTORIES

Inventories are carried at lower of cost or market with cost determined using the average cost method. The following reflects inventories as of December 31 (in thousands):

	2001	2000
Natural gas in storage......................................	$10,380	$31,735
Materials and other...	2,621	4,109
	$13,001	$35,844

NATURAL GAS IMBALANCES

Natural gas imbalances result from differences in gas volumes received from and delivered to our customers and arise when a customer delivers more or less gas into our pipelines than they take out. These imbalances are settled in kind through a fuel gas and unaccounted for gas tracking mechanism, negotiated

cash-outs between parties, or are subject to a cash-out procedure. Gas imbalances are reflected in imbalance receivable or imbalance payable, as appropriate, in our financial statements.

PROPERTY, PLANT AND EQUIPMENT

Our transmission and gathering pipelines and related facilities are recorded at historical cost, adjusted to reflect the application of "push down" accounting as appropriate. Provision for depreciation of property, plant and equipment is made primarily on a straight-line basis over the estimated useful lives of the depreciable facilities. A summary of the principal rates used in computing the annual provision for depreciation, primarily utilizing the composite method and including estimated salvage values, range from 2.3% to 20% for the years ended December 31, 2001, 2000 and 1999. Retirements, sales and disposals of assets are recorded by eliminating the related costs and accumulated depreciation of the disposed assets with any resulting gains or loss reflected in income. Repair and maintenance costs are expensed as incurred, while additions, improvements and replacements are capitalized.

We evaluate the impairment of assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 121, Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of. If an adverse event or change in circumstances occurs, we make an estimate of our future cash flows from our assets, grouped together at the lowest level for which separate cash flows can be measured, to determine if the asset is impaired. If the total of the undiscounted future cash flows is less than the carrying amount for the assets, we calculate the fair value of the assets either through reference to similar asset sales, or by estimating the fair value using a discounted cash flow approach. These cash flow estimates require us to make estimates and assumptions for many years into the future for pricing, demand, competition, operating costs, legal, regulatory and other factors. On January 1, 2002, we adopted the provisions of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. A discussion of this pronouncement follows at the end of this note.

INCOME TAXES

The taxable entities acquired have been included in the consolidated federal income tax returns filed by El Paso Corporation for the years ended December 31, 2001, 2000 and 1999, except that prior to El Paso Corporation's ownership, El Paso Gas Storage Company and El Paso Hub Services Company were included in PG&E Corporation's consolidated tax returns. For financial reporting purposes, income taxes are allocated to these entities on a modified separate return basis, to the extent taxes or tax benefits are realized by El Paso Corporation.

We account for income taxes under SFAS No. 109, Accounting for Income Taxes. In accordance with this statement, deferred income taxes are recorded using enacted tax laws and rates for the years in which the deferred tax liability or asset is expected to be settled or realized. Deferred income taxes are provided for amounts when there are temporary differences in recording such items for financial reporting and income tax reporting purposes.

The taxable income or loss resulting from the operations of our non-taxable entities will ultimately be included in the federal and state income tax returns of their owners. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements for these entities.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As of December 31, 2001 and 2000, our carrying amounts of cash and cash equivalents, trade receivables and trade payables approximate fair value because of the short-term nature of these instruments.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

We have established an allowance for losses on accounts which may become uncollectible. Collectibility is reviewed regularly and the allowance is adjusted as necessary, primarily under the specific identification method.

ENVIRONMENTAL COSTS

We expense or capitalize expenditures for ongoing compliance with environmental regulations that relate to past or current operations as appropriate. We expense amounts for clean up of existing environmental contamination caused by past operations which do not benefit future periods by preventing or eliminating future contamination. We record liabilities when our environmental assessments indicate that remediation efforts are probable, and the costs can be reasonably estimated. Estimates of our liabilities are based on currently available facts, existing technology and presently enacted laws and regulations taking into consideration the likely effects of inflation and other societal and economic factors, and include estimates of associated legal costs. These amounts also consider prior experience in remediating contaminated sites, other companies' clean-up experience and data released by the EPA or other organizations. These estimates are subject to revision in future periods based on actual costs or new circumstances and are included in our balance sheet in other noncurrent liabilities at their undiscounted amounts.

ACCOUNTING FOR PRICE RISK MANAGEMENT ACTIVITIES

We have adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities beginning January 1, 2001, which requires us to measure all derivative instruments at their fair value, and classify them as either assets or liabilities on our balance sheet, with the corresponding offset to income or other comprehensive income depending on their designation, their intended use, or their ability to qualify as hedges under the standard. Since we did not have any derivative instruments in place at December 31, 2000, and have not entered into any since that date, we have determined that there is no impact on us upon adoption of this standard.

To qualify for hedge accounting prior to our adoption of SFAS No. 133, any hedge transactions must reduce the price risk of the underlying hedged item, be designated a hedge at inception, and result in cash flows and financial impacts which were inversely correlated to the position being hedged. If correlation ceased to exist, hedge accounting was terminated and mark-to-market accounting was applied. Gains and losses resulting from hedging activities and the termination of any hedging instruments were initially deferred and included as an increase or decrease to cost of sales in the period in which the hedged transaction occurs.

During 2000, El Paso Field Services entered into swaps to hedge the effect of changing natural gas liquids prices. The impact of a portion of this hedge activity was allocated to us and is reflected as a decrease to revenue of $4.8 million in 2000. There was no impact from allocated hedge activity in 2001 or 1999.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

Business Combinations

In July 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, Business Combinations. This statement requires that all transactions that fit the definition of a business combination be accounted for using the purchase method and prohibits the use of the pooling of interests method for all business combinations initiated after June 30, 2001. This statement also established specific criteria for the recognition of intangible asset separately from goodwill and requires unallocated negative goodwill to be written off immediately as an extraordinary item. The accounting for any business combination we undertake in the future will be impacted by this standard. Our adoption of SFAS No. 141 will not have a material effect on our financial statements.

Goodwill and Other Intangible Assets

In July 2001, the FASB issued SFAS No. 142, Goodwill and Other Intangible Assets. This statement requires that goodwill no longer be amortized but intermittently tested for impairment at least on an annual basis. Other intangible assets are to be amortized over their useful life and reviewed for impairment in accordance with the provisions of SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of. An intangible asset with an indefinite useful life can no longer be amortized until its useful life becomes determinable. This statement has various effective dates, the most significant of which is January 1, 2002. We do not expect the impact of adopting this pronouncement to have a material effect on our financial statements.

Accounting for Asset Retirement Obligations

In July 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. This statement requires companies to record a liability relating to the retirement and removal of assets used in their business. The liability is discounted to its present value, and the related asset value is increased by the amount of the resulting liability. Over the life of the asset, the liability will be accreted to its future value and eventually extinguished when the asset is taken out of service. The provisions of this statement are effective for fiscal years beginning after June 15, 2002. We are currently evaluating the effects of this pronouncement.

Accounting for the Impairment or Disposal of Long-Lived Assets

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This statement requires that long-lived assets that are being disposed of by sale be measured at the lower of book value or fair value less cost to sell. This standard also expanded the scope of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from ongoing operations of the entity in a disposal transaction. The provisions of this statement are effective for fiscal years beginning after December 15, 2001. The provisions of this pronouncement will impact any asset dispositions we make after January 1, 2002.

3. ACCOUNTING FOR ACQUISITIONS BY EL PASO FIELD SERVICES

El Paso Field Services acquired its interest in Indian Basin in April 2000 for $55 million and acquired EPGT Texas in December 2000 for $470 million and subsequently contributed these assets to us. Both acquisitions were accounted for as purchases, and therefore operating results are included in our results prospectively from the acquisition dates. Our financial statements include the application of "push-down" accounting effective as of the acquisition dates. Accordingly, the historical value of our assets and liabilities

have been adjusted to reflect the allocation of the purchase price based upon the estimated fair value of those assets and liabilities as of the acquisition dates, resulting in a new basis of accounting. The purchase price allocation is based on our internal evaluation of such assets and liabilities. Our balance sheet at December 31, 2000, reflects the effects of the purchase price adjustments consisting of (in thousands):

Property, plant and equipment decrease	$131,838
Other noncurrent liabilities increase	$ 66,381
Owners' net investment decrease	$198,219

The following selected unaudited pro forma information represents our consolidated results of operations on a pro forma basis for the years ended December 31, 2000 and 1999, as if we had acquired EPGT Texas and Indian Basin on January 1, 1999 (in thousands):

	2000	1999
Operating revenues	$302,807	$218,962
Operating income	$ 42,374	$ 41,202
Net income	$ 35,225	$ 37,781

4. PROPERTY, PLANT AND EQUIPMENT

The following reflects the carrying value of property, plant and equipment at December 31, (in thousands):

	2001	2000
Transmission and gathering pipelines	$856,160	$826,042
Processing plants	55,066	55,003
Construction work in progress	14,452	20,843
	925,678	901,888
Less accumulated depreciation	149,525	117,270
Total property, plant and equipment, net	$776,153	$784,618

5. TRANSACTIONS WITH AFFILIATES

We enter into various types of transactions with affiliates in the normal course of business on market-related terms and conditions including selling natural gas to and purchasing natural gas from affiliates. In addition, our owners allocate to us general and administrative costs incurred on our behalf.

We had the following affiliated transactions as of and for the years ended December 31 (in thousands):

	2001	2000	1999
Revenues with affiliates	$157,568	$60,230	$31,755
Expenses with affiliates	$ 9,278	$ 7,059	$ 4,501
Accounts receivable	$ 11,424	$10,705	
Accounts payable	$ 4,016	$ 7,273	

6. INCOME TAXES

The following table reflects the components of income tax expense (benefit) for our taxable entities for the years ended December 31, (in thousands):

	2001	2000	1999
Current	$(24)	$ 6,761	$(2,181)
Deferred	--	(5,394)	4,626
Total income tax expense (benefit)	$(24)	$ 1,367	$ 2,445

Total income tax benefit approximates the amount computed by applying the statutory federal income tax rate (35 percent) to income before income taxes to our taxable entities plus applicable state taxes.

The following table reflects the tax effects of significant temporary differences representing deferred income tax assets and liabilities as of December 31, (in thousands):

	2001	2000
Deferred tax assets (liabilities):		
Property, plant and equipment	$ --	$(33,716)
Other	1,108	3,252
Total deferred income tax assets (liabilities)	$1,108	$(30,464)

7. MAJOR CUSTOMERS

The percentage of our revenue from major customers was as follows:

	YEAR ENDED DECEMBER 31,		
	2001	2000	1999
Coastal Merchant Energy, L.P.	18%	--	--
El Paso Gas Marketing	11%	32%	24%

8. EMPLOYEE BENEFIT PLANS

Our employees participate in our parent's pension and retirement savings plans. Costs associated with these plans are incurred by our parent and are proportionally allocated to us. For the years ended December 31, 2001, 2000 and 1999, these allocated costs totaled approximately $4.6 million, $1.1 million and $622 thousand.

9. COMMITMENTS AND CONTINGENCIES

OPERATING LEASE

We have long-term operating lease commitments in connection with a natural gas storage facility. The term of the natural gas storage facility and base gas leases runs through January 2008, and subject to certain conditions, has one or more optional renewal periods of five years each at fair market rentals. Prior to December 2000, EPGT Texas leased space for its corporate and operating offices in San Antonio. We are no longer utilizing the office space pursuant to this lease as a result of our acquisition by El Paso Field Services, and have reflected a liability for the fair value of the future lease payments in the amounts of $6.5 million and $7.6 million at December 31, 2001 and 2000.

The related future minimum lease payments under these operating leases as of December 31, 2001 are as follows (in thousands):

2002	$ 6,601
2003	6,601
2004	6,601
2005	6,601
2006	6,601
Remainder	11,978
Total minimum lease payments	$44,983

Rental expense under operating leases, excluding amounts paid in connection with the gas storage facility, was approximately $1.1 million, for the year ended December 31, 2001. We did not have any rental expense for the years ended December 31, 2000 and 1999.

LEGAL PROCEEDINGS

As of December 31, 2001 and 2000, we had reserves of approximately $40 million related to the legal discussions below.

We are named defendants in actions brought by Jack Grynberg on behalf of the U.S. Government under the False Claims Act. Generally, these complaints allege an industry-wide conspiracy to under report the heating value as well as the volume of the natural gas produced from federal and Native American lands, which deprived the U.S. Government of royalties. These matters have been consolidated for pretrial purposes (In re: Natural Gas Royalties Qui Tam Litigation, U.S. District Court for the District of Wyoming, filed June 1997). In May 2001, the court denied the defendants' motions to dismiss.

We have also been named defendants in Quinque Operating Company, et al. v. Gas Pipelines and Their Predecessors, et al, filed in 1999 in the District Court of Stevens County, Kansas. This class action complaint alleges that the defendants mismeasured natural gas volumes and heating content of natural gas on non-federal and non-Native American lands. The Quinque complaint was transferred to the same court handling the Grynberg complaint and has now been sent back to Kansas State Court for further proceedings. A motion to dismiss this case is pending.

In September 1999, Lone Star Gas Company filed suit against EPGNT Texas Pipeline, L.P. in Dallas County, Texas alleging a breach of the methodology of calculating the weighted average cost of gas (WACOG) in their gas contract. Lone Star previously purchased gas from Texas Pipeline using the WACOG method. In September 1999, we filed a suit in Travis County, Texas stating that we properly calculated and charged gas costs to Lone Star. In response to a claim by Lone Star, the Travis County court denied its claim that we should not be allowed to maintain this action in Travis county. The lawsuit in Dallas County was temporarily suspended and the parties proceeded in the Travis County lawsuit. Subsequently, Lone Star filed a complaint before the Texas Railroad Commission asserting essentially the same claims. In April 2002, all matters were settled and dismissals filed in both lawsuits and the Texas Railroad Commission complaint. This settlement did not have a material impact on our financial statements.

During 2000, Leapartners, L.P. filed a suit against us in the District Court of Loving County, Texas, alleging a breach of contract to gather and process gas in areas of western Texas. In May 2001, the Court ruled in favor of Leapartners and entered a judgement against us of approximately $10 million. We subsequently

filed an appeal with the Eighth Court of Appeals in El Paso, Texas. Review by the Court of Appeals is expected in December 2002.

We are also named defendant in numerous lawsuits and a named party in numerous governmental proceedings arising in the ordinary course of our business.

While the outcome of the matters discussed above cannot be predicted with certainty, based on information known to date, we do not expect ultimate resolution of these matters will have a material adverse effect on our financial position, operating results or cash flows.

ENVIRONMENTAL

We are subject to extensive federal, state, and local laws and regulations governing environmental quality and pollution control. These laws and regulations require us to remove or remedy the effect on the environment of the disposal or release of specified substances at current and former operating sites. As of December 31, 2001 and 2000, we have approximately $24 million recorded for environmental matters.

It is possible that new information or future developments could require us to reassess our potential exposure related to environmental matters. We may incur significant costs and liabilities in order to comply with existing environmental laws and regulations. It is also possible that other developments, such as increasingly strict environmental laws, regulations and claims for damages to property, employees, other persons and the environment resulting from current or past operations, could result in substantial costs and liabilities in the future. As this information becomes available, or other relevant developments occur, we will make accruals accordingly.

10. SUBSEQUENT EVENT

On April 8, 2002, we were sold to El Paso Energy Partners, L.P. for total consideration of approximately $735 million subject to adjustment for actual working capital acquired. Excluded from this transaction was approximately $30 million of communications assets that are reflected in property, plant, and equipment on the accompanying balance sheets.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Owners of
EPGT Texas Pipeline, L.P., El Paso Gas Storage Company,
El Paso Hub Services Company, and the El Paso
Field Services Gathering and Processing Businesses:

In our opinion, the accompanying combined balance sheets and the related combined statements of income, owners' net investment and cash flows present fairly, in all material respects, the financial position of EPGT Texas Pipeline, L.P., El Paso Gas Storage Company, El Paso Hub Services Company, and the El Paso Field Services Gathering and Processing Businesses (collectively, the "Businesses") at December 31, 2001 and 2000, and the results of their operations and their cash flows for the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Businesses' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 5 to the combined financial statements, the Businesses have significant transactions and relationships with affiliated entities. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties. Furthermore, as discussed in Note 2, the combined financial statements include various cost allocations and management estimates based on assumptions that management believes are reasonable under the circumstances. However, these allocations and estimates are not necessarily indicative of the costs and expenses that would have resulted had the Businesses been operated as a separate entity.

/s/ PRICEWATERHOUSECOOPERS LLP

Houston, Texas
April 18, 2002

EPGT TEXAS PIPELINE, L.P.,
EL PASO GAS STORAGE COMPANY
AND EL PASO HUB SERVICES COMPANY

COMBINED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

EPGT TEXAS PIPELINE, L.P.,
EL PASO GAS STORAGE COMPANY
AND EL PASO HUB SERVICES COMPANY

COMBINED BALANCE SHEET
(IN THOUSANDS)

	DECEMBER 31, 2000
	POST-ACQUISITION
ASSETS	
Current assets	
Cash and cash equivalents	$ 27
Accounts receivable	
Trade, net of allowance of $450	9,726
Affiliate	3,645
Inventories	35,844
Other current assets	2,550
Total current assets	51,792
Property, plant and equipment, net	452,488
Deferred tax asset	1,480
Other noncurrent assets	41
Total assets	$505,801
LIABILITIES AND OWNERS' EQUITY	
Current liabilities	
Accounts payable	
Trade	$ 3,946
Affiliate	7,273
Natural gas imbalance payable	36,187
Other current liabilities	226
Total current liabilities	47,632
Environmental liabilities	23,793
Legal liabilities	35,600
Building lease liability	7,588
Other noncurrent liabilities	78
Total liabilities	114,691
Commitments and contingencies	
Owners' equity	391,110
Total liabilities and owners' equity	$505,801

See accompanying notes.

EPGT TEXAS PIPELINE, L.P.,
EL PASO GAS STORAGE COMPANY
AND EL PASO HUB SERVICES COMPANY

COMBINED STATEMENTS OF INCOME
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,	
	2000	1999
	PRE-ACQUISITION	
Operating revenues		
Gathering and transportation services	$103,507	$ 99,516
Natural gas sales	22,643	2,153
Other revenue	7,602	3,238
	133,752	104,907
Operating expenses		
Cost of natural gas	30,696	9,650
Operations and maintenance	78,992	67,038
Depreciation and amortization	28,075	27,833
	137,763	104,521
Operating (loss) income	(4,011)	386
Other expense	5,344	951
Earnings (loss) before income taxes	(9,355)	(565)
Income tax (benefit) expense	(37)	60
Net loss	$ (9,318)	$ (625)

See accompanying notes.

EPGT TEXAS PIPELINE, L.P.,
EL PASO GAS STORAGE COMPANY
AND EL PASO HUB SERVICES COMPANY

COMBINED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,	
	2000	1999
		PRE-ACQUISITION
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ (9,318)	$ (625)
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation and amortization	28,075	27,833
Deferred income tax (benefit) expense	(364)	7
Working capital changes:		
Decrease in accounts receivable	5,849	65,458
(Increase) decrease in inventory	(18,939)	11,066
Decrease in accounts payable	(4,860)	(55,919)
Increase (decrease) in natural gas imbalance payable	21,132	(25,578)
(Increase) decrease in other current assets	10,532	(12,685)
Decrease in other current liabilities	(1,603)	(5,021)
Non-working capital changes: Decrease in noncurrent assets and liabilities	6,446	1,458
Net cash provided by operating activities	36,950	5,994
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(15,915)	(9,468)
Proceeds from the sale of property, plant and equipment	122	7,629
Net cash used in investing activities	(15,793)	(1,839)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash distributions to owners	(21,146)	(4,218)
Net cash used in financing activities	(21,146)	(4,218)
Increase (decrease) in cash and cash equivalents	11	(63)
Cash and cash equivalents		
Beginning of period	16	79
End of period	$ 27	$ 16
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income taxes deemed paid	$ 327	$ 53
SCHEDULE OF NONCASH ACTIVITIES:		
Adjustments due to effect of "push-down" accounting	$(198,219)	$ --

See accompanying notes.

EPGT TEXAS PIPELINE, L.P.,
EL PASO GAS STORAGE COMPANY
AND EL PASO HUB SERVICES COMPANY

COMBINED STATEMENTS OF OWNERS' EQUITY
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,	
	2000	1999
		PRE-ACQUISITION
Balance, at beginning of period	$ 619,793	$624,636
Net (loss) income	(9,318)	(625)
Net cash distributions to owners	(21,146)	(4,218)
Adjustments due to effects of "push-down" accounting	(198,219)	--
Balance, at end of period	$ 391,110	$619,793

See accompanying notes.

EPGT TEXAS PIPELINE, L.P., EL PASO GAS STORAGE COMPANY
AND EL PASO HUB SERVICES COMPANY

NOTES TO COMBINED FINANCIAL STATEMENTS

1. ORGANIZATION AND NATURE OF BUSINESS

ORGANIZATION

EPGT Texas Pipeline, L.P. (formerly PG&E Texas Pipeline, L.P.), El Paso Gas Storage Company (formerly PG&E Texas Gas Storage Company) and El Paso Hub Services Company (formerly PG&E Hub Services Company) (collectively "we", "our" or "us") are affiliates of El Paso Field Services L.P., which is an indirect subsidiary of El Paso Corporation. Prior to December 22, 2000, we were wholly owned subsidiaries of PG&E Gas Transmission Company, which was an indirect subsidiary of PG&E Corporation. We own and operate approximately 8,500 miles of natural gas pipeline and gathering systems primarily with capacity of approximately 3.2 Bcf/d primarily serving the Texas intrastate market. Our natural gas pipeline operations consist principally of gathering, storage and transportation of natural gas. We also transport natural gas for, among others, producers, gas distribution companies, electric utilities, other pipelines, marketers, electric power generators and end users.

ACCOUNTING FOR ACQUISITION BY EL PASO FIELD SERVICES

Our acquisition by El Paso Field Services has been accounted for using the purchase method of accounting and included the application of "push-down" accounting to our financial statements effective as of December 31, 2000. Accordingly, the historical value of our assets and liabilities has been adjusted to reflect the allocation of the purchase price based upon the estimated fair value of those assets and liabilities as of the acquisition date, resulting in a new basis of accounting. The purchase price allocation is based on our internal evaluation of such assets and liabilities.

In our financial statements, periods which reflect the new basis of accounting are labeled "Post-acquisition", and periods which do not reflect the new basis of accounting are labeled "Pre-acquisition". Our statement of income for the year ended December 31, 2000, does not include adjustments for the effects of the new basis of accounting, as they were determined to be immaterial. Our balance sheet at December 31, 2000 reflects the effects of the purchase price adjustments consisting of (in thousands):

Property, plant and equipment decrease......................	$131,838
Other noncurrent liabilities increase.......................	$ 66,381
Owners' equity decrease.....................................	$198,219

As a result of the new basis of accounting, certain financial information for the Post-acquisition period is not comparable to the Pre-acquisition periods.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared from our historical accounting records and are presented on a carve-out basis to include the historical operations applicable to EPGT Pipeline, L.P., El Paso Gas Storage Company and El Paso Hub Services Company

Our financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. All significant intercompany accounts and transactions have been eliminated.

Throughout the periods covered by the financial statements, our parent has provided cash management services to us through a centralized treasury system. As a result, all of our charges and cost allocations covered by the centralized treasury system were deemed to have been paid by us to our parent, in cash, during the period in which the cost was recorded in the combined financial statements. In addition, all of our cash

receipts were advanced to our parent as they were received. As a result of using our parent's centralized treasury system, the excess of cash receipts advanced to our parent over the charges and cash allocation is reflected as net cash distributions to our owners in the statements of owners' equity and cash flows.

We have been allocated, as appropriate, expenses incurred by PG&E Corporation in order to present our financial statements on a stand-alone basis. All of the allocations and estimates in the financial statements are based on assumptions that management believes are reasonable under the circumstances. However, these allocations and estimates are not necessarily indicative of the costs and expenses that would have resulted had we operated as a separate entity.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions that affect the amounts we reported as assets, liabilities, revenues and expenses and disclosures in these financial statements. While we believe our estimates are appropriate, actual results can, and often do, differ from those estimates.

REVENUE RECOGNITION

Revenue from pipeline transportation of hydrocarbons is recognized upon receipt of the hydrocarbons into the pipeline systems. Other revenues generally are recorded when services have been provided or products have been delivered.

INVENTORIES

Inventories are carried at lower of cost or market with cost determined using the average cost method. The following reflects inventories as of December 31, (in thousands):

	2000
	POST-ACQUISITION
Natural gas in storage......................................	$31,735
Materials and other...	4,109

	$35,844
	=======

NATURAL GAS IMBALANCES

Natural gas imbalances result from differences in gas volumes received from and delivered to our customers and arise when a customer delivers more or less gas into our pipelines than they take out. These imbalances are settled in kind through a fuel gas and unaccounted for gas tracking mechanism, negotiated cash-outs between parties, or are subject to a cash-out procedure. Gas imbalances are reflected in imbalance receivable or imbalance payable, as appropriate, in our financial statements.

PROPERTY, PLANT AND EQUIPMENT

As discussed in Note 1, property, plant and equipment at December 31, 2000 has been adjusted to reflect the application of "push down" accounting.

Provision for depreciation of property, plant and equipment is made primarily on a straight-line basis over the estimated useful lives of the depreciable facilities. A summary of the principal rates used in computing the annual provision for depreciation, primarily utilizing the composite method and including estimated salvage values, range from 2.3% to 4.5% for the year ended December 31, 2000. Retirements, sales and disposals of

assets are recorded by eliminating the related costs and accumulated depreciation of the disposed assets with any resulting gains or loss reflected in income. Repair and maintenance costs are expensed as incurred, while additions, improvements and replacements are capitalized.

We evaluate the impairment of assets in accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of. If an adverse event or change in circumstances occurs, we make an estimate of our future cash flows from our assets, grouped together at the lowest level for which separate cash flows can be measured, to determine if the asset is impaired. If the total of the undiscounted future cash flows is less than the carrying amount for the assets, we calculate the fair value of the assets either through reference to similar asset sales, or by estimating the fair value using a discounted cash flow approach. These cash flow estimates require us to make estimates and assumptions for many years into the future for pricing, demand, competition, operating costs, legal, regulatory and other factors. On January 1, 2002, we adopted the provisions of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. A discussion of this pronouncement follows at the end of this note.

INCOME TAXES

Prior to our ownership, El Paso Gas Storage Company and El Paso Hub Services Company, were both taxable entities. As the ownership of these entities changed during 2000, they have been included in the consolidated federal income tax returns filed by PG&E Corporation and El Paso Corporation for their respective ownership periods. For financial reporting purposes, income taxes are allocated to these entities on a modified separate return basis, to the extent taxes or tax benefits are realized by PG&E Corporation and El Paso Corporation in their respective consolidated returns.

We account for income taxes under SFAS No. 109, Accounting for Income Taxes. In accordance with this statement, deferred income taxes are recorded using enacted tax laws and rates for the years in which the deferred tax liability or asset is expected to be settled or realized. Deferred income taxes are provided for amounts when there are temporary differences in recording such items for financial reporting and income tax reporting purposes.

EPGT Texas Pipeline, L.P. is not a taxable entity and the taxable income or loss resulting from its operations will ultimately be included in the federal and state income tax returns of its partners. Accordingly, no provision for income taxes has been recorded in the accompanying combined financial statements for this entity.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As of December 31, 2000, our carrying amounts of cash and cash equivalents, trade receivables and trade payables approximate fair value because of the short-term nature of these instruments.

CASH AND CASH EQUIVALENTS

We consider short-term investments with little risk of change in value because of changes in interest rates and purchased with an original maturity of less than three months to be considered cash equivalents.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

We have established an allowance for losses on accounts which may become uncollectible. Collectibility is reviewed regularly and the allowance is adjusted as necessary, primarily under the specific identification method.

ENVIRONMENTAL COSTS

We expense or capitalize expenditures for ongoing compliance with environmental regulations that relate to past or current operations as appropriate. We expense amounts for clean up of existing environmental contamination caused by past operations which do not benefit future periods by preventing or eliminating future contamination. We record liabilities when our environmental assessments indicate that remediation efforts are probable, and the costs can be reasonably estimated. Estimates of our liabilities are based on currently available facts, existing technology and presently enacted laws and regulations taking into consideration the likely effects of inflation and other societal and economic factors, and include estimates of associated legal costs. These amounts also consider prior experience in remediating contaminated sites, other companies' clean-up experience and data released by the EPA or other organizations. These estimates are subject to revision in future periods based on actual costs or new circumstances and are included in our balance sheet in other noncurrent liabilities at their undiscounted amounts.

ACCOUNTING FOR PRICE RISK MANAGEMENT ACTIVITIES

We have adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities beginning January 1, 2001, which requires us to measure all derivative instruments at their fair value, and classify them as either assets or liabilities on our balance sheet, with the corresponding offset to income or other comprehensive income depending on their designation, their intended use, or their ability to qualify as hedges under the standard. Since we did not have any derivative instruments in place at December 31, 2000, and have not entered into any since that date, we have determined that there is no impact on us upon adoption of this standard.

To qualify for hedge accounting prior to our adoption of SFAS No. 133, any hedge transactions must reduce the price risk of the underlying hedged item, be designated a hedge at inception, and result in cash flows and financial impacts which were inversely correlated to the position being hedged. If correlation ceased to exist, hedge accounting was terminated and mark-to-market accounting was applied. Gains and losses resulting from hedging activities and the termination of any hedging instruments were initially deferred and included as an increase or decrease to cost of sales in the period in which the hedged transaction occurs.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

Business Combinations

In July 2001, the FASB issued SFAS No. 141, Business Combinations. This statement requires that all transactions that fit the definition of a business combination be accounted for using the purchase method and prohibits the use of the pooling of interests method for all business combinations initiated after June 30, 2001. This statement also established specific criteria for the recognition of intangible assets separately from goodwill and requires unallocated negative goodwill to be written off immediately as an extraordinary item. The accounting for any business combination we undertake in the future will be impacted by this standard. Our adoption of SFAS No. 141 will not have a material effect on our financial statements.

Goodwill and Other Intangible Assets

In July 2001, the FASB issued SFAS No. 142, Goodwill and Other Intangible Assets. This statement requires that goodwill no longer be amortized but intermittently tested for impairment at least on an annual basis. Other intangible assets are to be amortized over their useful life and reviewed for impairment in accordance with the provisions of SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of. An intangible asset with an indefinite useful life can no longer be amortized until its useful life becomes determinable. This statement has various effective dates, the most

significant of which is January 1, 2002. We do no expect the impact of adopting this pronouncement to have a material effect on our financial statements.

Accounting for Asset Retirement Obligations

In July 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. This statement requires companies to record a liability relating to the retirement and removal of assets used in their business. The liability is discounted to its present value, and the related asset value is increased by the amount of the resulting liability. Over the life of the asset, the liability will be accreted to its future value and eventually extinguished when the asset is taken out of service. The provisions of this statement are effective for fiscal years beginning after June 15, 2002. We are currently evaluating the effects of this pronouncement.

Accounting for the Impairment or Disposal of Long-Lived Assets

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This statement requires that long-lived assets that are being disposed of by sale be measured at the lower of book value or fair value less cost to sell. This standard also expanded the scope of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from ongoing operations of the entity in a disposal transaction. The provisions of this statement are effective for fiscal years beginning after December 15, 2001. The provisions of this pronouncement will impact any asset dispositions we make after January 1, 2002.

3. PROPERTY, PLANT AND EQUIPMENT

As discussed in Note 1, property, plant and equipment at December 31, 2000, has been adjusted to reflect the application of "push down" accounting. As part of push-down accounting, the value of the assets have been adjusted to fair value as of December 31, 2000. The following reflects the carrying value of property, plant and equipment at December 31, (in thousands):

	2000
	POST-ACQUISITION
Transmission and gathering pipelines	$418,341
Construction work in progress	11,642
Other	22,505
	452,488
Less accumulated depreciation	--
Total property, plant and equipment, net	$452,488

4. TRANSACTIONS WITH AFFILIATES

We enter into various types of transactions with affiliates in the normal course of business on market-related terms and conditions. We sell natural gas to and purchase natural gas from affiliates.

For the year ended December 31, 2000, revenue from affiliates was $62 million and purchases of natural gas were $8 million, and for the year ended December 31, 1999, revenue from affiliates was $59 million and purchases of natural gas were $4 million. As a result of our cash management arrangement with El Paso Field Services, as described in Note 2, all of our charges and cost allocations are covered by a centralized treasury system and are deemed to have been paid by us to our parent, in cash, during the period in which the cost was recorded. We have accrued for one month of charges and cost allocations at December 31, 2000, which are reflected as affiliated receivables and affiliated payables in our balance sheets.

Substantially all of the individuals who perform the day-to-day financial, administrative, accounting and operational functions for us, as well as those who are responsible for directing and controlling us, are employed by our parent. We are allocated expenses from our parent which are intended to approximate the amount of resources incurred by our parent in providing various operational, financial, accounting and administrative services on behalf of us. The allocated expenses totaled $54 million and $52 million for the years ended December 31, 2000 and 1999.

5. INCOME TAXES

The following table reflects the components of income tax expense (benefit) for our taxable entities for the years ended December 31, (in thousands):

	2000	1999
		PRE-ACQUISITION
Current	$ 327	$53
Deferred	(364)	7
Total income tax expense (benefit)	$ (37)	$60

Total income tax expense (benefit) approximates the amount computed by applying the statutory federal income tax rate (35 percent) to income (loss) before income taxes to our taxable entities plus applicable state taxes.

The following table reflects the tax effects of significant temporary differences representing deferred income tax assets as of December 31, (in thousands):

	2000
	POST-ACQUISITION
Deferred tax assets	
Property, plant and equipment	$1,106
Other	374
Total deferred tax assets	$1,480

6. MAJOR CUSTOMERS

The percentage of our revenue from major customers was as follows:

	YEAR ENDED DECEMBER 31,	
	2000	1999
El Paso Rivercity Energy, L.P. (formerly PG&E Rivercity Energy, L.P.)	12%	14%
El Paso Industrial Energy, L.P. (formerly PG&E Industrial Energy, L.P.)	11%	17%

7. EMPLOYEE BENEFIT PLANS

Our employees participate in our parent's pension and retirement savings plans. Costs associated with these plans are incurred by our parent and are proportionally allocated to us. For the year ended December 31, 2000, these allocated costs totaled approximately $195 thousand.

8. COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

We have long-term operating lease commitments in connection with a gas storage facility. In 2000, we renegotiated the terms of our operating lease and incurred expense related to the renegotiation of approximately $5 million. The term of the gas storage facility and base gas leases runs through January 2008, and subject to certain conditions, has one or more optional renewal periods of five years each at fair market rentals. During 2000, we also leased space for our corporate and operating offices in San Antonio. We are no longer utilizing the office space pursuant to this lease as a result of our acquisition by El Paso Field Services, and have reflected a liability on our balance sheet reflecting the fair value of the future lease payments in the amount of $7.8 million.

The related future minimum lease payments under these operating leases as of December 31, 2000 are as follows (in thousands):

2001	$ 6,601
2002	6,601
2003	6,601
2004	6,601
2005	6,601
Remainder	18,578
Total minimum lease payments	$51,583

Rental expense under operating leases, excluding amounts paid in connection with the gas storage facility, was approximately $1.4 million and $1 million for the years ended December 31, 2000 and 1999.

LEGAL PROCEEDINGS

As of December 31, 2000, we had reserves of approximately $36 million related to the legal discussions below.

We are named defendants in actions brought by Jack Grynberg on behalf of the U.S. Government under the False Claims Act. Generally, these complaints allege an industry-wide conspiracy to under report the heating value as well as the volume of the natural gas produced from federal and Native American lands, which deprived the U.S. Government of royalties. These matters have been consolidated for pretrial purposes (In re: Natural Gas Royalties Qui Tam Litigation, U.S. District Court for the District of Wyoming, filed June 1997). In May 2001, the court denied the defendants' motions to dismiss.

We have also been named defendants in Quinque Operating Company, et al. v. Gas Pipelines and Their Predecessors, et al, filed in 1999 in the District Court of Stevens County, Kansas. This class action complaint alleges that the defendants mismeasured natural gas volumes and heating content of natural gas on non-federal and non-Native American lands. The Quinque complaint was transferred to the same court handling the Grynberg complaint and has now been sent back to Kansas State Court for further proceedings. A motion to dismiss this case is pending.

In September 1999, Lone Star Gas Company filed suit against EPGNT Texas Pipeline, L.P. in Dallas County, Texas, alleging a breach of the methodology of calculating the WACOG in their gas contract. Lone Star previously purchased gas from Texas Pipeline using the WACOG method. In September 1999, we filed a suit in Travis County, Texas, stating that we properly calculated and charged gas costs to Lone Star. In response to a claim by Lone Star, the Travis County court denied its claim that we should not be allowed to

maintain this action in Travis county. The lawsuit in Dallas County was temporarily suspended and the parties proceeded in the Travis County lawsuit. In April 2002, all matters were settled and dismissals filed in both lawsuits and the Texas Railroad Commission complaint. This settlement did not have a material impact on our financial statements.

We are also a named defendant in numerous lawsuits and a named party in numerous governmental proceedings arising in the ordinary course of our business.

While the outcome of the matters discussed above cannot be predicted with certainty, based on information known to date, we do not expect ultimate resolution of these matters will have a material adverse effect on our financial position, operating results or cash flows.

ENVIRONMENTAL

We are subject to extensive federal, state and local laws and regulations governing environmental quality and pollution control. These laws and regulations require us to remove or remedy the effect on the environment of the disposal or release of specified substances at current and former operating sites. As of December 31, 2000 we have approximately $24 million recorded for environmental matters. Such amount was recorded as a result of our application of "push-down" accounting as discussed in Note 1.

It is possible that new information or future developments could require us to reassess our potential exposure related to environmental matters. We may incur significant costs and liabilities in order to comply with existing environmental laws and regulations. It is also possible that other developments, such as increasingly strict environmental laws, regulations and claims for damages to property, employees, other persons and the environment resulting from current or past operations, could result in substantial costs and liabilities in the future. As this information becomes available, or other relevant developments occur, we will adjust accruals accordingly.

9. SUBSEQUENT EVENT

On April 8, 2002, we were sold to El Paso Energy Partners as part of a larger transaction with other assets sold from El Paso Field Services. Excluded from this transaction was approximately $15 million of communications assets that are reflected in property, plant, and equipment on our balance sheet. The total consideration for all assets sold to El Paso Energy Partners was approximately $735 million, subject to adjustments for actual working capital acquired.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Owners of
EPGT Texas Pipeline, L.P.,
El Paso Gas Storage Company
and El Paso Hub Services Company:

In our opinion, the accompanying combined balance sheet and the related combined statements of income, owners' equity and cash flows present fairly, in all material respects, the financial position of EPGT Texas Pipeline, L.P., El Paso Gas Storage Company and El Paso Hub Services Company (collectively, the "Companies") at December 31, 2000, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Companies' management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 4 to the combined financial statements, the Companies have significant transactions and relationships with affiliated entities. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties. Furthermore, as discussed in Note 2, the combined financial statements include various cost allocations and management estimates based on assumptions that management believes are reasonable under the circumstances. However, these allocations and estimates are not necessarily indicative of the costs and expenses that would have resulted had the Companies been operated as a separate entity.

/s/ PRICEWATERHOUSECOOPERS LLP

Houston, Texas
April 18, 2002

(b) Pro forma financial statements

We are providing the accompanying unaudited pro forma condensed consolidated and combined financial statements to (i) reflect the acquisition of midstream assets from El Paso Corporation, (ii) the sale of our Prince TLP and our approximate 9 percent overriding royalty in the Prince Field, and (iii) the assumption of debt and borrowings to fund the acquisition as if we completed these transactions as of January 1, 2001.

The unaudited pro forma condensed consolidated and combined financial statements are not necessarily indicative of our consolidated financial position or results of operations that might have occurred had the transactions been completed at the beginning of the earliest period presented, nor do they necessarily indicate our consolidated operating results and financial position for any future period.

The accompanying Notes to the Unaudited Pro Forma Condensed Consolidated and Combined Financial Statements explain the assumptions used in preparing the financial information. Accounting policy differences were not material and, accordingly, adjustments have not been included in these statements.

The unaudited pro forma financial information gives effect to the following transactions as if they had occurred as of January 1, 2001:

(1) The repayment in April 2002 of the limited recourse debt of approximately $95 million related to our Prince TLP.

(2) The acquisition in April 2002 of EPGT Texas and the El Paso Field Services gathering and processing businesses, including 1,300 miles of gathering systems in the Permian Basin and a 42.3 percent non-operating interest in the Indian Basin natural gas processing and treating facility. Total consideration for this transaction was approximately $735 million consisting of a cash payment of approximately $420 million, the exchange of our Prince TLP and our approximate 9 percent overriding royalty interest in the Prince Field with a fair value of approximately $190 million, issuance of approximately $6 million of common units and the assumption of approximately $119 million of indebtedness.

(3) The acquisition in October 2001 of the remaining 50% equity interest that we did not already own in Deepwater Holdings. The High Island Offshore System and the East Breaks natural gas gathering system became indirect wholly-owned assets through this transaction. The total purchase price was approximately $81 million, consisting of $26 million cash and $55 million of assumed indebtedness. Our historical consolidated financial statements include the accounts and results of operations of these assets from the purchase date.

(4) The acquisition in October 2001 of interests in the titleholder of, and other interests in, the Chaco cryogenic natural gas processing plant for approximately $198.5 million. The total purchase price was composed of:

- A payment of $77.0 million to acquire the Chaco plant from the bank group that provided the financing for the facility; and

- A payment of $121.5 million to El Paso Field Services, L.P., an El Paso Corporation affiliate, in connection with the execution of a 20-year agreement relating to the processing capacity of the Chaco plant and dedication of natural gas gathered by El Paso Field Services.

Our historical consolidated financial statements include the accounts and results of operations of these assets from the purchase date.

(5) The $133 million acquisition in February 2001 of the South Texas natural gas liquids transportation and fractionation assets from a subsidiary of El Paso Corporation. Our historical consolidated financial statements include the accounts and results of operations of these assets from the purchase date.

(6) The exclusion of the (i) results of operations and losses on the disposition of Deepwater Holdings' interests in the Stingray and UTOS systems, and the West Cameron Dehydration facility; (ii) results of operations and losses on disposition of our interests in Nautilus, Manta Ray Offshore, Nemo, Green Canyon and Tarpon as well as interests in two offshore platforms; and (iii) income of $25.4 million we recognized from the related payments from El Paso Corporation.

EL PASO ENERGY PARTNERS, L.P.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED AND COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2001

(IN THOUSANDS)

EL PASO ENERGY EPN HOLDING PARTNERS,
L.P. ASSET HISTORICAL ACQUISITION(A)
ADJUSTMENT PROFORMA -------------- ----
---------- ---------- ---------- ASSETS
Current assets Cash and cash
equivalents............... $ 13,084 $
95,000 (B) $ 13,084 (95,000)(B) 416,000
(C) 4,000 (C) (420,000)(D) 119,000 (E)
(119,000)(E) Accounts receivable, net
Trade...............................
33,162 $ 39,593 (39,593)(D) 33,162
Affiliates..........................
22,863 11,424 (11,424)(D) 22,863 Other
current assets.................... 557
25,039 (14,730)(D) 10,866 ---------- --
------ --------- ---------- Total
current assets............ 69,666
76,056 (65,747) 79,975 Property, plant
and equipment,
net.....................................
1,103,427 776,153 (188,183)(D)
1,679,877 (30,000)(D) 18,480 (D)
Investment in processing
agreement........ 119,981 119,981
Investment in unconsolidated
affiliates... 34,442 34,442 Other
noncurrent assets...................
29,754 1,108 (1,108)(D) 29,754 --------
-- -------- --------- ---------- Total
assets.................... $1,357,270
$853,317 $(266,558) $1,944,029
========== ======== =========
==========

EL PASO ENERGY PARTNERS, L.P.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED AND
COMBINED BALANCE SHEET -- (CONTINUED)

	EL PASO ENERGY PARTNERS, L.P. HISTORICAL	EPN HOLDING ASSET ACQUISITION(A)	ADJUSTMENT	PROFORMA
LIABILITIES AND PARTNERS' CAPITAL				
Current liabilities				
Accounts payable				
Trade	$ 14,987	$ 10,543	$ (10,543)(D)	$ 14,987
Affiliates	9,918	4,016	(4,016)(D)	9,918
Accrued interest	6,401			6,401
Note payable to affiliate			119,000 (D) (119,000)(E)	
Current maturities of limited recourse term loan	19,000		(19,000)(B)	--
Other current liabilities	4,159	18,057	(2,107)(D)	20,109
Total current liabilities	54,465	32,616	(35,666)	51,415
Revolving credit facility	300,000		95,000 (B) 4,000 (C)	399,000
EPN Holding limited recourse facility			416,000 (C) 119,000 (E)	535,000
Long-term debt	425,000			425,000
Limited recourse term loan, less current maturities	76,000		(76,000)(B)	--
Other noncurrent liabilities	1,079	76,091	(52,298)(D)	24,872
Total liabilities	856,544	108,707	470,036	1,435,287
Commitments and contingencies				
Minority interest		199		199
Partners' capital	500,726		6,000 (D) 1,817 (D)	508,543
Owners' net investment		744,411	(744,411)(D)	
Total liabilities and partners' capital	$1,357,270	$853,317	$(266,558)	$1,944,029

EL PASO ENERGY PARTNERS, L.P.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED AND COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2001
(IN THOUSANDS)

PROFORMA PRO FORMA DEEPWATER
DEEPWATER TRANSPORTATION EL
PASO DEEPWATER HOLDINGS,
HOLDINGS, PROFORMA AND ENERGY
HOLDINGS, L.L.C. L.L.C. CHACO
FRACTIONATION PARTNERS, L.P.
L.L.C. DIVESTITURES ACQUISITION
PLANT ASSET HISTORICAL
HISTORICAL(F) ADJUSTMENTS
ADJUSTMENTS ADJUSTMENTS
ADJUSTMENTS -------------- ----
--------- ------------ --------
--- ----------- -------------
Operating
revenues................
$202,231 $ 40,933 $(2,726)(G) $
-- $20,299 (L) $5,042 (N)
Operating expenses Cost of
natural gas............. 51,542
Operation and maintenance,
net...........................
35,548 16,740 (658)(G) 5,215
(L) 1,368 (N) Depreciation,
depletion and
amortization..................
38,649 8,899 (323)(G) 422 (H)
6,512 (L) 750 (N) Asset
impairment charge.........
3,921 -------- -------- -------
------- ------- ------ 129,660
25,639 (981) 422 11,727 2,118 -
------- -------- ------- ------
- ------- ------ Operating
income (loss)........... 72,571
15,294 (1,745) (422) 8,572
2,924 -------- -------- -------
------- ------- ------ Other
income (loss) Earnings from
unconsolidated
affiliates....................
8,449 9,925 (I) Net (loss) gain
on sale of
assets........................
(11,367) (21,453) 21,453 (G)
Other income
(loss)............. 28,726 68 -
------- -------- ------- ------
- ------- ------ 25,808
(21,385) 21,453 9,925 -- -- ---
----- -------- ------- -------
------- ------ Income (loss)
before interest, income taxes
and other
charges.........................
98,379 (6,091) 19,708 9,503
8,572 2,924 Interest and debt
expense....... 43,130 5,936
(5,936)(J) 7,072 (M) 1,702 (O)
4,988 (K) Minority
interest............... 100
Income tax
benefit.............. --------
-------- ------- ------- ------
- ------ 43,230 5,936 -- (948)
7,072 1,702 -------- -------- -
------ ------- ------- ------
Net income
(loss).............. 55,149
$(12,027) $19,708 $10,451 $
1,500 $1,222 ======== =======
======= ======= ====== Net
income allocated to general
partner.......................
24,661 Net income allocated to
Series B
unitholders...................
17,228 -------- Net income
(loss) allocated to limited

partners.............. $ 13,260
======== Basic and diluted net
income (loss) per
unit................. $ 0.38
======== Weighted average basic
and diluted units
outstanding...............
34,376 ========
OTHER GULF OF MEXICO EPN
HOLDING DIVESTITURE PRINCE
ASSET ADJUSTMENTS EXCHANGE(Q)
ACQUISITION(A) ADJUSTMENT
PROFORMA ------------- --------
--- ------------- ---------- -
------- Operating
revenues................ $ --
$(8,825) $350,412 $ -- $607,366
Operating expenses Cost of
natural gas............. --
194,305 245,847 Operation and
maintenance,
net...........................
(2,269) 66,615 122,559
Depreciation, depletion and
amortization..................
(2,988) 32,305 (2,236)(R)
82,452 462 (S) Asset impairment
charge......... 3,921 --------
------- -------- -------- -----
--- -- (5,257) 293,225 (1,774)
454,779 -------- ------- ------
-- -------- -------- Operating
income (loss)........... --
(3,568) 57,187 1,774 152,587 --
------ ------- -------- -------
- -------- Other income (loss)
Earnings from unconsolidated
affiliates....................
18,374 Net (loss) gain on sale
of
assets........................
11,367 (P) Other income
(loss)............. (25,504)(P)
(5,026) (1,736) -------- ------
- -------- -------- --------
(14,137) -- (5,026) -- 16,638 -
------- ------- -------- ------
-- -------- Income (loss)
before interest, income taxes
and other
charges.........................
(14,137) (3,568) 52,161 1,774
169,225 Interest and debt
expense....... (1,588) --
23,701 (T) 82,470] 3,465 (U)
Minority
interest............... 100
Income tax
benefit.............. (24) (24)
-------- ------- -------- -----
--- -------- -- (1,588) (24)
27,166 82,546 -------- -------
-------- -------- -------- Net
income (loss)...............
$(14,137) $(1,980) $ 52,185
$(25,392) 86,679 ========
======= ======== ======== Net
income allocated to general
partner.......................
24,976 Net income allocated to
Series B
unitholders...................
17,228 -------- Net income
(loss) allocated to limited
partners.............. $ 44,475
======== Basic and diluted net
income (loss) per
unit................. $ 1.29
======== Weighted average basic
and diluted units
outstanding...............
34,535 ========

NOTES TO THE UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

EPN HOLDING ASSET ACQUISITION AND PRINCE EXCHANGE BALANCE SHEET ADJUSTMENTS

A This column represents the audited historical combined balance sheet and statement of operations for the EPN Holding asset acquisition, which includes EPGT Texas, L.P., El Paso Gas Storage Company, El Paso Hub Services Company, and the El Paso Field Services gathering and processing businesses.

B To record borrowings of $95 million under our revolving credit facility for use in repaying our limited recourse term loan associated with our Prince TLP.

C To record borrowings of $416 million under the EPN Holding limited recourse credit facility and $4 million under our revolving credit facility related to the EPN Holding asset acquisition.

D To record the EPN Holding asset acquisition. Our purchase price was $735 million consisting of: 1) a cash payment of $420 million, 2) an exchange of our Prince TLP and 9 percent overriding royalty interest with a fair value of $190 million, 3) issuance of $6 million in common units 4) the assumption of $119 million of short-term indebtedness payable to El Paso Corporation. We acquired all of the historical property, plant and equipment with the exception of approximately $30 million of communications equipment, the natural gas imbalance receivables and payables and the environmental liabilities on the combined balance sheet. We recorded an excess purchase price of $18 million related to the acquisition of these assets. In addition, we recognized a gain of $1.8 million on the Prince exchange.

E To record borrowings of $119 million under EPN Holding's limited recourse credit facility related to the repayment of our assumed short-term debt with El Paso Corporation described in footnote D above.

DEEPWATER HOLDINGS TRANSACTION

F This column represents the historical Deepwater Holdings, L.L.C. consolidated statement of operations.

G To eliminate the results of operations of Stingray, UTOS and the West Cameron Dehydration facility, our associated equity earnings from these assets, and the effect of the non-recurring loss related to the sales of these assets. These assets were sold pursuant to a Federal Trade Commission order related to El Paso Corporation.

H To record depreciation expense associated with the allocation of the excess purchase price assigned to Deepwater Holdings' property, plant and equipment relating to our acquisition of the additional interest in Deepwater Holdings. Such property, plant and equipment will be depreciated on a straight line basis over the remaining useful lives of the assets which approximate 30 years.

I To eliminate our equity loss (earnings) in Deepwater Holdings prior to our acquisition of the remaining 50 percent interest in Deepwater Holdings.

J To record the elimination of the historical interest expense related to Deepwater Holdings' credit facility which was repaid and terminated.

K To record the increase in interest expense due to additional borrowings of $140.0 million under our revolving credit facility to fund the acquisition of El Paso Corporation's 50% interest in Deepwater Holdings and to repay Deepwater Holdings' credit facility. The amount was calculated based on the interest rate on our revolving credit facility at September 30, 2001, which was approximately 4.50%. A change in the rate of 0.125% would impact our annual results of operations by approximately $0.2 million.

CHACO PLANT TRANSACTION

L To record the results of operations of the Chaco plant. In connection with the acquisition of this asset, we secured a fixed rate processing agreement from El Paso Field Services, an affiliate of our general partner, to process natural gas for the next twenty years. Our pro forma processing revenues are based on the contract

price assuming historical daily volumes for the respective period. Also, we expect to incur annual operating expenses related to the Chaco plant of approximately $7.0 million per year. Our depreciation and amortization estimate is based on the total cost of the plant of $77 million assuming a remaining life of 30 years and the processing agreement of $121.5 million assuming a remaining 20 year life.

M To record the increase in interest expense due to additional borrowings under our revolving credit facility to fund the acquisition of the Chaco plant for $198.5 million. The amount was calculated based on the interest rate on our revolving credit facility at September 30, 2001, which was approximately 4.50%. A change in the rate of 0.125% would impact our annual results of operations by approximately $0.3 million.

T&F ASSET TRANSACTION

N To record the results of operations of the transportation and fractionation assets acquired.

O To record the increase in interest expense related to our additional borrowings under our revolving credit facility to fund the acquisition of the NGL transportation and fractionation assets for $133 million. This amount was calculated based on the interest rate on our revolving credit facility at March 31, 2001, which was approximately 7.68%. A change in the rate of 0.125% would impact our annual results of operations by approximately $0.2 million.

OTHER GULF OF MEXICO ASSET DIVESTITURE TRANSACTIONS

P To eliminate the results of operations of Nautilus, Manta Ray Offshore, Nemo, Green Canyon and Tarpon and the effect of the non-recurring items, related to the losses on the sales of these assets and the $25.5 million additional consideration received from El Paso Corporation. These assets were sold pursuant to a Federal Trade Commission order related to El Paso Corporation.

EPN HOLDING ASSET ACQUISITION AND PRINCE EXCHANGE INCOME STATEMENT

Q To eliminate the results of operations of our Prince TLP and our approximate 9 percent overriding royalty interest in the Prince Field. These assets were exchanged as part of our consideration paid to El Paso Corporation for our EPN Holding asset acquisition.

R To record reduction in depreciation expense related to the communications assets not included in our Midstream Asset Acquisition.

S To record additional depreciation expense resulting from increased basis of $18.4 million to property, plant and equipment relating to our EPN Holding asset acquisition. Such property, plant and equipment will be depreciated on a straight line basis over the remaining useful lives of the assets which approximates 40 years.

T To record the increase in interest expense related to our additional borrowings of $535 million under the EPN Holding limited recourse credit facility to fund the EPN Holding asset acquisition. This amount was calculated based on the interest rate on the EPN Holding limited recourse credit facility at March 31, 2002, which was approximately 4.43%. A change in the rate of 0.125% would impact our annual results of operations by approximately $0.7 million.

U To record the increase in interest expense related to our additional borrowings of $99 million under our revolving credit facility for use in repaying our limited recourse term loan of $95 million and our EPN Holding asset acquisition of $4 million. This amount was calculated based on the interest rate on our revolving credit facility at March 31, 2002, which was approximately 3.50%. A change in the rate of 0.125% would impact our annual results of operations by approximately $0.1 million.

(c) Other Financial Statements

In addition, we are filing a one year audited balance sheet of El Paso Energy Partners Company, the general partner of El Paso Energy Partners, L.P., as of December 31, 2001, and a two year audited balance sheet of El Paso Energy Partners Finance Corporation, the financial subsidiary of El Paso Energy Partners, as of December 31, 2001 and 2000, in connection with anticipated security offering pursuant to our Registration Statements on Form S-3 (No. 333-85987 and 333-81772).

EL PASO ENERGY PARTNERS COMPANY

CONSOLIDATED BALANCE SHEET

WITH REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2001

EL PASO ENERGY PARTNERS COMPANY
(A DELAWARE CORPORATION)

CONSOLIDATED BALANCE SHEET
(IN THOUSANDS EXCEPT SHARES)

	DECEMBER 31, 2001
ASSETS	
Current assets	
Cash and cash equivalents	$ 36
Note receivable from affiliate	13,781
Interest receivable from affiliate	743
Total current assets	14,560
Investment in unconsolidated affiliate	343,530
Goodwill, net of accumulated amortization of $18,231	195,207
Total assets	$553,297
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current liabilities	
Accrued federal income tax	$ 11,154
Other current liabilities	81
Total current liabilities	11,235
Deferred tax liability	142,847
Other noncurrent liabilities	2,858
Total liabilities	156,940
Commitments and contingencies	
Stockholder's equity	
Common stock, $0.10 par value, 1,000 shares authorized, issued and outstanding	--
Additional paid-in capital	210,988
Retained earnings	185,626
Accumulated other comprehensive loss	(257)
Total liabilities and stockholder's equity	$553,297

See accompanying notes.

EL PASO ENERGY PARTNERS COMPANY

NOTES TO CONSOLIDATED BALANCE SHEET

NOTE 1 -- ORGANIZATION

We are a Delaware corporation formed in 1989 and are a wholly owned indirect subsidiary of El Paso Corporation. We are the general partner with a one percent general partner interest, and own (directly and indirectly) approximately 20 percent of the outstanding common units, of El Paso Energy Partners, L.P. (the Partnership), a publicly held Delaware master limited partnership. The Partnership provides gathering, transportation, processing, fractionation, storage and other related activities for producers of natural gas, natural gas liquids(NGL) and oil. The Partnership owns or has interests in natural gas and oil pipeline systems, offshore platforms, natural gas storage facilities, producing oil and natural gas properties, NGL storage facilities, gathering and transportation pipelines, NGL fractionation plants and a natural gas processing plant.

NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

Our consolidated financial statement is prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States and includes the accounts of our wholly owned subsidiary after the elimination of all significant intercompany balances and transactions.

CASH AND CASH EQUIVALENTS

We consider short-term investments with little risk of change in value because of changes in interest rates and purchased with an original maturity of less than three months to be cash equivalents.

AFFILIATED RECEIVABLES AND PAYABLES

El Paso Corporation collects cash and makes disbursements on our behalf as part of our operating activities. Additionally, El Paso Corporation may make advances to us for purposes of our capital investment. At December 31, 2001, we had notes and interest receivable from affiliates of approximately $14.5 million.

INVESTMENT IN UNCONSOLIDATED AFFILIATE

We account for our investment in companies where we have the ability to exert significant influence over, but not control over operating and financial policies, using the equity method. Any difference between the carrying amount of the investment and the underlying equity in net assets of the investee is amortized on a straight-line basis over the estimated lives of the underlying net assets of the respective investee.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As of December 31, 2001, our carrying amounts of cash and cash equivalents, receivables and payables approximate fair value because of the short-term nature of these instruments.

GOODWILL

Our goodwill is a result of the application of push-down accounting as a result of our acquisition by an affiliate of El Paso Corporation. We amortize goodwill using the straight-line method over a period of approximately 40 years. We evaluate impairment of goodwill in accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. Under this methodology, when an event occurs to suggest that impairment may have occurred, we evaluate the undiscounted net cash flows of the underlying asset or entity. If these cash flows are not sufficient to recover the value of the underlying asset or entity plus the goodwill amount, these cash flows are discounted at a risk-adjusted rate with any difference recorded as a charge to our income statement. With the adoption of SFAS

No. 142 effective January 1, 2002, we will no longer amortize this goodwill but will test for impairment on a regular basis.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions that affect the amounts we reported as assets and liabilities and our disclosures in these financial statements. While we believe our estimates are appropriate, actual results can, and often do, differ from those estimates.

INCOME TAXES

We report current income taxes based on our taxable income along with a provision for deferred income taxes. Deferred income taxes reflect the estimated future tax consequences of differences between the financial statement and tax bases of assets and liabilities and carryovers at each year-end. We account for tax credits under the flow-through method, which reduces the provision for income taxes in the year the tax credits first become available. We reduce deferred tax assets by a valuation allowance when, based upon our estimates, it is more likely than not that a portion of those assets will not be realized in the future period. The estimates utilized in the recognition of deferred tax assets are subject to revision, either up or down, in future periods based on new facts or circumstances.

Beginning August 14, 1998, as a result of El Paso Corporation's indirect acquisition of us, our results are included in the consolidated federal income tax return of El Paso Corporation.

El Paso Corporation maintains a tax sharing policy for companies included in its consolidated federal income tax return which provides, among other things, that (i) each company in a taxable income position will be currently charged with an amount equivalent to its federal income tax computed on a separate return basis, and (ii) each company in a tax loss position will be reimbursed currently to the extent its deductions, including general business credits, were utilized in the consolidated return. Under the policy, El Paso Corporation pays all federal income taxes directly to the IRS and bills or refunds its subsidiaries for their portion of these income tax payments.

ACCOUNTING FOR PRICE RISK MANAGEMENT ACTIVITIES

We have adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities beginning January 1, 2001, which requires us to measure all derivative instruments at their fair value, and classify them as either assets or liabilities on our balance sheet, with a corresponding offset to income or other comprehensive income depending on their designation, their intended use, or their ability to qualify as hedges under the standard. Since we did not have any derivative instruments in place at January 1, 2001, we have determined that there is no impact on us on the implementation date. During 2001, the Partnership entered into cash flow hedging activities and our share of the unrealized gains (losses) of the hedging instruments are reflected as an increase (decrease) in investment in unconsolidated affiliate and accumulated other comprehensive income (loss) on our balance sheet.

RECENT PRONOUNCEMENTS

New Accounting Policies Issued But Not Yet Adopted

Business Combinations. In July 2001, the FASB issued SFAS No. 141, Business Combinations. This Statement requires that all transactions that fit the definition of a business combination be accounted for using the purchase method and prohibits the use of the pooling of interests method for all business combinations initiated after June 30, 2001. This Statement also establishes specific criteria for the recognition of intangible assets separately from goodwill and requires unallocated negative goodwill to be written off at the acquisition

date as an extraordinary item. The accounting for any business combinations we undertake in the future will be impacted by this standard. The Statement also requires, upon adoption, that we write off to income any negative goodwill recognized on business combinations for which the acquisition date was before July 1, 2001, as the effect of a change in accounting principle. We do not expect the provisions of this pronouncement will have a material effect on our financial statements.

Goodwill and Other Intangible Assets. In July 2001, the FASB issued SFAS No. 142, Goodwill and Other Intangible Assets. This Statement requires that goodwill no longer be amortized but periodically tested for impairment at least on an annual basis. An intangible asset with an indefinite useful life can no longer be amortized until its useful life becomes determinable. This Statement has various effective dates, the most significant of which is January 1, 2002. Upon adoption of this Statement on January 1, 2002, we will no longer recognize annual amortization expense of approximately $6.2 million on goodwill and indefinite-lived intangible assets. We do not expect the impairment provisions of this pronouncement will have a material effect on our financial statements.

Accounting for Asset Retirement Obligations. In August 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. This Statement requires companies to record a liability relating to the retirement and removal of assets used in their business. The liability is discounted to its present value, and the related asset value is increased by the amount of the resulting liability. Over the life of the asset, the liability will be accreted to its future value and eventually extinguished when the asset is taken out of service. The provisions of this Statement are effective for fiscal years beginning after June 15, 2002. We are currently evaluating the effects of this pronouncement.

Accounting for the Impairment or Disposal of Long-Lived Assets. In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This Statement requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. The standard also expanded the scope of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction. The provisions of this Statement are effective for fiscal years beginning after December 15, 2001. The provisions of this Statement will impact any asset dispositions we make after January 1, 2002.

NOTE 3 -- INVESTMENT IN UNCONSOLIDATED AFFILIATE

We hold an unconsolidated investment in the Partnership, which is accounted for using the equity method of accounting. Additional income is allocated by the Partnership to us as a result of the Partnership achieving certain target levels of cash distributions to its unitholders. The Partnership distributes 100 percent of available cash, as defined in the Partnership Agreement, on a quarterly basis to the unitholders of the Partnership and to us. During distribution periods, these distributions are effectively made 99 percent to unitholders and one percent to us, subject to the payment of incentive distributions to us if certain target levels of cash distributions to unitholders are achieved. Incentive distributions to us increase to 14 percent, 24 percent and 49 percent based on incremental distribution thresholds. Since 1998, quarterly distributions to common unitholders have been in excess of the highest incentive threshold of $0.425 per unit, and as a result, we have received 49 percent of the incremental amount. For the year ended December 31, 2001, we received $25.5 million related to incentive distributions and our one percent of the Partnership's income distribution. In addition, we received $15.5 million related to our ownership of common units.

As of December 31, 2001, the Partnership had 39,738,974 common units outstanding. The public owns common units totaling 29,308,140, representing an approximately 74 percent limited partner interest in the Partnership. We own 7,768,964 common units, representing an approximately 20 percent limited partner interest, and our one percent general partner interest. In addition, El Paso Corporation indirectly owns

2,661,870 common units representing an approximately 6 percent limited partner interest and 125,392 Series B preference units with a liquidation value of approximately $143 million.

On May 1, 2001, we sold our approximate one percent non-managing interest owned in twelve of the Partnership's subsidiaries for $8 million. We recognized a net gain of approximately $11 million from the sale of our non-managing interest. As a result of this disposition, we no longer own a direct interest in the Partnership's subsidiaries.

We contributed approximately $2.8 million to the Partnership in order to satisfy our one percent contribution requirement as a result of the Partnership's common unit offerings in March 2001 and October 2001. In addition, we purchased 1,477,070 common units during the Partnership's October 2001 common unit offering for approximately $57.6 million.

As of December 31, 2001, the carrying amount of our investment in unconsolidated affiliate exceeded the underlying equity in net assets by approximately $270 million. This difference is being amortized on a straight-line basis over the estimated useful life of the underlying net assets of the investee. With the adoption of SFAS No. 142 effective January 1, 2002, we will no longer amortize $98 million of this excess purchase amount but will test this amount for impairment on a regular basis.

The summarized financial information for our investment in the Partnership is as follows:

EL PASO ENERGY PARTNERS, L.P.

SUMMARIZED CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2001
(IN THOUSANDS)

Current assets	$ 69,666
Noncurrent assets	1,287,604
Current liabilities	54,465
Long-term debt	801,000
Other noncurrent liabilities	1,079
Partners' capital	500,726

NOTE 4 -- INCOME TAXES

After August 14, 1998, we are included in the consolidated federal income tax return filed by El Paso Corporation. El Paso Corporation's tax sharing policy provides for the manner of determining payments with respect to federal income tax liabilities (see Note 2).

Our deferred income tax liabilities (assets) at December 31, 2001 consisted of the following (in thousands):

Deferred tax liabilities:	
Investment in unconsolidated affiliate	$143,519
Other	12
Total deferred tax liability	143,531
Deferred tax assets:	
Net operating loss (NOL) carryforwards	(684)
Net deferred tax liability	$142,847

As of December 31, 2001, approximately $2.0 million of NOL carryforwards, which expire in 2017, were available to offset future tax liabilities.

Current amounts due to El Paso Corporation for the intercompany charge for federal income taxes totaled approximately $11.2 million as of December 31, 2001.

NOTE 5 -- RELATED PARTY TRANSACTIONS

Substantially all of the individuals who perform the day-to-day financial, administrative, accounting and operational functions for us and the Partnership as well as those who are responsible for directing and managing us and the Partnership are currently employed by El Paso Corporation. Under a general and administrative services agreement (G&A agreement) between subsidiaries of El Paso Corporation and us, a management fee of approximately $775,000 per month is charged to us which is intended to approximate the amount of resources allocated by El Paso Corporation and its affiliates in providing various operational, financial, accounting and administrative services on behalf of the Partnership and us. Under the terms of the partnership agreement, we are entitled to reimbursement by the Partnership of all reasonable general and administrative expenses and other reasonable expenses incurred by us and our affiliates for, or on our behalf, including, but not limited to, amounts payable by us to El Paso Corporation under the G&A agreement. In April 2002, in connection with the EPN Holding acquisition, we extended our G&A agreement to December 31, 2005, and may thereafter be terminated on 90 days' notice by either party. In addition, the management fee was increased to approximately $1.6 million per month. At December 31, 2001, there were no affiliated receivables from the Partnership and no affiliated payables to El Paso Corporation or its affiliates outstanding under this agreement.

Of the $25.5 million of distributions we received from the Partnership for the year ended December 31, 2001, we invested $7.1 million in a note receivable from El Paso Corporation, secured by the general credit of El Paso Corporation. The notes had an interest rate of approximately 4.92% per annum at December 31, 2001 and mature on demand.

NOTE 6 -- COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, we are subject to various laws and regulations. In our opinion, compliance with existing laws and regulations will not materially affect our financial position, results of operations, or cash flows. Various legal actions which have arisen in the ordinary course of business are pending with respect to our assets. We believe that the ultimate disposition of these actions, either individually or in the aggregate, will not have a material adverse effect on our financial position.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholder of
El Paso Energy Partners Company:

In our opinion, the accompanying consolidated balance sheet presents fairly, in all material respects, the financial position of El Paso Energy Partners Company (the "Company") and its subsidiary at December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management, and evaluating the overall balance sheet presentation. We believe that our audit of the balance sheet provides a reasonable basis for our opinion.

/s/ PRICEWATERHOUSECOOPERS LLP

Houston, Texas
April 18, 2002

EL PASO ENERGY PARTNERS FINANCE CORPORATION

BALANCE SHEETS

WITH REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2001 AND 2000

EL PASO ENERGY PARTNERS FINANCE CORPORATION
(A WHOLLY OWNED SUBSIDIARY OF EL PASO ENERGY PARTNERS, L.P.)

BALANCE SHEETS

	DECEMBER 31,	
	2001	2000
ASSETS		
Total assets	$ --	$ --
STOCKHOLDER'S EQUITY		
Common stock, $1.00 par value, 1,000 shares authorized, issued and outstanding	$ 1,000	$ 1,000
Contribution receivable from parent	(1,000)	(1,000)
Total stockholder's equity	$ --	$ --

See accompanying note.

EL PASO ENERGY PARTNERS FINANCE CORPORATION
(A WHOLLY OWNED SUBSIDIARY OF EL PASO ENERGY PARTNERS, L.P.)

NOTE TO BALANCE SHEETS

NOTE 1 -- ORGANIZATION

El Paso Energy Partners Finance Corporation, a Delaware corporation and wholly owned subsidiary of El Paso Energy Partners, L.P., was formed on April 30, 1999 for the sole purpose of co-issuing debt securities with El Paso Energy Partners, L.P. (the Partnership), a publicly held Delaware master limited partnership. The Partnership provides gathering, transportation, processing, fractionation, storage and other related activities for producers of natural gas, natural gas liquids and oil. The Partnership owns or has interests in natural gas and oil pipeline systems, offshore platforms, natural gas storage facilities, producing oil and natural gas properties, natural gas liquids gathering and transportation pipelines, fractionation plants and a natural gas processing plant.

Our contribution receivable was generated from the initial capitalization of us. We have not conducted any operations and all activities have related to the co-issuance of the Partnership's senior subordinated notes.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholder of
El Paso Energy Partners Finance Corporation:

In our opinion, the accompanying balance sheets present fairly, in all material respects, the financial position of El Paso Energy Partners Finance Corporation (the "Company") at December 31, 2001 and 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheets are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheets, assessing the accounting principles used and significant estimates made by management, and evaluating the overall balance sheet presentation. We believe that our audits of the balance sheets provide a reasonable basis for our opinion.

/s/ PRICEWATERHOUSECOOPERS LLP

Houston, Texas
April 15, 2002

EL PASO ENERGY PARTNERS, L.P.
EXHIBIT LIST

Each exhibit identified below is filed as part of this report.

EXHIBIT NUMBER DESCRIPTION -
------------- -----------
10.A General and Administrative Services Agreement by and between DeepTech International Inc., El Paso Energy Partners Company, and El Paso Field Services, L.P., dated as of April 8, 2002 10.N Purchase, Sale and Merger Agreement by and between El Paso Tennessee Pipeline Co. and El Paso Energy Partners, L.P., dated as of April 1, 2002 10.O Contribution Agreement by and between El Paso Field Services Holding Company and El Paso Energy Partners, L.P., dated as of April 1, 2002 10.P Purchase and Sale Agreement by and between El Paso Energy Partners, L.P. and El Paso Production GOM Inc. dated as of April 1, 2002 10.Q Credit Agreement among EPN Holding Company, L.P., the Lenders party thereto, Banc One Capital Markets, Inc. and Wachovia Bank, N.A., as Co-Syndication Agents, Fleet National Bank

and Fortis
Capital
Corp., as Co-
Documentation
Agents, and
JPMorgan
Chase Bank,
as
Administrative
Agent, dated
as of April
8, 2002

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.

EL PASO ENERGY PARTNERS, L.P.

By: EL PASO ENERGY PARTNERS COMPANY,
its General Partner

Date: April 22, 2002

By: /s/ D. MARK LELAND

D. Mark Leland
Senior Vice President and Controller
(Principal Accounting Officer)

INDEX TO EXHIBITS

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Documentation Agents, and JPMorgan Chase Bank, as Administrative Agent, dated as of April 8, 2002

EXHIBIT 10.A

GENERAL AND ADMINISTRATIVE SERVICES AGREEMENT

This General and Administrative Services Agreement (this "Agreement") is entered into as of April 8, 2002 by and between DeepTech International Inc., a Delaware corporation ("DII"), El Paso Energy Partners Company (formerly Leviathan Gas Pipeline Company), a Delaware corporation ("EPEPC"), and El Paso Field Services, L.P., a Delaware limited partnership ("EPFS"). DII, EPEPC and EPFS are sometimes referred to collectively herein as the "Parties" and individually as a "Party."

RECITALS

WHEREAS, EPEPC is a wholly-owned subsidiary of DII and the general partner (in such capacity, the "General Partner") of El Paso Energy Partners, L.P., a publicly-owned Delaware limited partnership (the "Partnership");

WHEREAS, all management powers over the business and affairs of the Partnership are exclusively vested in the General Partner and the General Partner is required to conduct, direct and exercise full control over all activities of the Partnership, including, among other things, providing various general and administrative resources;

WHEREAS, DII historically has provided certain operational, financial, accounting and administrative services to EPEC through the Management Agreement dated July 1, 1992, as amended and restated by the First Amended and Restated Management Agreement dated as of June 27, 1994 (as amended, the "Existing Agreement");

WHEREAS, EPEC and DII have amended the terms of the Existing Agreement from time to time to address changing circumstances, including, among other things, providing for incremental general and administrative resources necessary to manage additional assets acquired (through construction, purchase or otherwise) by the Partnership, adjusting the fees for such resources to reflect changes in the costs thereof, and extending the term of the Existing Agreement;

WHEREAS, (i) substantially contemporaneous with the date of this Agreement, the Partnership acquired approximately $750 million of midstream natural gas assets located in Texas and New Mexico from El Paso Corporation (the "Acquisition Transactions") and (ii) the initial term of the Existing Agreement expires on July 1, 2002; and

WHEREAS, the Parties desire to amend, restate and replace the Existing Agreement to, among other things, (i) change the name of the Existing Agreement to "General and Administrative Services Agreement" to more accurately reflect the nature of the arrangements between the Parties, (ii) extend the initial term of the Existing Agreement, (iii) increase the fees paid by EPEPC to DII to reflect the increased general and administrative costs to be incurred following the consummation of the Acquisition Transactions and (iv) add EPFS as a party.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby confirmed and acknowledged), the Parties agree as follows:

I. REPLACEMENT OF EXISTING AGREEMENT

The Parties hereby amend and restate, and replace in its entirety, the Existing Agreement with this Agreement.

II. DEFINITIONS

2.1 Defined Terms. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Affiliates" means, with respect to either Party, entities that directly or indirectly through one or more intermediaries control, or are controlled by, or are under common control with such Party, and the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract or otherwise; provided, however, that (i) with respect to DII, the term "Affiliate" shall exclude each member of the Partnership Group and (ii) with respect to EPEPC, the term "Affiliate" shall exclude each member of the El Paso Group.

"Agreement" shall have the meaning set forth in the preamble.

"Communications Facilities" means communications equipment, towers and other facilities (including rights-of-way and fee property).

"Communications Services" means communications services, including: (i) providing access to Communication Facilities; (ii) providing use of Communication Facilities; (iii) maintaining bandwith and network connectivity to meet the communications requirements for Partnership Facilities; (iv) transporting and networking of voice, data and video used to support field operations, including mobile radio systems, SCADA communications, telephone systems, videoconferencing and wide area and local area networking; (v) operating and maintaining the Communication Facilities so as to ensure reliable service at a consistent level across the entire network; (vi) operating and maintaining Communications Facilities in compliance with all applicable laws and regulations and in accordance with all licenses and permits; (vii) maintaining in full force and effect all rights-of-way used with respect to Communications Facilities; designing and engineering additions and modifications to the existing Communications Facilities so as to provide the above-described communications services for future growth and changes (as agreed to by the Parties); and (viii) all other communications-related services necessary for the operation of the Partnership Facilities consistent with their level of operation prior to the date of this Agreement.

"DII" shall have the meaning set forth in the preamble.

"El Paso Group" means, other than members of the Partnership Group, (i) each Affiliate of El Paso Corporation in which El Paso Corporation owns (directly or indirectly) an equity interest and (ii) each natural person that is an Affiliate of any person described in (i) above solely because of such natural person's position as an officer (or natural person performing similar functions), director (or natural person performing similar functions) or other representative of

any person described in (i) above, but only to the extent that such natural person is acting in such capacity.

"EPEPC" shall have the meaning set forth in the preamble.

"EPFS" shall have the meaning set forth in the preamble.

"Existing Agreement" shall have the meaning set forth in the recitals.

"Fiscal Year" shall mean the period from July 1 through June 30.

"General Partner" shall have the meaning set forth in the recitals.

"Party" and "Parties" shall have the meanings set forth in the preamble.

"Partnership" shall have the meaning set forth in the recitals.

"Partnership Agreement" shall mean the Second Amended and Restated Agreement of Limited Partnership of the Partnership, dated effective as of August 31, 2000, as it may be amended, supplemented, restated or otherwise modified from time to time.

"Partnership Facilities" means all of the Partnership's assets and facilities.

"Partnership Group" means (i) EPEPC, (ii) the Partnership, (iii) each Affiliate of the Partnership in which the Partnership owns (directly or indirectly) an equity interest and (iv) each natural person that is an Affiliate of any person described in (i) - (iii) above solely because of such natural person's position as an officer (or natural person performing similar functions), director (or natural person performing similar functions) or other representative of any person described in (i) - (iii) above, but only to the extent that such natural person is acting in such capacity.

"Primary Term" shall have the meaning set forth in Section 6.1.

"Renewal Date" means December 31, 2005.

2.2 Other Definitions. Capitalized terms used herein but not otherwise defined in Section 2.1 shall have the meanings ascribed to them throughout this Agreement.

III. DUTIES AND OBLIGATIONS OF EPEPC

3.1 Management Services. DII or any Affiliate or designee of DII shall provide non-exclusive management and other related services to EPEPC, its subsidiaries and the Partnership through EPEPC, which shall include, but shall not be limited to, services related to acquisitions to be made by EPEPC, cash management, review of significant operating and financial opportunities and such other management services as the Parties may from time to time agree.

3.2 Chief Executive Officer. In order to provide the services set forth in Section 3.1, DII shall provide to EPEPC the services of a Chief Executive Officer who shall serve with EPEPC in that capacity. The individual to serve as Chief Executive Officer of EPEPC shall be recommended by DII but shall be subject to the approval of the Board of Directors of EPEPC.

3.3 Communications Services. DII will, or will cause the applicable El Paso Group member to, provide Communications Services for the Partnership Facilities, as necessary or appropriate to operate the Partnership Facilities in the manner in which such facilities had been operated prior to the date of this Agreement. All Communications Services will be provided in a good and workmanlike manner, and in accordance with industry standards. DII will ensure that the Partnership has the right to inspect all Communications Facilities on reasonable (but no less than 24 hours) notice.

IV. COMPENSATION, EXPENSES AND PAYMENT

4.1 Fees. Prior to the date hereof, the annual compensation due DII from EPEPC for services provided pursuant to this Agreement shall accrue in accordance with the terms and conditions of the Existing Agreement. On and as of the date hereof through the term of this Agreement, the annual compensation (prorated for any portion of a month) due DII from EPEPC for services provided pursuant to this Agreement shall be as follows:

(a) For costs associated with the Partnership's current assets, a fee of $775,000 per month; and

(b) For additional costs associated with the assets acquired in the Acquisition Transactions (including costs associated with Communications Services), a fee of $833,333 per month.

EPEPC shall also promptly reimburse DII for (i) amounts actually paid by DII for reasonable out-of-pocket expenditures to Persons other than the El Paso Group and who are directly engaged to provide goods or services to the Partnership Group, (ii) the value for the use of materials or equipment (other than in connection with Communications Services, which costs are included in the fee described in Section 4.1(b)) provided by the El Paso Group to the Partnership Group (including, but not limited to, field equipment, vehicles and vessels) and (iii) to the extent of the actual time expended directly in connection with providing services to the Partnership Group, the corresponding portion of the salaries, wages and employee benefit costs of employees (1) who work in the field, (2) whose primary function is the direct supervision of employees who work in the field or (3) who have special and specific engineering, geological or other professional skills and whose primary function is addressing, resolving and otherwise handling operating conditions and problems related to assets of the Partnership Group. DII shall maintain time sheets and other appropriate records to substantiate such costs and allocations thereof.

4.2 Payment of Fee. For purposes of accounting and periodic payment, before the first day of each calendar month, DII shall present EPEPC with an invoice which reflects an amount equal to all reimbursable amounts. EPEPC shall pay such sum on or before the first day of that calendar month. On or before September 1 of each calendar year, DII shall furnish a statement to EPEPC detailing (i) payments made from EPEPC to DII for such Fiscal Year and (ii) any adjustment balance due to/from DII. Within 15 days of the date of such statement, EPEPC or DII, as applicable, shall remit the balance due.

4.3 Uncompensated Services. It is recognized by the Parties that DII owns all of the issued and outstanding shares of common stock of EPEPC. It is expressly acknowledged and

agreed by the Parties that the compensation to DII provided for in Section 4.1 is solely to compensate DII for services to be rendered by DII to EPEPC or on EPEPC's behalf which are of direct benefit to EPEPC and such compensation is not and shall not be related to DII's status as a shareholder of EPEPC.

V. ACCESS TO INFORMATION, BOOKS AND RECORDS

DII and its duly authorized representatives shall have complete access to EPEPC's offices, facilities and records wherever located, in order to discharge DII's responsibilities hereunder; provided, however, that EPEPC shall provide and make available to DII and its duly authorized representatives at DII's Houston offices, at DII's request, all such records required by DII to perform its duties pursuant to this Agreement. All records and materials furnished to DII by EPEPC in performance of this Agreement shall at all times during the term of this Agreement remain the property of EPEPC.

VI. TERM AND TERMINATION OF THE AGREEMENT

6.1 Initial and Extended Term. This Agreement shall be in effect until the Renewal Date (the "Primary Term") subject, however, to the terms of Section 6.2. At the end of the Primary Term, this Agreement shall continue in force and effect for subsequent one-year periods unless terminated by either Party pursuant to Section 6.2. 6.2 Termination. This Agreement may be sooner terminated on the first to occur of the following:

(a) Termination by Mutual Agreement. If the Parties so mutually agree in writing, this Agreement may be terminated on the terms and dates stipulated therein.

(b) Optional Termination. Either Party may, 90 days prior to the Renewal Date or any anniversary thereof, provide to the other Party written notice of its intent to terminate this Agreement on such date, whereupon this Agreement shall terminate on the date specified in such notice.

(c) Uncorrected Material Breach. If either Party shall fail to discharge any of its material obligations hereunder, or shall commit a material breach of this Agreement, and such default or breach shall continue for a period of 30 days after the other Party has served notice of such default, this Agreement may then be terminated at the option of the non-breaching Party by notice thereof to the breaching Party.

6.3 Effects of Termination. Except for covenants or other provisions herein that, by their terms, expressly extend beyond the term of this Agreement, the Parties' obligations hereunder are limited to the term of this Agreement.

6.4 EPEPC's Remedies. If DII shall at any time owe or otherwise become liable to EPEPC for any amount pursuant to the terms of this Agreement, in addition to EPEPC's other rights hereunder, at law or in equity, EPEPC shall have the right to offset any such amount against any amount held by EPEPC for the account of DII and against any amount otherwise due or to become due to DII from EPEPC.

VII. INDEMNIFICATION OF DII

EPEPC hereby agrees to indemnify and hold harmless DII from and against any and all claims, courses of action, liabilities, damages, costs, charges, fees, expenses (including reasonable attorneys' fees and expenses to be reimbursed as incurred), suits, order, judgments, adjudications and losses of whatever nature and kind which DII or its Affiliates or designees or for which DII or its Affiliates or designees become liable as the result of the performance of DII's obligations and duties pursuant to this Agreement; provided, however, that EPEPC shall not be obligated to indemnify DII for any claims, courses of action, liabilities, damages, costs, charges, fees, expenses (including reasonable attorneys' fees and expenses to be reimbursed as incurred), suits, order, judgments, adjudications and losses attributable to the gross negligence or willful misconduct of DII or its Affiliates or subcontractors.

VIII. OBLIGATIONS OF EPFS

EPFS executes this Agreement for the sole purpose of assuming all obligations of DII hereunder and agrees to fully and timely perform and discharge (including the payment of money) all obligations and liabilities of DII now existing or hereafter arising under this Agreement and hereby agrees that if DII shall fail (i) to pay any amount when and as the same shall be due and payable by DII to EPEPC or (ii) timely to perform and discharge in full any other obligation or liability in accordance with the terms of this Agreement, EPFS will forthwith pay to EPEPC such amount or perform and discharge any such obligation or liability, as the case may be, as such payment or performance and discharge is required to be made or done by the DII pursuant to the terms of this Agreement.

IX. MISCELLANEOUS

9.1 Relationship of Parties. This Agreement does not create a partnership, joint venture or association; nor does this Agreement, or the operations hereunder, create the relationship of lessor and lessee or bailor and bailee. Nothing contained in this Agreement or in any agreement made pursuant hereto shall ever be construed to create a partnership, joint venture or association, or the relationship of lessor and lessee or bailor and bailee, or to impose any duty, obligation or liability that would arise therefrom with respect to either or both or the Parties. Specifically, but not by way of limitation, except as otherwise expressly provided for herein, nothing contained herein shall be construed as imposing any responsibility on DII for the debts or obligations of EPEPC or any if its Affiliates. It is expressly understood that DII is hereby engaged by EPEPC to provide management and operational services as an agent of EPEPC. DII, its Affiliates and designees shall have the right to render similar services for other business entities and persons, including its own, whether or not engaged in the same business as EPEPC, and may enter into such other business activities as DII and its Affiliates, in their sole discretion, may determine.

9.2 No Third Party Beneficiaries. Except to the extent (i) that EPEPC utilizes services provide hereunder by DII to perform its obligations as General Partner to the Partnership in accordance with the terms of the Partnership Agreement or (ii) a third party is expressly given rights herein, any agreement herein contained, expressed or implied, shall be only for the benefit of the Parties and their respective legal representatives, successors, and permitted assigns, and

such agreements or assumption shall not inure to the benefit of any other party whomsoever, it being the intention of the Parties that no person or entity shall be deemed a third party beneficiary of this Agreement except to the extent a third party is expressly given rights herein.

9.3 General Representations. Each Party represents and warrants that on the date hereof: (i) it is a corporation, duly established, validly existing and in good standing under the laws of its state or jurisdiction of incorporation, with power and authority to carry on the business in which it is engaged and to perform its respective obligations under this Agreement; (ii) the execution and delivery of this Agreement have been duly authorized and approved by all requisite corporate action; (iii) it has all the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder; and (iv) the execution and delivery of this Agreement do not, and consummation of the transactions contemplated herein shall not, violate any of the provisions of its charter or bylaws or any applicable state or federal laws applicable to it.

9.4 Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given two business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to DII, to:

DeepTech International Inc.
Attention: President
El Paso Building
1001 Louisiana
Houston, Texas 77002
(713) 420-2600

If to EPEPC, to:

El Paso Energy Partners Company
Attention: President
4 Greenway Plaza
Houston, Texas 77046
(713) 420-2131

If to EPFS, to:

El Paso Field Services, L.P.
Attention: President
El Paso Building
1001 Louisiana
Houston, Texas 77002
(713) 420-2600

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the addresses set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may

change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

9.5 GOVERNING LAW. THIS AGREEMENT HAS BEEN EXECUTED AND DELIVERED AND SHALL BE INTERPRETED, CONSTRUED, GOVERNED AND ENFORCED PURSUANT TO AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ANY CHOICE OR CONFLICT OF LAW PRINCIPLES (WHETHER OF THE STATE OF TEXAS OR ANY OTHER JURISDICTION) WHICH, IF APPLIED, MIGHT PERMIT OR REQUIRE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF TEXAS.

9.6 Assignment. No assignment of this Agreement or any of the rights or obligations set forth herein by either Party shall be valid without the specific written consent of the other Party; provided, however, that DII shall have the right to assign its rights and obligations under this Agreement to any Affiliate without the consent of EPEPC, and any such Affiliate may reassign such rights and obligations so long as such rights and obligations are not assigned to any entity other than an Affiliate of DII.

9.7 Waiver of Breach. The waiver by either Party of a breach or violation of any provision of this Agreement, whether intentional or not, shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or any other provision hereof.

9.8 Additional Assurances. The provisions of this Agreement shall be self-operative and shall not require further accord between the Parties except as may herein specifically be provided to the contrary; provided, however, that at the request of either Party, the other Party shall execute such additional instruments and take such additional actions as shall be necessary to effectuate this Agreement.

9.9 Severability. If any provision of this Agreement is held to be unenforceable for any reason, such provision shall be severable from this Agreement if it is capable of being identified with and apportioned to reciprocal consideration or to the extent that it is a provision that is not essential and the absence of which would not have prevented the Parties from entering into this Agreement. The unenforceability of a provision that has been performed shall not be grounds for invalidation of this Agreement under circumstances in which the true controversy between the Parties does not involve such provision.

9.10 Article and Section Headings. The article and section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning of interpretation of this Agreement.

9.11 Amendments. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by each Party.

9.12 Entire Agreement. This Agreement (including the documents referred to herein) supersedes all previous understandings, representations, contracts or agreements, written, oral or otherwise, between the Parties and constitutes the entire Agreement between the Parties with respect to the subject matter of this Agreement, and no changes in or additions to this Agreement shall be recognized unless incorporated herein by written amendment.

9.13 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean "including without limitation". All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. All references herein to Exhibits, Schedules, Articles, Sections or subdivisions thereof shall refer to the corresponding Exhibits, Schedules, Article, Section or subdivision thereof of this Agreement unless specific reference is made to such exhibits, articles, sections or subdivisions of another document or instrument. The terms "herein," "hereby," "hereunder," "hereof," "hereinafter," and other equivalent words refer to this Agreement in its entirety and not solely to the particular portion of the Agreement in which such word is used.

9.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

****

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of the day and year first above written.

DII: DEEPTECH INTERNATIONAL INC.

By: /s/ D. Mark Leland

Senior Vice President and Controller

EPEPC: EL PASO ENERGY PARTNERS COMPANY

By: /s/ D. Mark Leland

Senior Vice President and Controller

EPFS: EL PASO FIELD SERVICES, L.P.

By: /s/ D. Mark Leland

Senior Vice President and Controller

EXHIBIT 10.N

Execution Version

PURCHASE, SALE AND MERGER AGREEMENT

By and Between

EL PASO TENNESSEE PIPELINE CO.
(Seller)

and

EL PASO ENERGY PARTNERS, L.P.
(Buyer)

Covering the Acquisition of

ALL OF THE EQUITY INTERESTS IN
(Acquired Company Equity Interests)

EL PASO TEXAS FIELD SERVICES, L.L.C.
EL PASO ENERGY INTRASTATE, L.P.
EL PASO OFFSHORE GATHERING & TRANSMISSION, L.L.C.
EPGT TEXAS PIPELINE, L.P.
EL PASO HUB SERVICES L.L.C.
EL PASO ENERGY WARWINK I COMPANY, L.L.C.
EL PASO ENERGY WARWINK II COMPANY, L.L.C. and
WARWINK GATHERING AND TREATING COMPANY
(Acquired Companies)

April 1, 2002

TABLE OF CONTENTS

PAGE ---- 1. Definitions.....2
2. The Transactions.....12
(a) Sale of Assigned Equity Interests.....12
(b) The Merger.....12
(c) Consideration.....12
(d) The Closing.....13
(e) Deliveries at the Closing.....13
(f) Proposed Closing Statement and Post-Closing Adjustment.....13
3. Representations and Warranties Concerning the Transaction.....15 (a) Representations and Warranties of the Seller.....15 (b) Representations and Warranties of the Buyer.....16 4. Representations and Warranties Concerning the Acquired Company Equity Interests, Acquired Companies and Relevant Assets.....18 (a) Organization, Qualification, and Company Power.....18 (b) Noncontravention.....18 (c) Title to and Condition of Assets.....18 (d) Material Change.....21 (e) Legal Compliance.....22 (f) Tax Matters.....22 (g) Contracts and Commitments.....22 (h) Litigation.....22 (i) Environmental Matters.....23 (j) Preferential Purchase Rights.....24 (k) Financial Statements.....25 (l) Employee Matters.....25 (m) Prohibited Events.....25 (n) Regulatory Matters.....25 (o) Intercompany Transactions.....25 (p) Disclaimer of Representations and Warranties Concerning Personal Property, Equipment, and Fixtures.....26 5. Pre-Closing Covenants.....26 (a) General.....26 (b) Notices and Consents.....26 (c) Operation of Business.....26 (d) Intercompany Transactions.....28 (e) Full Access.....28 (f) Liens and Encumbrances.....28

(g) Prince Pre-Closing Matters....28

6. Post-Closing Covenants....28
(a) General....28
(b) Litigation Support....29
(c) Surety Bonds; Guarantees....29
(d) Delivery and Retention of Records....29
(e) Pipeline Integrity Program....29
(f) Channel Insurance Proceeds....30
(g) Operatorship of Cotenancy Assets....30
(h) Assignment of Rights....30

7. Conditions to Obligation to Close....30
(a) Conditions to Obligation of the Buyer....30
(b) Conditions to Obligation of the Seller....31

8. Remedies for Breaches of this Agreement....32
(a) Survival of Representations and Warranties....32
(b) Indemnification Provisions for Benefit of the Buyer....33
(c) Indemnification Provisions for Benefit of the Seller....35
(d) Matters Involving Third Parties....36
(e) Determination of Amount of Adverse Consequences....37
(f) Tax Treatment of Indemnity Payments....37

9. Tax Matters....37
(a) Post-Closing Tax Returns....37
(b) Pre-Closing Tax Returns....37
(c) Straddle Periods....37
(d) Straddle Returns....38
(e) Claims for Refund....38
(f) Indemnification....38
(g) Cooperation on Tax Matters....39
(h) Certain Taxes....39
(i) Confidentiality....39
(j) Audits....39
(k) Control of Proceedings....40
(l) Powers of Attorney....40
(m) Remittance of Refunds....40
(n) Purchase Price Allocation....40
(o) Closing Tax Certificate....40
(p) Like Kind Exchanges....41

10. Termination....41
(a) Termination of Agreement....41
(b) Effect of Termination....42

11. Miscellaneous....42

(a) Public Announcements....42
(b) Insurance....42
(c) No Third Party Beneficiaries....42
(d) Succession and Assignment....42
(e) Counterparts....43
(f) Headings....43
(g) Notices....43
(h) Governing Law....44
(i) Amendments and Waivers....44
(j) Severability....44
(k) Transaction Expenses....44
(l) Construction....44
(m) Incorporation of Exhibits and Schedules....45
(n) Entire Agreement....45

EXHIBITS AND SCHEDULES

Exhibit A: Principal Cotenancy Assets
Exhibit B: Principal Acquired Company Assets
Exhibit C: Disposed Assets
Exhibit D: Form of Assigned Equity Interests Assignment
Exhibit E: Form of Merger Agreement
Exhibit F: Form of Parent Guaranty
Exhibit G: Form of Exchange Agreement
Exhibit H: Form of Prince PSA
Exhibit I: [Intentionally omitted]
Exhibit J: Form of Prince Side Letter
Exhibit K: Form of Certification of Non-Foreign Status

Schedule 1(a): Subject Insurance Policies
Schedule 1(b): Permitted Encumbrances
Schedule 1(c): Reorganization Transactions
Schedule 3(a)(ii): Consents (Seller)
Schedule 3(a)(iii): Noncontravention (Seller)
Schedule 3(b)(ii): Consents (Buyer)
Schedule 3(b)(iii): Noncontravention (Buyer)
Schedule 4(b): Noncontravention (Acquired Companies)
Schedule 4(c)(i): Encumbrances
Schedule 4(c)(ii): Condition of Acquired Company Assets
Schedule 4(c)(v): Encumbrances for Borrowed Money
Schedule 4(c)(vi): Ownership and Operation of the Cotenancy Assets
Schedule 4(d): Material Changes
Schedule 4(f): Tax Matters

Schedule 4(g)(i):	Acquired Company Contracts
Schedule 4(g)(ii):	Rights of Way
Schedule 4(h):	Litigation
Schedule 4(i):	Environmental Matters
Schedule 4(i)(ii):	Environmental Permits
Schedule 4(j):	Preferential Purchase Rights
Schedule 4(k):	Financial Statements
Schedule 4(k)(ii):	Obligations of the Acquired Companies
Schedule 4(n):	Regulatory Matters
Schedule 4(o):	Intercompany Transactions
Schedule 5(c):	Operation of Business
Schedule 5(c)(v):	Capital Expenditures Budget
Schedule 6(c):	Surety Bonds

PURCHASE, SALE AND MERGER AGREEMENT

THIS PURCHASE, SALE AND MERGER AGREEMENT (this "Agreement") dated as of April 1, 2002 is by and between El Paso Tennessee Pipeline Co., a Delaware corporation (the "Seller"), and El Paso Energy Partners, L.P., a Delaware limited partnership (the "Buyer"). The Seller and the Buyer are sometimes referred to collectively herein as the "Parties" and individually as a "Party."

RECITALS

WHEREAS, the Seller owns all of the issued and outstanding membership interest (the El Paso Texas Interest") in El Paso Texas Field Services L.L.C., a Delaware limited liability company ("El Paso Texas"), which owns, among other things, (i) the natural gas gathering and treating system generally known as the Waha Gathering and Treating System and (ii) the natural gas gathering system generally known as the Carlsbad Gathering System;

WHEREAS, El Paso Texas owns all of the issued and outstanding limited partnership interest (the "El Paso Intrastate LP Interest") in El Paso Energy Intrastate, L.P., a Delaware limited partnership ("El Paso Intrastate"), which owns, among other assets, a 50% undivided interest in the natural gas gathering system and related facilities and assets generally known as the Channel Pipeline System;

WHEREAS, El Paso Texas owns all of the issued and outstanding membership interest (the "El Paso Offshore Interest") in El Paso Offshore Gathering & Transmission, L.L.C., a Delaware limited liability company ("El Paso Offshore"), which owns, among other assets, (i) the natural gas gathering system generally known as the TPC Offshore System and (ii) the facilities generally known as the Oyster Lake and MILSP Condensate Separation and Stabilization facilities;

WHEREAS, El Paso Texas owns a 1.93% limited partnership interest (the "EPGT 2% LP Interest") in EPGT Texas Pipeline, L.P., a Delaware limited partnership ("EPGT"), which owns, among other assets, (i) the natural gas lateral pipelines generally known as the TGP Laterals, (ii) the natural gas gathering and transmission system generally known as the GTT Transmission System, (iii) the leased natural gas storage facility generally known as the Wilson Storage facility, (iv) a 80% undivided interest in the East Texas 36" pipeline, (v) a 50% undivided interest in the West Texas 30" Pipeline, (vi) a 50% undivided interest in the North Texas 36" Pipeline, (vii) the natural gas gathering system generally known as the McMullen County gathering system, (viii) the natural gas gathering system generally known as the Hidalgo County Gathering System, (ix) a 22% undivided interest in the Bethel-Howard pipeline; and (x) a 75% undivided interest in the Longhorn pipeline;

WHEREAS, El Paso Texas owns all of the issued and outstanding membership interest (collectively, the "Warwink Interests") in each of El Paso Energy Warwink I Company, L.L.C., a Delaware limited liability company ("Warwink I"), and El Paso Energy Warwink Company II, L.L.C., a Delaware limited liability company ("Warwink II"), which collectively own 100% of the outstanding joint venture interest (collectively, the "Warwink Gathering Interest") in

Warwink Gathering and Treating Company, a Texas joint venture ("Warwink Gathering and Treating"), which owns, among other assets, the natural gas gathering system generally known as the Warwink Gathering System;

WHEREAS, the Seller owns, directly or indirectly, all of the issued and outstanding equity interests in (i) El Paso Field Services Management, Inc., a Delaware corporation ("EPFS Management"), which owns (a) a 1% general partner interest (the "El Paso Intrastate GP Interest") in El Paso Intrastate and (b) a 1% general partner interest (the "EPGT GP Interest") in EPGT, and (ii) El Paso Transmission, L.L.C., a Delaware limited liability company ("El Paso Transmission"), which owns (a) a 97.07% limited partner interest (the "EPGT 97% LP Interest" and, collectively with the EPGT 2% LP Interest, the "EPGT LP Interest") in EPGT and (b) all of the issued and outstanding membership interest (the "El Paso Hub Services Interest") in El Paso Hub Services, L.L.C., a Delaware limited liability company ("El Paso Hub Services"), which owns certain contract rights and certain parcels of real property;

WHEREAS, the Buyer, directly or indirectly, owns all of the issued and outstanding membership interest in Argo, L.L.C., a Delaware limited liability company ("Argo"), which owns or shall own at Closing (i) the offshore platform generally known as the Prince TLP and related rights and facilities associated therewith and (ii) a 9.2% overriding royalty interest in the Prince Field located offshore Texas in the Gulf of Mexico; and

WHEREAS, this Agreement contemplates a series of transactions in which (i) (a) the Seller shall sell, or cause to be sold, through the sale of equity interests to the Buyer, the Assigned Equity Interests (defined herein), (b) the Seller shall cause El Paso Texas to be merged into and with a subsidiary of the Buyer, and (c) as a result of (a) and (b), the Buyer shall acquire indirect ownership of the Acquired Company Assets (defined herein), and (ii) the Buyer shall pay consideration of $625 million for such sales, consisting of $435 million in cash and $190 million represented by the assignment of Argo's assets to an affiliate of the Seller.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows:

1. Definitions.

"Acquired Companies" means El Paso Texas, El Paso Intrastate, El Paso Offshore, EPGT, El Paso Hub Services, Warwink I, Warwink II, Warwink Gathering and Treating and MIAGS.

"Acquired Company Assets" means, excluding the Disposed Assets, the El Paso Texas Assets, the El Paso Intrastate Assets, the El Paso Offshore Assets, the EPGT Assets, the El Paso Hub Services Assets, the Warwink Assets and the MIAGS Assets.

"Acquired Company Contracts" has the meaning set forth in Section 4(g).

"Acquired Company Equity Interests" means the El Paso Texas Interest, the El Paso Intrastate LP Interest, the El Paso Intrastate GP Interest, the El Paso Offshore Interest, the EPGT LP Interest, the EPGT GP Interest, the Warwink Interests, the Warwink Gathering Interest, the El Paso Hub Services Interest and the MIAGS Interest, all of which are being acquired by the Buyer pursuant to this Agreement through either (i) the Assigned Equity Interests Assignment or (ii) the Merger.

"Administrative Agent" means JPMorgan Chase Bank, in its capacity as administrative agent under the credit agreement to be entered into among a subsidiary of the Buyer, the Administrative Agent and the lenders party thereto.

"Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and attorneys' fees and expenses, but excluding punitive (except as provided in Section 8), exemplary, special or consequential damages.

"Adverse Contribution Agreement Event" has the meaning given such term in the Contribution Agreement.

"Adverse Event" means any Adverse PSA Event and any Adverse Contribution Agreement Event.

"Adverse PSA Event" means any breach of any representation or warranty (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value) of the Seller contained in this Agreement (other than a representation or warranty contained in Section 4(c)(iii) or 4(f)).

"Affiliate" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act; provided, however, that (i) with respect to the Buyer, the term "Affiliate" shall exclude each member of the El Paso Group, (ii) with respect to the Seller, the term "Affiliate" shall exclude each member of the Buyer Group and (iii) the Acquired Companies shall be deemed to be Affiliates (x) prior to the Closing, of the Seller and (y) on and after the Closing, of the Buyer.

"Agreement" has the meaning set forth in the preface.

"Argo" has the meaning set forth in the Recitals.

"Assigned Equity Interests" means the El Paso Intrastate GP Interest, the EPGT GP Interest, the El Paso Hub Services Interest and the EPGT 97%LP Interest.

"Assigned Equity Interests Assignment" means the assignment in the form of Exhibit D.

"Basis" means any past or current fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction about which the relevant Person has Knowledge that forms or could form the basis for any specified consequence.

"Best Efforts" means the efforts, time, and costs that a prudent Person desirous of achieving a result would use, expend, or incur in similar circumstances to ensure that such result is achieved as expeditiously as possible; provided, however, that no such use, expenditure, or incurrence shall be required if it could reasonably be expected to have an adverse effect on such Person and would require an expense of such Person in excess of $1,000,000.

"Buyer" has the meaning set forth in the preface.

"Buyer Group" means (i) the General Partner, (ii) the Buyer, (iii) each Affiliate of the Buyer in which the Buyer owns (directly or indirectly) an Equity Interest and (iv) each natural person that is an Affiliate of any Person described in (i) - (iii) above solely because of such natural person's position as an officer (or natural person performing similar functions), director (or natural person performing similar functions) or other representative of any Person described in (i) - (iii) above, but only to the extent that such natural person is acting in such capacity.

"Buyer Indemnitees" means, collectively, the Buyer and its Affiliates and each of their respective officers (or natural persons performing similar functions), directors (or natural persons performing similar functions), employees, agents and representatives to the extent acting in such capacity.

"Buyer Party" means each of (i) the Buyer, (ii) Argo I, (iii) each Affiliate of the Buyer in which the Buyer owns (directly or indirectly) an Equity Interest and which is a party to any Transaction Agreement and (iv) immediately after the Closing, each of the Acquired Companies.

"CERCLA" has the meaning set forth in Section 4(i).

"Certificate of Merger" means a certificate of merger in the form attached to the Merger Agreement.

"Channel" means the cotenancy created and evidenced by A/S Pipeline Ownership Agreement between Channel Industries Gas Company and Houston Pipe Line Company dated January 1, 1997 (as amended, restated, supplemented and otherwise modified from time to time).

"Channel Rupture" means the rupture of the Channel pipeline on December 4, 2000.

"Closing" has the meaning set forth in Section 2(d).

"Closing Date" has the meaning set forth in Section 2(d).

"Closing Statement" has the meaning set forth in Section 2(f)(i).

"Code" means the Internal Revenue Code of 1986, as amended, or any successor Law.

"Combined Value" means the sum of (i) the Purchase Price plus (ii) the Issue Price, as such term is defined in the Contribution Agreement plus (iii) $119 million.

"Commitment" means (a) options, warrants, convertible securities, exchangeable securities, subscription rights, conversion rights, exchange rights or other contracts that could require a Person to issue any of its Equity Interests or to sell any Equity Interest it owns in another Person; (b) any other securities convertible into, exchangeable or exercisable for, or representing the right to subscribe for any Equity Interest of a Person or owned by a Person; (c) statutory pre-emptive rights or pre-emptive rights granted under a Person's Organizational Documents; and (d) stock appreciation rights, phantom stock, profit participation, or other similar rights with respect to a Person.

"Contribution Agreement" means the Contribution Agreement dated the date of this Agreement between EPFS Holding and the Buyer.

"Cotenancy Assets" means 100% of all of the assets listed on Exhibit A, and any organizational, ownership or operational documents related thereto.

"Cotenancy Interests" means the Acquired Companies' interests in the Cotenancy Assets.

"Delaware LLC Act" means the Delaware Limited Liability Company Act as in effect on the date of this Agreement and as amended, restated or replaced from time to time thereafter.

"Delaware LP Act" means the Delaware Revised Uniform Limited Partnership Act as in effect on the date of this Agreement and as amended, restated or replaced from time to time thereafter.

"Disposed Assets" means all of the assets listed on Exhibit C.

"Disposed Obligations" means all Obligations, regardless of when such Obligations actually arise or arose, (i) associated with, arising out of, or related to the ownership or operation of the Disposed Assets or (ii) other than those Obligations explicitly set forth on Schedule 4(k)(ii), existing on the Closing Date and not directly related to the Acquired Company Assets.

"El Paso Corporation" means El Paso Corporation, a Delaware corporation.

"El Paso Group" means, other than members of the Buyer Group, (i) each Affiliate of El Paso Corporation in which El Paso Corporation owns (directly or indirectly) an Equity Interest and (ii) each natural person that is an Affiliate of any Person described in (i) above solely because of such natural person's position as an officer (or natural person performing similar functions), director (or natural person performing similar functions) or other representative of any Person described in (i) above, but only to the extent that such natural person is acting in such capacity.

"El Paso Hub Services" has the meaning set forth in the Recitals.

"El Paso Hub Services Assets" means all assets of El Paso Hub Services, including any applicable Cotenancy Interests.

"El Paso Hub Services Interest" has the meaning set forth in the Recitals.

"El Paso Intrastate" has the meaning set forth in the Recitals.

"El Paso Intrastate Assets" means all assets of El Paso Intrastate, including any applicable Cotenancy Interests.

"El Paso Intrastate GP Interest" has the meaning set forth in the Recitals.

"El Paso Intrastate LP Interest" has the meaning set forth in the Recitals.

"El Paso Offshore" has the meaning set forth in the Recitals.

"El Paso Offshore Assets" means all assets of El Paso Offshore, including any applicable Cotenancy Interests.

"El Paso Offshore Interest" has the meaning set forth in the Recitals.

"El Paso Production" means El Paso Production GOM, Inc., a Delaware corporation.

"El Paso Texas" has the meaning set forth in the Recitals.

"El Paso Texas Assets" means all assets of El Paso Texas, including any applicable Cotenancy Interests.

"El Paso Texas Interest" has the meaning set forth in the Recitals.

"El Paso Transmission" has the meaning set forth in the Recitals.

"Encumbrance" means any mortgage, pledge, lien, encumbrance, charge, security interest, purchase or preferential right, right of first refusal, option or other defect in title.

"Environmental Law" and "Environmental Laws" have the meanings set forth in Section 4(i).

"EPFS Holding" means El Paso Field Services Holding Company, a Delaware corporation.

"EPFS Management" has the meaning set forth in the Recitals.

"EPGT" has the meaning set forth in the Recitals.

"EPGT 2% LP Interest" has the meaning set forth in the Recitals.

"EPGT 97% LP Interest" has the meaning set forth in the Recitals.

"EPGT Assets" means all assets of EPGT, including any applicable Cotenancy Interests.

"EPGT GP Interest" has the meaning set forth in the Recitals.

"EPGT LP Interest" has the meaning set forth in the Recitals.

"Equity Interest" means (a) with respect to a corporation, any and all shares of capital stock and any Commitments with respect thereto, (b) with respect to a partnership, limited liability company, trust or similar Person, any and all units, interests or other partnership, limited liability company, trust or similar interests, and any Commitments with respect thereto, and (c) any other direct equity ownership or participation in a Person.

"Exchange Agreement" has the meaning set forth in Section 9(p).

"Financial Statement Assets" means the Acquired Company Assets and the Indian Basin Cotenancy Interest (as such term is defined in the Contribution Agreement).

"Financial Statement Entities" means the Acquired Companies, El Paso Indian Basin L.P., a Delaware limited partnership, and El Paso Indian Basin GP Holding L.L.C., a Delaware limited liability company.

"Financial Statements" has the meaning set forth in Section 4(k).

"FTC" has the meaning set forth in Section 3(a)(ii).

"GAAP" means accounting principles generally accepted in the United States consistently applied.

"General Partner" means El Paso Energy Partners Company, a Delaware corporation and the general partner of the Buyer.

"Governmental Authority" means the United States or any agency thereof and any state, county, city or other political subdivision, agency, court or instrumentality.

"Hazardous Substances" means all materials, substances, chemicals, gas and wastes which are regulated under any Environmental Law or which may form the basis for liability under any Environmental Law.

"Indebtedness" means, with respect to any Person, to the extent not classified as a current liability, on a consolidated basis, all Obligations of the Person to other Persons for (a) borrowed money, (b) any capital lease Obligation, (c) any Obligation (whether fixed or contingent) to reimburse any bank or other Person in respect of amounts paid or payable under a standby letter of credit, (d) any guarantee with respect to indebtedness (of the kind otherwise described in this definition) of any Person and (e) any liability, indebtedness or other Obligation of the Person.

"Indemnified Party" has the meaning set forth in Section 8(d).

"Indemnifying Party" has the meaning set forth in Section 8(d).

"Knowledge": an individual shall be deemed to have "Knowledge" of a particular fact or other matter if such individual is consciously aware of such fact or other matter at the time of determination. A Person other than a natural person shall be deemed to have "Knowledge" of a particular fact or other matter if (i) any natural person who is serving as a director, executive officer, partner, member, executor, or trustee of such Person (or in any similar capacity) or (ii) any employee (or any natural person serving in a similar capacity) who is charged with the ultimate responsibility for a particular area of such Person's operations (e.g., the manager of the environmental section with respect to knowledge of environmental matters), at the time of determination had, Knowledge of such fact or other matter.

"Law" means any statute, code, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any applicable Governmental Authority.

"Legal Right" means the legal authority and right (without risk of liability, criminal, civil or otherwise), such that the contemplated conduct would not, to the extent arising from, related to or in any way connected with any Acquired Company or Cotenancy Asset (including under any Organizational Documents thereof or any contract, agreement or arrangement related thereto) constitute a violation, termination or breach of, or require any payment under, or cause or permit any termination under, any contract or agreement; arrangement; applicable Law; fiduciary, quasi-fiduciary or similar duty; or any other obligation of or by any Acquired Company or Cotenancy Asset.

"Material Adverse Effect" means any change or effect relating to the Acquired Company Equity Interests, the Acquired Company Assets or the businesses, operations (financial or otherwise) and properties of the Acquired Companies or the Acquired Company Assets taken as a whole, that, individually or in the aggregate with other changes or effects, materially and adversely effects the value of the Acquired Company Equity Interests, provided that in determining whether a Material Adverse Effect has occurred, changes or effects relating to (i) the natural gas pipeline, treating and processing industry generally (including the price of natural gas and the costs associated with the drilling and/or production of natural gas), (ii) United States or global economic conditions or financial markets in general, or (iii) the transactions contemplated by this Agreement, shall not be considered.

"Merger" means the merger of El Paso Texas with and into a subsidiary of the Buyer as contemplated hereby.

"Merger Agreement" means a merger agreement in the form of Exhibit E.

"MIAGS" means Matagorda Island Area Gathering System, a Texas joint venture.

"MIAGS Assets" means all of the assets of MIAGS.

"MIAGS Interest" means a 84% joint venture interest in MIAGS.

"Non-Operated Cotenancies" means those Cotenancy Assets for which Schedule 4(c)(vi) indicates that the Seller or its Affiliate is not the operator.

"Obligations" means duties, liabilities and obligations, whether vested, absolute or contingent, known or unknown, asserted or unasserted, accrued or unaccrued, liquidated or unliquidated, due or to become due, and whether contractual, statutory or otherwise.

"Operated Cotenancies" means those Cotenancy Assets other than the Non-Operated Cotenancies.

"Ordinary Course of Business" means the ordinary course of business consistent with the applicable Person's past custom and practice (including with respect to quantity and frequency).

"Organizational Documents" means the articles of incorporation, certificate of incorporation, charter, bylaws, articles or certificate of formation, regulations, operating agreement, certificate of limited partnership, partnership agreement, and all other similar documents, instruments or certificates executed, adopted, or filed in connection with the creation, formation, or organization of a Person, including any amendments thereto.

"Parent Guaranty" means the performance guaranty in the form of Exhibit F.

"Party" and "Parties" have the meanings set forth in the preface.

"Permitted Encumbrances" means any of the following: (i) any liens for Taxes and assessments not yet delinquent or, if delinquent, that are being contested in good faith in the Ordinary Course of Business, provided that adequate reserve accounts have been established in accordance with GAAP; (ii) inchoate, mechanic's, materialmen's, and similar liens; (iii) any inchoate liens or other Encumbrances created pursuant to (1) any operating, farmout, construction, operation and maintenance, co-owners, cotenancy, lease or similar agreements listed on Schedule 1(b) for which amounts are not due or (2) the Organizational Documents of any of the Acquired Companies or Cotenancy Assets for which amounts are not due; and (iv) easements, rights-of-way, restrictions and other similar encumbrances incurred in the Ordinary Course of Business which, in the aggregate, are not substantial in amount and which do not in any case materially detract from the value of the property subject thereto as it is currently being used or materially interfere with the ordinary conduct of the business.

"Person" means an individual or entity, including any partnership, corporation, association, joint stock company, trust, joint venture, limited liability company, unincorporated organization, or Governmental Authority (or any department, agency or political subdivision thereof).

"Pipeline Integrity Costs" means all expenses, fees, liabilities and other costs arising from, connected with or otherwise relating to implementing and completing the Pipeline Integrity Program to the extent relating to any pipelines constituting part of the Acquired Company Assets (other than the leased Old Ocean Pipeline) or the Operated Cotenancies, including costs associated with direct assessment of pipelines, in-line inspections, pressure tests, increased inspections and remediation of defects, as well as the allocable portion of salaries, overhead and any charged management fee (but does not include routine operating and maintenance costs).

"Pipeline Integrity Program" means the pipeline integrity management plan filed by El Paso Corporation with the Texas Railroad Commission, as in effect and on record as of the date hereof, and as revised from time to time to the extent that the Buyer and El Paso Corporation mutually consent to the revisions (which consent shall not be unreasonably withheld or delayed).

"Post-Closing Tax Period" means any Tax period beginning after the Closing Date.

"Post-Closing Tax Return" means any Tax Return that is required to be filed for any of the Acquired Companies with respect to a Post-Closing Tax Period.

"Pre-Closing Tax Period" means any Tax periods or portions thereof ending on or before the Closing Date.

"Pre-Closing Tax Return" means any Tax Return that is required to be filed for any Acquired Company with respect to a Pre-Closing Tax Period.

"Preferential Rights" has the meaning set forth in Section 4(j).

"Prime Rate" means the prime rate reported in the Wall Street Journal at the time such rate must be determined under the terms of this Agreement.

"Prince PSA" means the purchase and sale agreement in the form of Exhibit H.

"Prince Side Letter" means an agreement in the form of Exhibit J.

"Proposed Closing Statement" has the meaning set forth in Section 2(f)(i).

"Purchase Price" means $625 million plus (i) the amount, if any, by which the total of the Purchase Price Increases exceeds the total of the Purchase Price Decreases, or minus (ii) the amount, if any, by which the total of the Purchase Price Decreases exceeds the total of the Purchase Price Increases.

"Purchase Price Adjustment Date" means immediately after the close of business on March 31, 2002.

"Purchase Price Decreases" means, without duplication, the following: (i) 100% of the amount, if any, of negative Working Capital of the Acquired Companies as of the Purchase Price Adjustment Date, as determined and calculated in accordance with GAAP, and (ii) 100% of the amount, if any, of all of the consolidated Indebtedness (other than Indebtedness otherwise included in Working Capital and the $24 million Indebtedness associated with the mercury meter reserve) of the Acquired Companies as of the Purchase Price Adjustment Date.

"Purchase Price Increases" means, without duplication, 100% of the amount, if any, of positive Working Capital of the Acquired Companies as of the Purchase Price Adjustment Date, as determined and calculated in accordance with GAAP.

"Records" has the meaning set forth in Section 6(d).

"Relevant Assets" means the Acquired Company Assets, the Disposed Assets and the Cotenancy Assets.

"Reorganization Transactions" means the transactions described on Schedule 1(c).

"Rights of Way" has the meaning set forth in Section 4(g).

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Seller" has the meaning set forth in the preface.

"Seller Indemnitees" means, collectively, the Seller and its Affiliates and each of their respective officers (or Persons performing similar functions), directors (or Persons performing similar functions), employees, agents, and representatives.

"Seller Party" means each of (i) the Seller, (ii) El Paso Corporation, EPFS Management, EPFS Holding, El Paso Transmission, (iii) each Affiliate of the Seller in which the Seller owns (directly or indirectly) an Equity Interest and which is a party to any Transaction Agreement and (iv) up to and through the Closing, each of the Acquired Companies.

"Straddle Period" means a Tax period or year commencing before and ending after the Closing Date.

"Straddle Return" means a Tax Return for a Straddle Period.

"Subject Insurance Policies" means those material policies of insurance, the current policies of which are listed on Schedule 1(a), which the Seller or any of its Affiliates maintain covering any Acquired Company Assets, any Acquired Company or any Cotenancy Asset with respect to its assets and operations.

"Tax" or "Taxes" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), custom duties, capital stock, franchise, profits, withholding, social security (or similar excises), unemployment, disability, ad valorem, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

"Tax Records" means all Tax Returns and Tax-related work papers relating to any Acquired Company.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Third Party Claim" has the meaning set forth in Section 8(d).

"Transaction Agreements" means this Agreement, the Merger Agreement, the Assigned Equity Interests Assignment, the Prince PSA, the Parent Guaranty, the Contribution Agreement, the Exchange Agreement (if applicable) and all other agreements, documents, certificates or instruments executed and delivered in connection with the transactions contemplated herein.

"Warwink Gathering and Treating" has the meaning set forth in the Recitals.

"Warwink Gathering Interest" has the meaning set forth in the Recitals.

"Warwink I" has the meaning set forth in the Recitals.

"Warwink II" has the meaning set forth in the Recitals.

"Warwink Interests" has the meaning set forth in the Recitals.

"Warwink Assets" means all assets of Warwink I, Warwink II and Warwink Gathering and Treating, including any applicable Cotenancy Interests.

"Working Capital" means current assets less current liabilities.

2. The Transactions.

(a) Sale of Assigned Equity Interests. Subject to the terms and conditions of this Agreement, the Seller agrees to cause EPFS Management and El Paso Transmission to sell to the Buyer (or its designee), and the Buyer agrees to purchase (or cause its designee to purchase) from the Seller, the Assigned Equity Interests, free and clear of any Encumbrances.

(b) The Merger. Subject to the terms and conditions of this Agreement, the Parties agree to cause El Paso Texas to merge with and into a subsidiary of the Buyer in accordance with the Delaware LLC Act. Following the Merger, the separate limited liability company existence of El Paso Texas shall cease and the applicable subsidiary of the Buyer shall continue as the surviving company and shall succeed to and assume all the rights and obligations of El Paso Texas in accordance with the Delaware LLC Act. The Merger shall have the effects set forth in Section 28-109 of the Delaware LLC Act and, if applicable, the Delaware LP Act.

(c) Consideration. In consideration for the assignment of the Assigned Company Equity Interests and the Merger (which together shall vest in the Buyer record or beneficial ownership of 100% of the Acquired Company Equity Interests and the Acquired Company Assets (other than the MIAGS Assets, in which the Buyer would acquire beneficial ownership of 83%), including the Cotenancy Interests), the Buyer agrees to pay the Purchase Price to the Seller as follows:

(i) Payment of $190 million of the Purchase Price in the form of property by causing the execution and delivery by Argo of the Prince PSA and the assignment of all of Argo's assets contemplated thereby; and

(ii) Payment of the remainder of the Purchase Price in cash by wire transfer of immediately available funds. All payments with respect to the cash portion of the Purchase Price shall be made to the Seller, and the Seller shall be responsible for allocating and distributing such payments among any applicable Seller Parties.

(d) The Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of the Seller, commencing at 10:00 a.m., local time, on the last business day of the month in which the satisfaction or waiver of all conditions to the obligations of the Parties to consummate the transactions contemplated hereby has occurred (other than conditions with respect to actions each Party shall take at the Closing itself) or such other date as the Parties may mutually determine (the "Closing Date").

(e) Deliveries at the Closing. At the Closing, (i) the Seller shall deliver to the Buyer the various certificates, instruments, and documents referred to in Sections 7(a) and 9(o); (ii) the Buyer shall deliver to the Seller the various certificates, instruments, and documents referred to in Section 7(b); (iii) the Seller shall cause EPFS Management and El Paso Transmission to execute and deliver the Assigned Equity Interests Assignment; (iv) the Seller shall cause El Paso Corporation to execute and deliver to the Buyer the Parent Guaranty; (v) the Buyer shall execute and deliver to the Seller, and the Seller shall cause El Paso Production to execute and deliver to the Buyer, the Prince PSA; (vi) the Buyer shall, and the Seller shall cause El Paso Production to, execute and deliver the Prince Side Letter; (vii) the Buyer shall deliver to the Seller the estimated Purchase Price as set forth on the Proposed Closing Statement; (viii) the Seller shall cause El Paso Texas, and the Buyer shall cause one of its subsidiaries, to execute and deliver the Merger Agreement; (ix) the Parties shall execute and cause the Certificate of Merger to be filed with the Delaware Secretary of State; and (x) the Parties shall execute and/or deliver, or cause to be executed and/or delivered, each other Transaction Agreement (including the Exchange Agreement, if applicable).

(f) Proposed Closing Statement and Post-Closing Adjustment.

(i) On or prior to the Closing Date, the Seller shall cause to be prepared and delivered to the Buyer a statement (the "Proposed Closing Statement"), as prepared and determined in accordance with GAAP to the extent applicable, setting forth the Seller's good faith estimate, including reasonable detail, of the Purchase Price. As soon as practicable, but in any event no later than 60 days following the Closing Date, the Seller shall cause to be prepared and delivered to the Buyer a statement, including reasonable detail, of the actual Purchase Price (such statement, as it may be adjusted pursuant to Section 2(f)(ii), the "Closing Statement").

(ii) Upon receipt of the Closing Statement, the Buyer and the Buyer's independent accountants shall be permitted during the succeeding 30-day period to examine the work papers used or generated in connection with the preparation of the Closing Statement and such other documents as the Buyer may reasonably request in connection with its review of the Closing Statement. Within 30 days of

receipt of the Closing Statement, the Buyer shall deliver to the Seller a written statement describing in reasonable detail its objections (if any) to any amounts or items set forth on the Closing Statement. If the Buyer does not raise objections within such period, then, the Closing Statement shall become final and binding upon all Parties at the end of such period. If the Buyer raises objections, the Parties shall negotiate in good faith to resolve any such objections. If the Parties are unable to resolve any disputed item within 60 days after the Buyer's receipt of the Closing Statement, any such disputed item shall be submitted to a nationally recognized independent accounting firm mutually agreeable to the Parties who shall be instructed to resolve such disputed item within 30 days. The resolution of disputes by the accounting firm so selected shall be set forth in writing and shall be conclusive, binding and non-appealable upon the Parties and the Closing Statement shall become final and binding upon the date of such resolution. The fees and expenses of such accounting firm shall be paid one-half by the Buyer and one-half by the Seller.

(iii) If the Purchase Price as set forth on the Closing Statement exceeds the estimated Purchase Price as set forth on the Proposed Closing Statement, the Buyer shall pay the Seller the amount of such excess. If the estimated Purchase Price as set forth on the Proposed Closing Statement exceeds the Purchase Price as set forth on the Closing Statement, the Seller shall pay to the Buyer (or its designee) the amount of such excess. After giving effect to the foregoing adjustments, any amount to be paid by the Buyer to the Seller, or to be paid by the Seller to the Buyer, as the case may be, shall be paid in the manner and with interest as provided in Section 2(f)(iv) at a mutually convenient time and place within five business days after the later of acceptance of the Closing Statement or the resolution of the Buyer's objections thereto pursuant to Section 2(f)(ii).

(iv) Any payments pursuant to this Section 2(f) shall be made by causing such payments to be credited in immediately available funds to such account or accounts of the Buyer or the Seller, as the case may be, as may be designated by the Buyer or the Seller, as the case may be. If payment is being made after the fifth business day referred to in Section 2(f)(iii), the amount of the payment to be made pursuant to this Section 2(f) shall bear interest from and including such fifth business day to, but excluding, the date of payment at a rate per annum equal to the Prime Rate plus two percent. Such interest shall be payable at the same time as the payment to which it relates and shall be calculated on the basis of a year of 365 days and the actual number of days for which due.

(v) The Buyer shall cooperate in the preparation of the Closing Statement, including providing customary certifications to the Seller, and, if requested, to the Seller's independent accountants or the accounting firm selected by mutual agreement of the Parties pursuant to Section 2(f)(ii).

(vi) Except as set forth in Section 2(f)(ii), each Party shall bear its own expenses incurred in connection with the preparation and review of the Closing Statement.

3. Representations and Warranties Concerning the Transaction.

(a) Representations and Warranties of the Seller. The Seller hereby represents and warrants to the Buyer as follows (provided, however, that any representation or warranty given in this Section 3(a) with respect to the Non-Operated Cotenancies shall be deemed to be made to the Seller's Knowledge):

(i) Organization and Good Standing. The Seller is an entity duly organized, validly existing, and in good standing under the Laws of the state of Delaware. The Seller is in good standing under the Laws of the state of Texas and each other jurisdiction which requires such qualification, except where the lack of such qualification would not have a Material Adverse Effect.

(ii) Authorization of Transaction. Each Seller Party has full power and authority (including full entity power and authority) to execute and deliver each Transaction Agreement to which such Seller Party is a party and to perform its obligations thereunder. Each Transaction Agreement to which any Seller Party is a party constitutes the valid and legally binding obligation of such Seller Party, enforceable against such Seller Party in accordance with its terms and conditions, subject, however, to the effects of bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Except as set forth on Schedule 3(a)(ii), no Seller Party need give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Authority or any other Person in order to consummate the transactions contemplated by this Agreement or any other Transaction Agreement to which such Seller Party is a party, except for the prior approval of the Federal Trade Commission ("FTC"), if applicable.

(iii) Noncontravention. Except for prior approval of the FTC (if applicable) and filings specified in Schedule 3(a)(ii) or as set forth in Schedule 3(a)(iii), neither the execution and delivery of any Transaction Agreement, nor the consummation of any of the transactions contemplated thereby, shall (A) violate any statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Authority to which any Seller Party is subject or any provision of its Organizational Documents or (B) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any Person the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which any Seller Party is a party or by which it is bound or to which any of its assets or any of the Relevant Assets are subject, except for such violations, defaults, breaches, or other occurrences that do not, individually or in

the aggregate, have a material adverse effect on the ability of the Seller or any other Seller Party to consummate the transactions contemplated by such Transaction Agreement.

(iv) Brokers' Fees. No Seller Party has any liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Buyer could become liable or obligated.

(b) Representations and Warranties of the Buyer. The Buyer hereby represents and warrants to the Seller as follows:

(i) Organization of the Buyer. Each Buyer Party is a limited liability company, limited partnership or corporation duly organized, validly existing, and in good standing under the Laws of the state of Delaware. Each Buyer Party is in good standing under the Laws of the state of Texas and each other jurisdiction which requires such qualification, except where the lack of such qualification would not have a Material Adverse Effect.

(ii) Authorization of Transaction. Each Buyer Party has full power and authority (including full entity power and authority) to execute and deliver each Transaction Agreement to which it is a party and to perform its obligations thereunder. Each Transaction Agreement to which such Buyer Party is a party constitutes the valid and legally binding obligation of such Buyer Party, enforceable against such Buyer Party in accordance with its terms and conditions, subject, however, to the effects of bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Except as set forth on Schedule 3(b)(ii), no Buyer Party needs to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Authority or any other Person in order to consummate the transactions contemplated by this Agreement or any other Transaction Agreement, except for the prior approval of the FTC, if applicable.

(iii) Noncontravention. Except for the prior approval of the FTC (if applicable) and filings specified in Schedule 3(b)(ii) or as set forth in Schedule 3(b)(iii), neither the execution and delivery of any Transaction Agreement to which any Buyer Party is a party, nor the consummation of any of the transactions contemplated thereby, shall (A) violate any statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Authority to which such Buyer Party is subject or any provision of its Organizational Documents or (B) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any Person the right to accelerate, terminate, modify, or cancel, or require any notice, approval or consent under any agreement, contract, lease, license, instrument, or other arrangement to

which any Buyer Party is a party or by which it is bound or to which any of its assets is subject, except for such violations, defaults, breaches, or other occurrences that do not, individually or in the aggregate, have a material adverse effect on the ability of any Buyer Party to consummate the transactions contemplated by such Transaction Agreement.

(iv) Brokers' Fees. No Buyer Party has any liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Seller could become liable or obligated.

(v) Investment. The Buyer is not acquiring the Acquired Company Equity Interests or the Acquired Company Assets with a view to or for sale in connection with any distribution thereof or any other security related thereto within the meaning of the Securities Act. The Buyer is familiar with investments of the nature of the Acquired Company Equity Interests and the Acquired Company Assets, understands that this investment involves substantial risks, has adequately investigated the Acquired Company Equity Interests and the Acquired Company Assets, and has substantial knowledge and experience in financial and business matters such that it is capable of evaluating, and has evaluated, the merits and risks inherent in purchasing the Acquired Company Equity Interests and the Acquired Company Assets, and is able to bear the economic risks of such investment. The Buyer has had the opportunity to visit with the Seller and its applicable Affiliates and meet with their representative officers and other representatives to discuss the business, assets, liabilities, financial condition, and operations of the Acquired Companies and the Acquired Company Assets, has received all materials, documents and other information that the Buyer deems necessary or advisable to evaluate the Acquired Company Equity Interests and the Acquired Company Assets, and has made its own independent examination, investigation, analysis and evaluation of the Acquired Companies and the Acquired Company Assets, including its own estimate of the value of the Acquired Company Equity Interests and the Acquired Company Assets. The Buyer has undertaken such due diligence (including a review of the assets, properties, liabilities, books, records and contracts of the Acquired Companies and the Acquired Company Assets) as the Buyer deems adequate.

(vi) Taxes. To the knowledge of each Buyer Party, the Buyer has (i) duly filed all material Tax Returns required to be filed by or with respect to the Buyer or its assets or operations with the Internal Revenue Service or other applicable taxing authority, (ii) paid, or adequately reserved against, all Taxes due or claimed due by a taxing authority from or with respect to the Buyer or its assets or operations and (iii) made all material deposits required with respect to Taxes. To the knowledge of each Buyer Party, there has been no material issue raised or material adjustment proposed (and none is pending) by the Internal Revenue Service or any other taxing authority in connection with any Tax Returns relating to the assets or operations of the Buyer, and no waiver or extension of any statute

of limitations as to any federal, state, local or foreign tax matter relating to the assets or operations of the Buyer has been given by or requested from Buyer with respect to any Tax year.

4. Representations and Warranties Concerning the Acquired Company Equity Interests, Acquired Companies and Relevant Assets. The Seller hereby represents and warrants to the Buyer as follows (provided, however, that any representation or warranty given in this Section 4 with respect to the Non-Operated Cotenancies shall be deemed to be made to the Seller's Knowledge):

(a) Organization, Qualification, and Company Power. Each of the Acquired Companies and the Seller Parties (x) is a limited liability company, partnership (limited or general), joint venture or corporation duly organized, validly existing, and (except with respect to Warwink Gathering and Treating and MIAGS) in good standing under the Laws of the state of Delaware; (y) is (except with respect to Warwink Gathering and Treating and MIAGS) in good standing under the Laws of the state of Texas and each other jurisdiction which requires qualification, except where the lack of such qualification would not have a Material Adverse Effect; and (z) has full power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it.

(b) Noncontravention. Except for the need to obtain prior approval of the FTC or as set forth in Schedule 4(b), neither the execution and delivery of any Transaction Agreement to which any Seller Party is a party, nor the consummation of any of the transactions contemplated thereby, shall (i) violate any statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Authority to which any Acquired Company or any of the Acquired Company Assets is subject or any provision of the Organizational Documents of any Seller Party or any Acquired Company or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, require any notice or trigger any rights to payment or other compensation, or result in the imposition of any Encumbrance on any of the Acquired Company Equity Interests or the Acquired Company Assets under, any agreement, contract, lease, license, instrument, or other arrangement to which any Acquired Company or any of the Acquired Company Assets is subject, except where the violation, conflict, breach, default, acceleration, termination, modification, cancellation, failure to give notice, right to payment or other compensation, or Encumbrance would not have a Material Adverse Effect, or would not materially adversely affect the ability of any Seller Party to consummate the transactions contemplated by such Transaction Agreement.

(c) Title to and Condition of Assets.

(i) The Acquired Companies have good, marketable and indefeasible title to all of the Acquired Company Assets in each case free and clear of all Encumbrances, except for (a) Permitted Encumbrances and (b) Encumbrances disclosed in Schedule 4(c)(i). The principal assets in which any Acquired Company owns less than 100% (other than assets in which Warwink I and Warwink II each own 50% due to their ownership of the Warwink Gathering

Interest) are described on Exhibit A. The principal assets constituting the Acquired Company Assets are described on Exhibit B. The operations of the Acquired Company Assets are the only operations reflected in the Financial Statements.

(ii) To the Seller's Knowledge, except as disclosed in Schedule 4(c)(ii), the Relevant Assets are in good operating condition and repair (normal wear and tear excepted), are free from defects (patent and latent), are suitable for the purposes for which they are currently used and are not in need of maintenance or repairs except for ordinary routine maintenance and repairs; provided, however, that a defect in a pipeline constituting part of the Acquired Company Assets or the Operated Cotenancies discovered after Closing through, and remediated under, the Pipeline Integrity Program shall not be a breach of this Section 4(c)(ii).

(iii) Capitalization of the Acquired Companies.

(A) The capitalization of the Acquired Companies is as follows:

(1) The El Paso Texas Interest constitutes all of the Equity Interests of El Paso Texas. The Seller owns (beneficially and of record) 100% of the El Paso Texas Interest.

(2) The El Paso Intrastate GP Interest and the El Paso Intrastate LP Interest constitute all of the Equity Interests of El Paso Intrastate. El Paso Texas owns (beneficially and of record) 100% of the El Paso Intrastate LP Interest. EPFS Management owns (beneficially and of record) 100% of the El Paso Intrastate GP Interest.

(3) The El Paso Offshore Interest constitutes all of the Equity Interests of El Paso Offshore. El Paso Texas owns (beneficially and of record) the El Paso Offshore Interest.

(4) The EPGT GP Interest and the EPGT LP Interest constitute all of the Equity Interests of EPGT. El Paso Texas owns (beneficially and of record) the EPGT 2%LP Interest, and El Paso Transmission owns (beneficially and of record) the EPGT 97%LP Interest, which collectively constitute the entire EPGT LP interest. EPFS Management owns (beneficially and of record) 100% of the EPGT GP Interest.

(5) The Warwink Interests constitute all of the Equity Interests of Warwink I and Warwink II. El Paso Texas owns (beneficially and of record) 100% of the Warwink Interests. Warwink I owns (beneficially and of record) a 1% joint venture

interest in Warwink Gathering and Treating and Warwink II owns (beneficially and of record) a 99% joint venture interest in Warwink Gathering and Treating, which collectively are all of the Equity Interests in Warwink Gathering and Treating.

(6) The El Paso Hub Services Interest constitutes all of the Equity Interests of El Paso Hub Services. El Paso Transmission owns (beneficially and of record) 100% of the El Paso Hub Services Interest.

(7) EPGT owns the MIAGS Interest, which constitutes 83% of the Equity Interests in MIAGS.

(B) The Seller beneficially owns directly or indirectly 100% of the Seller Parties other than El Paso Corporation and El Paso Production. The Seller beneficially owns directly or indirectly 100% of the Acquired Company Equity Interests, which includes 100% of the Equity Interests in the Acquired Companies other than MIAGS. All of the Acquired Company Equity Interests are uncertificated. The Acquired Company Equity Interests constitute 100% of the issued and outstanding Equity Interests of the Acquired Companies other than MIAGS and have been duly authorized, and are validly issued and fully paid and (except (i) with respect to general partnership and joint venture interests and (ii) as set forth in Sections 17-303(a) and 17-607 of the Delaware LP Act with respect to limited partnership interests) non-assessable. Except to the extent created under the Securities Act, state securities Laws, limited liability company Laws, limited partnership Laws, partnership and joint venture Laws and general corporation Laws of the Acquired Companies' jurisdiction of formation, and as created by the Acquired Companies' Organizational Documents, (x) the Acquired Company Equity Interests are held as set forth above, free and clear of any Encumbrances and (y) there are no Commitments with respect to any Equity Interest of any Acquired Company. No Seller Party is party to any voting trusts, proxies, or other agreements or understandings with respect to voting any Equity Interest of any Acquired Company other than the Organizational Documents of MIAGS.

(C) After the consummation of the transactions contemplated in this Agreement, the Buyer shall own, directly or indirectly, 100% of the Acquired Company Equity Interests, which includes 100% of the Equity Interests in the Acquired Companies and 100% of the Acquired Company Assets (other than the MIAGS Assets, in which the Buyer will acquire beneficial ownership of 83%).

(iv) Acquired Company Ownership. No Acquired Company owns an Equity Interest in any Person, except as set forth in Section 4(c)(iii). There are no

Commitments with respect to an Equity Interest in any Acquired Company. The Acquired Companies own no other assets other than the Acquired Company Assets, and have no operations or Obligations other than those directly related to the Acquired Company Assets or explicitly set forth on Schedule 4(k)(ii).

(v) Encumbrances for Borrowed Money. Except as set forth on Schedule 4(c)(v), there are no borrowings, loan agreements, promissory notes, pledges, mortgages, guaranties, liens and similar liabilities (direct and indirect), or Encumbrances which are secured by or constitute an Encumbrance on the Relevant Assets.

(vi) Ownership and Operation of the Cotenancy Assets.

(A) The Acquired Companies' ownership interests in the Cotenancy Assets are set forth on Schedule 4(c)(vi).

(B) The Seller or one of its Affiliates is the operator with respect to all of the Cotenancy Assets indicated on Schedule 4(c)(vi). The transactions contemplated by this Agreement shall result in the Buyer (or its designee) becoming the operator of all of the Cotenancy Assets, other than the Non-Operated Cotenancies, as of the Closing Date.

(C) Except to the extent created under the Securities Act, state securities Laws, limited liability company Laws and general corporation Laws of the Acquired Companies' jurisdiction of formation, and as created by the Acquired Companies' Organizational Documents, (x) the Cotenancy Interests are held as set forth above, free and clear of any Encumbrances and (y) there are no Commitments with respect to any Cotenancy Interests. No Seller Party is party to any voting trusts, proxies, or other agreements or understandings with respect to voting any Cotenancy Interest

(d) Material Change. Except for the Reorganization Transactions and as set forth in Schedule 4(d), since December 31, 2001:

(i) there has not been any Material Adverse Effect;

(ii) the Relevant Assets have been operated and maintained in the Ordinary Course of Business;

(iii) to the Seller's Knowledge, there has not been any material damage, destruction or loss to any material portion of the Relevant Assets, whether or not covered by insurance;

(iv) there has been no purchase, sale or lease of any material asset included in the Relevant Assets;

(v) there has been no actual, pending, or to the Seller's Knowledge, threatened change affecting any of the Relevant Assets with any customers, licensors, suppliers, distributors or sales representatives of any Seller Party, except for changes that do not have a Material Adverse Effect;

(vi) there has been no (x) amendment or modification in any material respect to any Acquired Company Contract or any other contract or agreement material to the Relevant Assets, or (y) termination of any Acquired Company Contract or any other contract or agreement material to the Relevant Assets before the expiration of the term thereof other than to the extent any such material contract or agreement terminated pursuant to its terms in the Ordinary Course of Business; and

(vii) there is no contract, commitment or agreement to do any of the foregoing, except as expressly permitted hereby.

(e) Legal Compliance. Each Seller Party, with respect to the Relevant Assets and the Acquired Companies, has complied with all applicable Laws of all Governmental Authorities, except where the failure to comply would not have a Material Adverse Effect. The Seller makes no representations or warranties in this Section 4(e) with respect to Taxes or Environmental Laws, for which the sole representations and warranties of the Seller are set forth in Sections 4(f) and 4(i), respectively.

(f) Tax Matters. Except as set forth in Schedule 4(f) or as would not have a Material Adverse Effect, the Seller, its Affiliates and the Acquired Companies have filed all Tax Returns with respect to the Relevant Assets that they were required to file and such Tax Returns are accurate in all material respects. All Taxes shown as due by any Acquired Company or with respect to the Relevant Assets on any such Tax Returns have been paid.

(g) Contracts and Commitments. Schedule 4(g)(i) contains a list of all the material contracts, agreements, licenses, permits and other documents and instruments to which any Acquired Company is a party or otherwise constituting part of the Acquired Company Assets (the "Acquired Company Contracts"), and each such Acquired Company Contract is in full force and effect, except where the failure to be in full force and effect would not have a Material Adverse Effect. Schedule 4(g)(ii) contains a list of all rights-of-way constituting part of the Acquired Company Assets (the "Rights of Way"). The Acquired Company Contracts, together with the Rights of Way, constitute all of the contracts, agreements, rights of way, licenses, permits, and other documents and instruments necessary for the operation and business of the Relevant Assets consistent with applicable Laws and prior operation. The Seller Parties have performed all material obligations required to be performed by them to date under the Acquired Company Contracts and the Rights of Way, and are not in default under any material obligation of any such contract or right-of-way, except when such default would not have a Material Adverse Effect. To the Seller's Knowledge, no other party to any Acquired Company Contract is in default thereunder.

(h) Litigation.

(i) Schedule 4(h) sets forth each instance in which any Acquired Company or any of the Relevant Assets (A) is subject to any outstanding injunction, judgment, order, decree, ruling, or charge or (B) is the subject of any action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction, or is the subject of any pending or, to the Seller's Knowledge, threatened claim, demand, or notice of violation or liability from any Person, except where any of the foregoing would not have a Material Adverse Effect.

(ii) No Seller Party has Knowledge of any Basis for any present or future injunction, judgment, order, decree, ruling, or charge or action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction, against any of them giving rise to any Obligation to which any Acquired Company would be subject.

(i) Environmental Matters. Except as set forth in Schedule 4(i):

(i) The Seller, with respect to the Relevant Assets, has been in compliance with all applicable local, state, and federal laws, rules, regulations, and orders regulating or otherwise pertaining to (a) the use, generation, migration, storage, removal, treatment, remedy, discharge, release, transportation, disposal, or cleanup of pollutants, contamination, hazardous wastes, hazardous substances, hazardous materials, toxic substances or toxic pollutants, (b) surface waters, ground waters, ambient air and any other environmental medium on or off any Lease or (c) the environment or health and safety-related matters; including the following as from time to time amended and all others whether similar or dissimilar: the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("CERCLA"), the Resource Conservation and Recovery Act of 1976, as amended by the Used Oil Recycling Act of 1980, the Solid Waste Disposal Act Amendments of 1980, and the Hazardous and Solid Waste Amendments of 1984, the Hazardous Materials Transportation Act, as amended, the Toxic Substance Control Act, as amended, the Clean Air Act, as amended, the Clean Water Act, as amended, and all regulations promulgated pursuant thereto (collectively, the "Environmental Laws" and individually an "Environmental Law"), except for such instances of noncompliance that individually or in the aggregate do not have a Material Adverse Effect.

(ii) The Seller has obtained all permits, licenses, franchises, authorities, consents, registrations, orders, certificates, waivers, exceptions, variances and approvals, and have made all filings, paid all fees, and maintained all material information, documentation, and records, as necessary under applicable Environmental Laws for operating the Relevant Assets and the Disposed Assets as they are presently operated, and all such permits, licenses, franchises, authorities, consents, approvals, and filings remain in full force and

effect, except for such matters that individually or in the aggregate do not have a Material Adverse Effect. Schedule 4(i)(ii) sets forth a complete list of all permits, licenses, franchises, authorities, consents, and approvals, as necessary under applicable Environmental Laws for operating the Relevant Assets and the Acquired Companies' businesses as they are presently operated (except with respect to the Disposed Assets), each of which is held in the name of the appropriate Seller Party as indicated on such schedule.

(iii) Except as would not have a Material Adverse Effect, (x) there are no pending or threatened claims, demands, actions, administrative proceedings or lawsuits against the Seller with respect to the Relevant Assets and the Seller has not received notice of any of the foregoing and (y) no Acquired Company, and none of the Relevant Assets, is subject to any outstanding injunction, judgment, order, decree or ruling under any Environmental Laws.

(iv) The Seller has not received any written notice that the Seller, with respect to the Relevant Assets, is or may be a potentially responsible party under CERCLA or any analogous state law in connection with any site actually or allegedly containing or used for the treatment, storage or disposal of Hazardous Substances.

(v) All Hazardous Substances or solid wastes generated, transported, handled, stored, treated or disposed by, in connection with or as a result of the operation or possession of the Seller or the conduct of the Seller, have been transported only by carriers maintaining valid authorizations under applicable Environmental Laws and treated, stored, disposed of or otherwise handled only at facilities maintaining valid authorizations under applicable Environmental Laws and such carriers and facilities have been and are operating in compliance with such authorizations and are not the subject of any existing, pending or threatened action, investigation or inquiry by any Governmental Authority or other Person in connection with any of the Environmental Laws.

The Seller makes no representation or warranty regarding any compliance or failure to comply with, or any actual or contingent liability under, any Environmental Law, except as expressly set forth in this Section 4(i). For purposes of this Section 4(i), each reference to the Seller or Seller Parties shall be deemed to include the Seller Parties and their Affiliates.

(j) Preferential Purchase Rights. Except as set forth on Schedule 4(j), there are no preferential purchase rights, options or other rights held by any Person not a party to this Agreement to purchase or acquire any or all of the Equity Interest in any Acquired Company, or any of the Relevant Assets (other than the Disposed Assets), in whole or in part, that would be triggered or otherwise affected as a result of the transactions contemplated by this Agreement ("Preferential Rights").

(k) Financial Statements.

(i) Schedule 4(k) sets forth (A) an unaudited combined and consolidated balance sheet covering the ownership of the Financial Statement Entities and the Financial Statement Assets as of December 31, 2001 and (B) unaudited combined and consolidated income statements covering the ownership and operations of the Financial Statement Entities and the Financial Statement Assets for the twelve month periods ended December 31, 2000 and December 31, 2001, including, for both (A) and (B), as pro forma adjustments the disposition of the Disposed Assets on December 31, 1999 (collectively, the "Financial Statements").

(ii) (A) The Financial Statements were prepared in accordance with GAAP (except as expressly set forth therein, except for the absence of footnotes (other than to the extent footnotes are included in Schedule 4(k)), and fairly present, in all material respects, the financial position and income associated with the ownership and operation of the Financial Statement Entities and Financial Statement Assets as of the dates and for the periods indicated; (B) the Financial Statements do not omit to state any liability required to be stated therein in accordance with GAAP (except as expressly set forth therein, except for the absence of footnotes (other than to the extent footnotes are included in Schedule 4(k)), and except for normal year-end adjustments); and (C) except as set forth on Schedule 4(k)(ii), none of the Financial Statement Entities has any Obligations other than those reflected in the Financial Statements.

(l) Employee Matters. No Acquired Company has any employees.

(m) Prohibited Events. Except for the Reorganization Transactions and settlement of litigation proceedings, none of the matters described in Section 5(c) have occurred since June 30, 2001.

(n) Regulatory Matters. No Seller Party or Acquired Company is (i) a "holding company," a "subsidiary company" of a "holding company," an "affiliate" of a "holding company," or a "public utility," as each such term is defined in the Public Utility Holding Company Act of 1935, as amended, or (ii) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder. Except as set forth on Schedule 4(n), none of the Relevant Assets are subject to regulation by the Federal Energy Regulatory Commission or rate regulation or comprehensive nondiscriminatory access regulation under any federal laws or the laws of any state or other local jurisdiction.

(o) Intercompany Transactions. Each outstanding receivable, payable and other intercompany transaction and arrangement between the Seller or any of its Affiliates, on the one hand, and any Acquired Company, on the other hand, (including hydrocarbon imbalances existing on the date of this Agreement) existing on the Closing Date is listed on Schedule 4(o).

(p) Disclaimer of Representations and Warranties Concerning Personal Property, Equipment, and Fixtures. The Buyer acknowledges that (i) it has had and pursuant to this Agreement shall have before Closing access to the Acquired Companies and the Relevant Assets and the officers and employees of the Seller and (ii) in making the decision to enter into this Agreement and consummate the transactions contemplated hereby, the Buyer has relied solely on the basis of its own independent investigation and upon the express representations, warranties, covenants, and agreements set forth in this Agreement and the other Transaction Agreements. Accordingly, the Buyer acknowledges that, except as expressly set forth in this Agreement, the Seller has not made, and THE SELLER MAKES NO AND DISCLAIMS ANY, REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS OR IMPLIED, AND WHETHER BY COMMON LAW, STATUTE, OR OTHERWISE, REGARDING (i) THE QUALITY, CONDITION, OR OPERABILITY OF ANY PERSONAL PROPERTY, EQUIPMENT, OR FIXTURES, (ii) THEIR MERCHANTABILITY, (iii) THEIR FITNESS FOR ANY PARTICULAR PURPOSE, (iv) THEIR CONFORMITY TO MODELS, SAMPLES OF MATERIALS OR MANUFACTURER DESIGN, OR (v) AS TO WHETHER ANY RELEVANT ASSETS ARE YEAR 2000 COMPLIANT, AND ALL PERSONAL PROPERTY AND EQUIPMENT IS DELIVERED "AS IS, WHERE IS" IN THE CONDITION IN WHICH THE SAME EXISTS.

5. Pre-Closing Covenants. The Parties agree as follows with respect to the period between the date of this Agreement and the Closing:

(a) General. The Buyer shall use its Best Efforts to take all action and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement, including the Seller's conditions to closing in Section 7(b). The Seller shall use its Best Efforts to take all action and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement, including the Buyer's conditions to closing in Section 7(a).

(b) Notices and Consents. Each of the Parties shall give any notices to, make any filings with, and use its Best Efforts to obtain any authorizations, consents, and approvals of Governmental Authorities and third parties it is required to obtain in connection with the matters referred to in Sections 3(a)(ii), 3(a)(iii), 3(b)(ii), and 3(b)(iii) including the corresponding Schedules, so as to permit the Closing to occur not later than 9:00 a.m. (Houston time) on April 1, 2002. Without limiting the generality of the foregoing, the Parties agree to work in good faith with the FTC in order to consummate the transactions contemplated hereby as soon as reasonably practicable, but in no event later than 9:00 a.m. (Houston time) on April 1, 2002; provided, that, notwithstanding anything to the contrary contained herein, this sentence shall not obligate the Buyer to divest or hold separate any assets or enter into any agreement not contemplated by this Agreement or modify this Agreement.

(c) Operation of Business. The Seller shall not, without the consent of the Buyer (which consent shall not be unreasonably withheld or delayed), except as expressly contemplated by this Agreement or as contemplated by Schedule 5(c), cause or (to the extent any Seller Party or its Affiliate has the Legal Right) permit any Acquired Company or Cotenancy Asset to engage in any practice, take any action, or enter into any transaction outside the Ordinary

Course of Business or, with respect to the Relevant Assets, engage in any practice, take any action, or enter into any transaction outside the Ordinary Course of Business. Without limiting the generality of the foregoing, without the consent of the Buyer (which consent shall not be unreasonably withheld or delayed), except as expressly contemplated by this Agreement or Schedule 5(c), the Seller shall not, and shall not cause or (to the extent any Seller Party has the Legal Right) permit any Acquired Company or Cotenancy Asset to, do any of the following:

(i) issue, sell, pledge, dispose of, grant, encumber, or authorize the issuance, sale, pledge, disposition, or grant of any Equity Interest of any Acquired Company or any Commitments with respect to any Equity Interest of any Acquired Company;

(ii) cause or allow any part of the Acquired Company Equity Interests or the Relevant Assets to become subject to an Encumbrance, except for Permitted Encumbrances and other Encumbrances identified in Section 4(c);

(iii) amend in any material respect any Acquired Company Contract material to the Relevant Assets or any Acquired Company or Cotenancy Asset (including any Acquired Company's or Cotenancy Asset's Organizational Documents) or terminate any such material contract or agreement before the expiration of the term thereof other than to the extent any such material contract or agreement expires in accordance with its terms in the Ordinary Course of Business;

(iv) except as required by Law, make, change or revoke any Tax election relevant to any Acquired Company or Relevant Asset;

(v) (A) acquire (including by merger, consolidation or acquisition of Equity Interest or assets) any corporation, partnership, limited liability company or other business organization or any division thereof or any material amount of assets; (B) incur any Indebtedness for borrowed money or issue any debt securities or assume, guarantee, endorse, or otherwise as an accommodation become responsible for, the obligations of any Person, or make any loans or advances except for intercompany borrowing among the Acquired Companies in the Ordinary Course of Business; (C) except for the Disposed Assets, sell, lease or otherwise dispose of any property or assets, other than sales of goods or services in the Ordinary Course of Business; or (D) enter into or amend a contract, agreement, commitment, or arrangement with respect to any matter set forth in this Section 5(c)(v) or (except for contracts with aggregate Obligations of the applicable Acquired Company not in excess of $10,000) otherwise not in the Ordinary Course of Business; provided that notwithstanding any provision of this Agreement, if the Buyer expressly consents in writing (x) each Acquired Company shall be entitled to dividend and/or distribute to its Equity Interest holders, at any time, and from time to time, such cash generated by such company's business to which such Equity Interest holder would otherwise be entitled (other than cash arising from borrowings by such company or sales of

assets by such company outside of the Ordinary Course of Business) so long as such dividends and/or distributions are reflected as a Purchase Price Decrease, where appropriate, and (y) each Acquired Company may make or incur capital expenditures in accordance with the terms of its Organizational Documents and the capital expenditures budget set forth on Schedule 5(c)(v); and provided further that, to the extent Channel or El Paso Intrastate receives any insurance proceeds from the Channel Rupture, El Paso Intrastate may distribute its share of such proceeds to the owners of the El Paso Intrastate LP Interest and the El Paso Intrastate GP Interest in accordance with its Organizational Documents;

(vi) change any Acquired Company's accounting practices in any material respect with the exception of any changes in accounting methodologies that have already been agreed upon by its Equity Interest holders, consistent with its Organizational Documents; or

(vii) initiate or settle any litigation, complaint, rate filing or administrative proceeding.

(d) Intercompany Transactions. All outstanding receivables, payables and other intercompany transactions and arrangements between the Seller or any of its Affiliates, on the one hand, and any Acquired Company, on the other hand, shall remain in full force and effect through and after the Closing.

(e) Full Access. To the extent it has the Legal Right, the Seller shall permit, and shall cause its Affiliates to permit, representatives of the Buyer to have full access at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Seller and its Affiliates, to all premises, properties, personnel, books, records (including Tax records), contracts, and documents of or pertaining to any Acquired Company or any of the Relevant Assets.

(f) Liens and Encumbrances. Prior to the Closing, the Seller shall obtain releases of all liens and other Encumbrances disclosed in Schedule 4(c)(i), without any post-Closing liability or expense to any Acquired Company or Acquired Company Asset or any Buyer Party, and shall provide proof of such releases to the Buyer at the Closing.

(g) Prince Pre-Closing Matters. The Buyer shall ensure that, until the closing of the transactions contemplated by the Prince PSA, El Paso Production and its Affiliates shall have the access and other rights to the books, records and assets of Argo provided in Section 5 of the Prince PSA.

6. Post-Closing Covenants. The Parties agree as follows:

(a) General. In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, each of the Parties shall take such further action (including the execution and delivery of such further instruments and documents) as the

other Party reasonably may request, all at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefor under Section 8).

(b) Litigation Support. In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or before the Closing Date involving any Acquired Company or the Relevant Assets, the other Party shall cooperate with the contesting or defending Party and its counsel in the defense or contest, make available its personnel, and provide such testimony and access to its books and records (other than books and records which are subject to privilege or to confidentiality restrictions) as shall be necessary in connection with the defense or contest, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under Section 8).

(c) Surety Bonds; Guarantees. The Buyer agrees to be substituted as the surety or guarantor of any surety bonds or guarantees issued by the Seller or any of its Affiliates in connection with the Acquired Companies or the Relevant Assets, including the surety bonds and guarantees listed on Schedule 6(c). The Buyer and the Seller shall cooperate to effect all such substitutions and the Buyer shall indemnify and hold the Seller harmless from and against any Adverse Consequences arising from the failure of the Buyer to be so substituted. The Buyer shall use commercially reasonable efforts to obtain a release of the Seller from any surety or guaranty obligations with respect to the Acquired Companies or the Relevant Assets.

(d) Delivery and Retention of Records. On or promptly after the Closing Date, the Seller shall deliver or cause to be delivered to the Buyer, copies of Tax Records which are relevant to Post-Closing Tax Periods and all other files, books, records, information and data relating to the Acquired Companies or the Relevant Assets (other than Tax Records) that are in the possession or control of the Seller (the "Records"). The Buyer agrees to (i) hold the Records and not to destroy or dispose of any thereof for a period of ten years from the Closing Date or such longer time as may be required by Law, provided that, if it desires to destroy or dispose of such Records during such period, it shall first offer in writing at least 60 days before such destruction or disposition to surrender them to the Seller and if the Seller does not accept such offer within 20 days after receipt of such offer, the Buyer may take such action and (ii) following the Closing Date to afford the Seller, its accountants, and counsel, during normal business hours, upon reasonable request, at any time, full access to the Records and to the Buyer's employees to the extent that such access may be requested for any legitimate purpose at no cost to the Seller (other than for reasonable out-of-pocket expenses); provided that such access shall not be construed to require the disclosure of Records that would cause the waiver of any attorney-client, work product, or like privilege; provided, further that in the event of any litigation nothing herein shall limit any Party's rights of discovery under applicable Law.

(e) Pipeline Integrity Program. Through December 31, 2006, the Seller shall cause its applicable Affiliates to continue to diligently and in good faith implement and complete as soon as reasonably practicable the Pipeline Integrity Program to the extent relating to any

pipelines constituting part of the Acquired Company Assets (other than the leased Old Ocean Pipeline) and the Operated Cotenancies in accordance with such program, all applicable Laws, El Paso Corporation's policies and procedures and prudent industry practices.

(f) Channel Insurance Proceeds. To the extent Channel or El Paso Intrastate receives any insurance proceeds from the Channel Rupture, the Buyer shall cause El Paso Intrastate to pay to El Paso Field Services, L.P., an Affiliate of the Seller, El Paso Intrastate's share of such insurance proceeds.

(g) Operatorship of Operated Cotenancies. The Seller Parties shall take any further action that may be required for the Buyer (or its designee) to become the operator of the Operated Cotenancies.

(h) Assignment of Rights. The Seller will assign and will cause its Affiliates to assign, upon the Buyer's request, any and all rights (including claims) of the Seller or its Affiliates relating to any of the Acquired Company Assets or the Cotenancy Assets under any agreement (including that certain Stock Purchase Agreement dated as of January 27, 2000 between PG&E National Energy Group, Inc. and El Paso Field Services Company) pursuant to which the Seller or any of its Affiliates purchased or otherwise acquired any of the Acquired Company Assets or the Cotenancy Assets.

7. Conditions to Obligation to Close.

(a) Conditions to Obligation of the Buyer. The obligation of the Buyer to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties of the Seller contained in Sections 3(a) and 4 must be true and correct in all material respects (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value, except with respect to (A) the Non-Operated Cotenancies, (B) the representations and warranties in Section 4(c)(ii) and (C) the representations and warranties in Section 4(d)(iii) with respect to latent defects, for which in each such case qualifications as to Knowledge shall be given effect) as of the date of this Agreement and at Closing (except for those which refer to a specific date, which must be true and correct as of such date);

(ii) the Seller must have performed and complied in all material respects with its covenants hereunder through the Closing (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value);

(iii) there must not be any injunction, judgment, order, decree, ruling, or charge in effect preventing consummation of any of the transactions contemplated by this Agreement or any suit or action pending by a Governmental Authority to enjoin the consummation of any of the transactions, contemplated by this Agreement;

(iv) the Seller must have obtained all material Governmental Authority and third party consents, including any material consents specified in Sections 3(a)(ii), 3(a)(iii), and 4(b) and including the corresponding Schedules;

(v) the Seller must have delivered to the Buyer a certificate to the effect that each of the conditions specified in Sections 7(a)(i)-(iv) is satisfied in all respects;

(vi) the FTC must have approved the transactions contemplated hereunder;

(vii) the Closing Date shall be no earlier than March 28, 2002;

(viii) The Buyer shall have received financing for the transactions contemplated herein satisfactory to the Buyer;

(ix) the Board of Directors of the General Partner shall have received a fairness opinion acceptable to such Board (in its sole discretion) from UBS Warburg LLC or any other financial advisor acceptable to such Board (in its sole discretion) with respect to the transactions contemplated herein;

(x) the transactions contemplated herein shall have been approved by at least a majority of the members of each of (1) of the Board of Directors of the General Partner, (2) the independent members of the Board of Directors of the General Partner and (3) the Special Committee of the Board of Directors of the General Partner responsible for reviewing such transactions;

(xi) EPFS Holding and the Buyer must have executed and delivered the Contribution Agreement and the closing of the transactions contemplated therein must have occurred; and

(xii) The Buyer and El Paso Production must have executed and delivered the Prince PSA and the closing of the transactions contemplated therein must have occurred.

The Buyer may waive any condition specified in this Section 7(a) if it executes a writing so stating at or before the Closing.

(b) Conditions to Obligation of the Seller. The obligation of the Seller to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties of the Buyer contained in Section 3(b) must be true and correct in all material respects (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value) as of the date of this Agreement and at Closing (except for those which refer to a specific date, which must be true and correct as of such date);

(ii) the Buyer must have performed and complied in all material respects with each of its covenants hereunder through the Closing (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value);

(iii) there must not be any injunction, judgment, order, decree, ruling, or charge in effect preventing consummation of any of the transactions contemplated by this Agreement or any suit or action pending by a Governmental Authority to enjoin the consummation of any of the transactions, contemplated by this Agreement;

(iv) the Seller must have obtained all material Governmental Authority and third party consents, including material consents specified in Sections 3(a)(ii), 3(a)(iii), and 4(b) and including the corresponding Schedules;

(v) the Buyer must have delivered to the Seller a certificate to the effect that each of the conditions specified in Sections 7(b)(i)-(iv) is satisfied in all respects;

(vi) the FTC must have approved the transactions contemplated hereunder;

(vii) EPFS Holding and the Buyer must have executed and delivered the Contribution Agreement and the closing of the transactions contemplated therein must have occurred; and

(viii) The Buyer and El Paso Production must have executed and delivered the Prince PSA and the closing of the transactions contemplated therein must have occurred.

The Seller may waive any condition specified in this Section 7(b) if it executes a writing so stating at or before the Closing.

8. Remedies for Breaches of this Agreement.

(a) Survival of Representations and Warranties. (i) All of the representations and warranties of the Seller contained in Sections 3(a) and 4 (other than Sections 4(c)(iii), 4(f) and 4(h)(ii)) shall survive the Closing hereunder for a period of three years after the Closing

Date; (ii) the representations and warranties of the Seller contained in Section 4(c)(iii) shall survive the Closing forever; (iii) the representations and warranties of the Seller contained in Section 4(f) shall survive the Closing with respect to any given claim that would constitute a breach of such representation or warranty until 90 days after the expiration of the statute of limitations applicable to the underlying Tax matter giving rise to that claim, and (iv) the representations and warranties of the Seller contained in Section 4(h)(ii) shall survive the Closing for a period of one year after the Closing Date. The representations and warranties of the Buyer contained in Section 3(b) shall survive the Closing for a period of three years after the Closing Date. The covenants and obligations contained in Sections 2 and 6 and all other covenants and obligations contained in this Agreement (other than Section 8(b)(iv)) shall survive the Closing forever. The covenants and obligations contained in Section 8(b)(iv) shall survive the Closing for a period of three years after the Closing Date.

(b) Indemnification Provisions for Benefit of the Buyer.

(i) In the event: (x) the Seller breaches any of its representations or warranties (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value, except with respect to (A) the Non-Operated Cotenancies, (B) the representations and warranties in Section 4(c)(ii) and (C) the representations and warranties in Section 4(d)(iii) with respect to latent defects, for which in each such case qualifications as to Knowledge shall be given effect) contained herein (other than a representation or warranty contained in Section 4(c)(iii) or 4(f)); (y) there is an applicable survival period pursuant to Section 8(a); and (z) the Buyer makes a written claim for indemnification against the Seller pursuant to Section 11(g) within such survival period, then the Seller agrees to release and indemnify the Buyer Indemnitees from and against any Adverse Consequences by reason of all Adverse Events suffered by the Buyer Indemnitees; provided, that the Seller shall not have any obligation to indemnify the Buyer Indemnitees from and against any such Adverse Consequences by reason of all Adverse Events (A) until the Buyer Indemnitees, in the aggregate, have suffered Adverse Consequences by reason of all Adverse Events in excess of an aggregate deductible amount equal to 1% of the Combined Value (after which point the Seller shall be obligated only to indemnify the Buyer Indemnitees from and against further such Adverse Consequences) or thereafter (B) to the extent the Adverse Consequences the Buyer Indemnitees, in the aggregate, have suffered by reason of all Adverse Events exceeds an aggregate ceiling amount equal to 50% of the Combined Value (after which point the Seller shall have no obligation to indemnify the Buyer Indemnitees from and against further such Adverse Consequences); provided, however, that the deductible amount with respect to breaches of Section 4(c)(i) shall be $750,000.

(ii) In the event: (x) the Seller breaches any of its covenants or obligations in Sections 2 or 6 or any other covenants or obligations in this Agreement or any representation or warranty contained in Section 4(c)(iii) or 4(f)

(in each case above without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value); (y) there is an applicable survival period pursuant to Section 8(a); and (z) the Buyer makes a written claim for indemnification against the Seller pursuant to Section 11(g) within such survival period, then the Seller agrees to release and indemnify the Buyer Indemnitees from and against the entirety of any Adverse Consequences suffered by the Buyer Indemnitees.

(iii) The Seller shall release, indemnify and hold harmless the Buyer Indemnitees against any and all Adverse Consequences resulting by reason of (a) joint and several liability with the Seller arising by reason of having been required to be aggregated with the Seller under Section 414(o) of the Code, or having been under "common control" with the Seller, within the meaning of Section 4001(a)(14) of ERISA.

(iv) In the event: (x) there is an applicable survival period pursuant to Section 8(a) and (y) the Buyer makes a written claim for indemnification against the Seller pursuant to Section 11(g) within such survival period, except to the extent the Buyer is obligated to release and indemnify the Seller under Section 8(c)(ii)(1), then the Seller agrees to release and indemnify the Buyer Indemnitees from and against the entirety of any Adverse Consequences suffered by the Buyer Indemnitees with respect to, any environmental condition, claim or loss with respect to any Acquired Company or any of the Relevant Assets arising as a result of events occurring on or prior to the Purchase Price Adjustment Date, including the matters disclosed in Schedule 4(i).

(v) [Intentionally omitted.]

(vi) With respect to each calendar year through December 31, 2006, the Seller shall release, indemnify and hold harmless the Buyer Indemnitees against any and all Pipeline Integrity Costs incurred (whether paid or payable) with respect to the Acquired Company Assets and the Operated Cotenancies to the extent such Pipeline Integrity Costs in such year exceed $5,000,000 (which amount shall be prorated to $3,750,000 for the period from April 1, 2002 to December 31, 2002).

(vii) The Seller shall release, indemnify and hold harmless the Buyer Indemnitees against any and all Adverse Consequences with respect to the Disposed Obligations and the ownership or operation of any Disposed Assets or Disposed Obligations (whether prior to or after Closing), including any Tax attributable thereto.

(viii) The Seller shall release, indemnify and hold harmless the Buyer Indemnitees against any and all Adverse Consequences suffered by the Buyer Indemnitees with respect to, any outstanding injunction, judgment, order, decree,

ruling, or charge, or any pending or threatened action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction, relating to any Acquired Company or any of the Relevant Assets on the Closing Date, including the matters listed on Schedule 4(h).

(ix) The Seller shall release, indemnify and hold harmless the Buyer Indemnitees against any and all Adverse Consequences arising as a result of any of the Reorganization Transactions.

(x) Notwithstanding anything to the contrary contained in Sections 8(b)(i), (iii), (iv) and (v), the Seller shall not have any obligation to indemnify any Buyer Indemnified Party to the extent that the payment thereof would cause the Seller's aggregate indemnity payments under all of Sections 8(b)(i), (iii), (iv) and (v) (but excluding Sections 8(b)(ii), (vi), (vii), (viii) and (ix)) to exceed 100% of the Combined Value.

(xi) To the extent any Buyer Indemnitee becomes liable to, and is ordered to and does pay to any third party, punitive, exemplary, special or consequential damages caused by a breach by the Seller of any representation, warranty or covenant contained in this Agreement, then such punitive, exemplary, special or consequential damages shall be deemed actual damages to such Buyer Indemnitee and included within the definition of Adverse Consequences for purposes of this Section 8.

(xii) Except for the rights of indemnification provided in this Section 8, the Buyer hereby waives any claim or cause of action pursuant to common or statutory law or otherwise against the Seller arising from any breach by the Seller of any of its representations, warranties or covenants under this Agreement or the transactions contemplated hereby.

(c) Indemnification Provisions for Benefit of the Seller.

(i) In the event: (x) the Buyer breaches any of its representations, warranties or covenants contained herein (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value); (y) there is an applicable survival period pursuant to Section 8(a); and (z) the Seller makes a written claim for indemnification against the Buyer pursuant to Section 11(g) within such survival period, then the Buyer agrees to release and indemnify the Seller Indemnitees from and against the entirety of any Adverse Consequences suffered by such Seller Indemnitees.

(ii) The Buyer agrees to release and indemnify the Seller Indemnitees from and against the entirety of any Adverse Consequences relating to any of (1)

any environmental condition, claim or loss with respect to any Acquired Company or any of the Relevant Assets arising from or related to mercury contamination emanating from mercury meters used in connection therewith or (2) the ownership and operation of each Acquired Company and each Relevant Asset (including those arising during, related to or otherwise attributable to the period commencing with the Purchase Price Adjustment Date).

(iii) To the extent any Seller Indemnitee becomes liable to, and is ordered to and does pay to any third party, punitive, exemplary, special or consequential damages caused by a breach by the Buyer of any representation, warranty or covenant contained in this Agreement, then such punitive, exemplary, special or consequential damages shall be deemed actual damages to such Seller Indemnitee and included within the definition of Adverse Consequences for purposes of this Section 8.

(iv) Except for the rights of indemnification provided in this Section 8, the Seller hereby waives any claim or cause of action pursuant to common or statutory law or otherwise against the Buyer arising from any breach by the Buyer of any of its representations, warranties or covenants under this Agreement or the transactions contemplated hereby.

(d) Matters Involving Third Parties.

(i) If any third party shall notify any Party (the "Indemnified Party") with respect to any matter (a "Third Party Claim") that may give rise to a claim for indemnification against any other Party (the "Indemnifying Party") under this Section 8, then the Indemnified Party shall promptly (and in any event within five business days after receiving notice of the Third Party Claim) notify the Indemnifying Party thereof in writing.

(ii) The Indemnifying Party shall have the right to assume and thereafter conduct the defense of the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party; provided, however, that the Indemnifying Party shall not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party (not to be withheld unreasonably) unless the judgment or proposed settlement involves only the payment of money damages and does not impose an injunction or other equitable relief upon the Indemnified Party.

(iii) Unless and until the Indemnifying Party assumes the defense of the Third Party Claim as provided in Section 8(d)(ii), the Indemnified Party may defend against the Third Party Claim in any manner it reasonably may deem appropriate.

(iv) In no event shall the Indemnified Party consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim

without the prior written consent of the Indemnifying Party which consent shall not be withheld unreasonably.

(e) Determination of Amount of Adverse Consequences. The Adverse Consequences giving rise to any indemnification obligation hereunder shall be limited to the actual loss suffered by the Indemnified Party (i.e. reduced by any insurance proceeds or other payment or recoupment received, realized or retained by the Indemnified Party as a result of the events giving rise to the claim for indemnification net of any expenses related to the receipt of such proceeds, payment or recoupment, including retrospective premium adjustments, if any), but not any reduction in Taxes of the Indemnified Party (or the affiliated group of which it is a member) occasioned by such loss or damage. The amount of the actual loss and the amount of the indemnity payment shall be computed by taking into account the timing of the loss or payment, as applicable, using a Prime Rate plus 2% interest or discount rate, as appropriate. Upon the request of the Indemnifying Party, the Indemnified Party shall provide the Indemnifying Party with information sufficient to allow the Indemnifying Party to calculate the amount of the indemnity payment in accordance with this Section 8(e). An Indemnified Party shall take all reasonable steps to mitigate damages in respect of any claim for which it is seeking indemnification and shall use reasonable efforts to avoid any costs or expenses associated with such claim and, if such costs and expenses cannot be avoided, to minimize the amount thereof.

(f) Tax Treatment of Indemnity Payments. All indemnification payments made under this Agreement, including any payment made under Section 9, shall be treated as purchase price adjustments for Tax purposes.

9. Tax Matters.

(a) Post-Closing Tax Returns. The Buyer shall prepare or cause to be prepared and file or cause to be filed any Post-Closing Tax Returns with respect to the Relevant Assets or the Acquired Companies. The Buyer shall pay (or cause to be paid) any Taxes due with respect to such Tax Returns.

(b) Pre-Closing Tax Returns. The Seller shall prepare or cause to be prepared and file or cause to be filed all Pre-Closing Tax Returns with respect to the Relevant Assets or Acquired Companies. The Seller shall pay or cause to be paid any Taxes due with respect to such Tax Returns.

(c) Straddle Periods. The Buyer shall be responsible for Taxes of the Relevant Assets (other than the Disposed Assets) and the Acquired Companies related to the portion of any Straddle Period occurring after the Closing Date. The Seller shall be responsible for Taxes of the Relevant Assets and the Acquired Companies relating to the portion of any Straddle Period occurring before and on the Closing Date. With respect to any Straddle Period, to the extent permitted by applicable Law, the Seller or the Buyer shall elect to treat the Closing Date as the last day of the Tax period. If applicable Law shall not permit the Closing Date to be the last day of a period, then (i) real or personal property Taxes with respect to the Relevant Assets and the Acquired Companies shall be allocated based on the number of days in the partial period before and after the Closing Date, (ii) in the case of all other Taxes based on or in respect

of income, the Tax computed on the basis of the taxable income or loss attributable to the Relevant Assets and the Acquired Companies for each partial period as determined from their books and records, and (iii) in the case of all other Taxes, on the basis of the actual activities or attributes of the Relevant Assets and the Acquired Companies for each partial period as determined from their books and records.

(d) Straddle Returns. The Buyer shall prepare any Straddle Returns. The Buyer shall deliver, at least 45 days prior to the due date for filing such Straddle Return (including any extension) to the Seller a statement setting forth the amount of Tax that the Seller owes, including the allocation of taxable income and Taxes under Section 9(c), and copies of such Straddle Return. The Seller shall have the right to review such Straddle Returns and the allocation of taxable income and liability for Taxes and to suggest to the Buyer any reasonable changes to such Straddle Returns no later than 15 days prior to the date for the filing of such Straddle Returns. The Seller and the Buyer agree to consult and to attempt to resolve in good faith any issue arising as a result of the review of such Straddle Returns and allocation of taxable income and liability for Taxes and mutually to consent to the filing as promptly as possible of such Straddle Returns. Not later than 5 days before the due date for the payment of Taxes with respect to such Straddle Returns, the Seller shall pay or cause to be paid to the Buyer an amount equal to the Taxes as agreed to by the Buyer and the Seller as being owed by the Seller. If the Buyer and the Seller cannot agree on the amount of Taxes owed by the Seller with respect to a Straddle Return, the Seller shall pay or cause to be paid to the Buyer the amount of Taxes reasonably determined by the Seller to be owed by the Seller. Within 10 days after such payment, the Seller and the Buyer shall refer the matter to an independent "Big-Five" accounting firm agreed to by the Buyer and the Seller to arbitrate the dispute. The Seller and the Buyer shall equally share the fees and expenses of such accounting firm and its determination as to the amount owing by the Seller with respect to a Straddle Return shall be binding on the Seller and the Buyer. Within five days after the determination by such accounting firm, if necessary, the appropriate Party shall pay the other Party any amount which is determined by such accounting firm to be owed. The Seller shall be entitled to reduce its obligation to pay Taxes with respect to a Straddle Return by the amount of any estimated Taxes paid with respect to such Taxes on or before the Closing Date.

(e) Claims for Refund. The Buyer shall not, and shall cause the Acquired Companies and any of their Affiliates not to, file any claim for refund of Taxes with respect to the Relevant Assets and the Acquired Companies for whole or partial taxable periods on or before the Closing Date.

(f) Indemnification. The Buyer agrees to indemnify the Seller against all Taxes of or with respect to the Relevant Assets and the Acquired Companies for any Post-Closing Tax Period and the portion of any Straddle Period occurring after the Closing Date. The Seller agrees to indemnify the Buyer against all Taxes of or with respect to the Relevant Assets and the Acquired Companies for any Pre-Closing Tax Period and the portion of any Straddle Period occurring on or before the Closing Date, and the Buyer Parties against all Taxes of or with respect to the Disposed Assets, and all Taxes arising directly as a result of the Reorganization Transactions.

(g) Cooperation on Tax Matters.

(i) The Buyer and the Seller shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns pursuant to this Section 9(g) and any audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(ii) The Buyer and the Seller further agree, upon request, to use their Best Efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including with respect to the transactions contemplated hereby).

(iii) The Buyer and the Seller agree, upon request, to provide the other Parties with all information that such other Parties may be required to report pursuant to Section 6043 of the Code and all Treasury Department Regulations promulgated thereunder.

(h) Certain Taxes. The Seller shall file all necessary Tax Returns and other documentation with respect to all transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by applicable Law, the Buyer shall, and shall cause its Affiliates to, join in the execution of any such Tax Returns and other documentation. Notwithstanding anything set forth in this Agreement to the contrary, the Buyer shall pay to the Seller, on or before the date such payments are due from the Seller, any transfer, documentary, sales, use, stamp, registration and other Taxes and fees incurred in connection with this Agreement and the transactions contemplated hereby (but not with respect to the Reorganization Transactions).

(i) Confidentiality. Any information shared in connection with Taxes shall be kept confidential, except as may otherwise be necessary in connection with the filing of Tax Returns or reports, refund claims, tax audits, tax claims and tax litigation, or as required by Law.

(j) Audits. The Seller or the Buyer, as applicable, shall provide prompt written notice to the other Parties of any pending or threatened tax audit, assessment or proceeding that it becomes aware of related to the Relevant Assets or the Acquired Companies for whole or partial periods for which it is indemnified by any other Party hereunder. Such notice shall contain factual information (to the extent known) describing the asserted tax liability in reasonable detail and shall be accompanied by copies of any notice or other document received from or with any tax authority in respect of any such matters. If an indemnified party has knowledge of an asserted tax liability with respect to a matter for which it is to be indemnified hereunder and such party fails to give the indemnifying party prompt notice of such asserted tax liability, then (I) if the indemnifying party is precluded by the failure to give prompt notice from contesting the asserted tax liability in any forum, the indemnifying party shall have no obligation to indemnify the indemnified party for any Taxes arising out of such asserted tax liability, and (II) if the indemnifying party is not so precluded from contesting, but such failure to give prompt notice results in a detriment to the indemnifying party, then any amount which the indemnifying

party is otherwise required to pay the indemnified party pursuant to this Section 9(j) shall be reduced by the amount of such detriment, provided, the indemnified party shall nevertheless be entitled to full indemnification hereunder to the extent, and only to the extent, that such party can establish that the indemnifying party was not prejudiced by such failure. This Section 9(j) shall control the procedure for Tax indemnification matters to the extent it is inconsistent with any other provision of this Agreement.

(k) Control of Proceedings. The party responsible for the Tax under this Agreement shall control audits and disputes related to such Taxes (including action taken to pay, compromise or settle such Taxes). The Seller and the Buyer shall jointly control, in good faith with each other, audits and disputes relating to Straddle Periods. Reasonable out-of-pocket expenses with respect to such contests shall be borne by the Seller and the Buyer in proportion to their responsibility for such Taxes as set forth in this Agreement. Except as otherwise provided by this Agreement, the noncontrolling party shall be afforded a reasonable opportunity to participate in such proceedings at its own expense.

(l) Powers of Attorney. The Buyer, the Acquired Companies and their respective Affiliates shall provide the Seller and its Affiliates with such powers of attorney or other authorizing documentation as are reasonably necessary to empower them to execute and file returns they are responsible for hereunder, file refund and equivalent claims for Taxes they are responsible for, and contest, settle, and resolve any audits and disputes that they have control over under Section 9(k) (including any refund claims which turn into audits or disputes).

(m) Remittance of Refunds. If the Buyer or any Affiliate of the Buyer receives a refund of any Taxes that the Seller is responsible for hereunder, or if the Seller or any Affiliate of the Seller receives a refund of any Taxes that the Buyer is responsible for hereunder, the party receiving such refund shall, within 30 days after receipt of such refund, remit it to the party who has responsibility for such Taxes hereunder. For the purpose of this Section 9(m), the term "refund" shall include a reduction in Tax and the use of an overpayment as a credit or other Tax offset, and receipt of a refund shall occur upon the filing of a Tax Return or an adjustment thereto using such reduction, overpayment or offset or upon the receipt of cash.

(n) Purchase Price Allocation. The Seller and the Buyer agree that the actual Purchase Price allocable to the Assigned Equity Interests, El Paso Texas Interest and Acquired Company Assets shall be allocated to the Acquired Company Assets for all purposes (including Tax and financial accounting purposes) as jointly agreed between the Buyer and the Seller within ninety (90) days after the Closing Date. The Buyer, the Seller and their applicable Affiliates shall file all Tax Returns (including amended Tax Returns and claims for refund) and information reports in a manner consistent with such allocation.

(o) Closing Tax Certificate. At the Closing, the Seller shall deliver to the Buyer a certificate, in the form of Exhibit K, signed under penalties of perjury (i) stating it is not a foreign corporation, foreign partnership, foreign trust or foreign estate, (ii) providing its U.S. Employer Identification Number, and (iii) providing its address, all pursuant to Section 1445 of the Code.

(p) Like Kind Exchanges. Each of the Buyer and Seller shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with enabling the transactions contemplated herein to qualify in whole or in part as a "like-kind exchange" pursuant to Section 1031 of the Code. Each of the Buyer and Seller agree to indemnify the other Party against any and all costs and expenses incurred with respect to furnishing such cooperation. Each Party may assign all or a portion of its rights under this Agreement to a "qualified intermediary" to facilitate a like-kind exchange. The agreement between the applicable Party and the qualified intermediary ("EXCHANGE AGREEMENT") shall be set forth as Exhibit G.

10. Termination.

(a) Termination of Agreement. The Parties may terminate this Agreement, as provided below:

(i) the Buyer and the Seller may terminate this Agreement by mutual written consent at any time before the Closing;

(ii) the Buyer may terminate this Agreement by giving written notice to the Seller at any time before Closing (A) in the event the Seller has breached any representation, warranty or covenant contained in this Agreement in any material respect, the Buyer has notified the Seller of the breach, the breach has continued without cure for a period of 10 days after the notice of breach and such breach would result in a failure to satisfy a condition to the Buyer's obligation to consummate the transactions contemplated hereby; (B) if the Closing shall not have occurred on or before 9:00 a.m. (Houston time) on April 1, 2002 (unless the failure results primarily from the Buyer itself breaching any representation, warranty or covenant contained in this Agreement); or (C) if the transactions contemplated hereby do not receive all required approvals of the FTC;

(iii) the Seller may terminate this Agreement by giving written notice to the Buyer at any time before the Closing (A) in the event the Buyer has breached any representation, warranty or covenant contained in this Agreement in any material respect, the Seller has notified the Buyer of the breach, the breach has continued without cure for a period of 10 days after the notice of breach and such breach would result in a failure to satisfy a condition to the Seller's obligation to consummate the transactions contemplated hereby; (B) if the Closing shall not have occurred on or before 9:00 a.m. (Houston time) on April 1, 2002 (unless the failure results primarily from the Seller breaching any representation, warranty or covenant contained in this Agreement); or (C) if the transactions contemplated hereby do not receive all required approvals of the FTC;

(iv) the Buyer or the Seller may terminate this Agreement if any court of competent jurisdiction or any governmental, administrative or regulatory authority, agency or body shall have issued an order, decree or ruling or shall have taken any other action permanently enjoining, restraining or otherwise prohibiting

the transactions contemplated hereby and such order, decree, ruling or other action shall have become final and nonappealable; and

(v) the Buyer or the Seller may terminate this Agreement if the Contribution Agreement is terminated for any reason.

(b) Effect of Termination. Except for the obligations under Sections 8, 10 and 11, if any Party terminates this Agreement pursuant to Section 10(a), all rights and obligations of the Parties hereunder shall terminate without any liability of any Party to any other Party (except for any liability of any Party then in breach).

11. Miscellaneous.

(a) Public Announcements. Any Party is permitted to issue a press release or make a public announcement concerning this Agreement without the other Parties' consents, in which case the disclosing Party shall provide an advance copy of the proposed public disclosure to the non-disclosing Parties and permit the non-disclosing Parties the opportunity to reasonably comment on such proposed disclosure. The Parties agree to cooperate in good faith to issue separate and simultaneous press releases within twenty-four (24) hours following the execution of this Agreement by all Parties.

(b) Insurance. The Buyer acknowledges and agrees that, following the Closing, any Subject Insurance Policies shall be terminated or modified to exclude coverage of all or any portion of the Relevant Assets or Acquired Companies by the Seller or any of its Affiliates, and, as a result, the Buyer shall be obligated at or before Closing to obtain at its sole cost and expense replacement insurance, including insurance required by any third party to be maintained for or by the Relevant Assets or the Acquired Companies. The Buyer further acknowledges and agrees that the Buyer may need to provide to certain Governmental Authorities and third parties evidence of such replacement or substitute insurance coverage for the continued operations or businesses of the Relevant Assets or the Acquired Companies. If any claims are made or losses occur prior to the Closing Date that relate solely to the Relevant Assets or the business activities of the Acquired Companies and such claims, or the claims associated with such losses, properly may be made against the policies retained by the Seller or its Affiliates after the Closing, then the Seller shall use its Best Efforts so that the Buyer can file, notice, and otherwise continue to pursue these claims pursuant to the terms of such policies; provided, however, nothing in this Agreement shall require the Seller to maintain or to refrain from asserting claims against or exhausting any retained policies.

(c) No Third Party Beneficiaries. Except for the indemnification provisions, this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns, except that the Administrative Agent is a third-party beneficiary of Section 11(d), and such Section may not be amended or modified without the Administrative Agent's written consent.

(d) Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted

assigns. Prior to the Closing the Buyer may not assign this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the Seller; provided, however, without the prior written approval of the Seller, the Buyer and its permitted successors and assigns may assign any or all of its rights, interests or obligations under this Agreement (i) to an Affiliate of the Buyer, including designating one or more Affiliates of the Buyer to be the assignee of some or any portion of the Acquired Company Assets, (ii) in connection with granting a lien, pledge, mortgage or other security interest pursuant to a bona fide lending transaction, or (iii) pursuant to the foreclosure or settlement of any assignment made pursuant to (ii) above; provided the Buyer is not released from any of its obligations or liabilities hereunder. Each Party may assign either this Agreement or any of its rights, interests or obligations hereunder, without the prior written approval of the other Party, to a qualified intermediary in connection with any transaction described in Section 9(p); provided, however, that no such assignment shall relieve any Party from any of its obligations or liabilities under this Agreement. The Seller acknowledges that the Buyer has granted to the Administrative Agent a lien on and security interest in all of its right, title and interest in and to this Agreement.

(e) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

(f) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(g) Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given two business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to the Seller: El Paso Tennessee Pipeline Co.
Attn: President
El Paso Building
1001 Louisiana
Houston, Texas 77002

If to the Buyer: El Paso Energy Partners, L.P.
Attn: President
4 Greenway Plaza
Houston, Texas 77046
(713) 420-2131

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the addresses set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been

duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the domestic Laws of the State of Texas without giving effect to any choice or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Texas. VENUE FOR ANY ACTION ARISING UNDER THIS AGREEMENT SHALL LIE EXCLUSIVELY IN ANY STATE OR FEDERAL COURT IN HARRIS COUNTY, TEXAS.

(i) Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Buyer and the Seller. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(j) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

(k) Transaction Expenses. Each of the Buyer and the Seller shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

(l) Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. All references herein to Exhibits, Schedules, Articles, Sections or subdivisions thereof shall refer to the corresponding Exhibits, Schedules, Article, Section or subdivision thereof of this Agreement unless specific reference is made to such exhibits, articles, sections or subdivisions of another document or instrument. The terms "herein," "hereby," "hereunder," "hereof," "hereinafter," and other equivalent words refer to this Agreement in its entirety and not solely to the particular portion of the Agreement in which such word is used. Each certificate delivered pursuant to this Agreement shall be deemed a part hereof, and any representation, warranty or covenant herein referenced or affirmed in such certificate shall be treated as a representation, warranty or

covenant given in the correlated Section hereof on the date of such certificate. Additionally, any representation, warranty or covenant made in any such certificate shall be deemed to be made herein.

(m) Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

(n) Entire Agreement. THIS AGREEMENT (INCLUDING THE DOCUMENTS REFERRED TO HEREIN) CONSTITUTES THE ENTIRE AGREEMENT AMONG THE PARTIES AND SUPERSEDES ANY PRIOR UNDERSTANDINGS, AGREEMENTS, OR REPRESENTATIONS BY OR AMONG THE PARTIES, WRITTEN OR ORAL, TO THE EXTENT THEY HAVE RELATED IN ANY WAY TO THE SUBJECT MATTER HEREOF.

*****

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in the preamble.

EL PASO ENERGY PARTNERS, L.P.

By: /s/ Keith B. Forman

Vice President and Chief Financial Officer

EL PASO TENNESSEE PIPELINE CO.

By: /s/ H. Brent Austin

Executive Vice President and Chief Financial Officer

EXHIBIT 10.O

Execution Version

CONTRIBUTION AGREEMENT

By and Between

EL PASO FIELD SERVICES HOLDING COMPANY
(Contributor)

and

EL PASO ENERGY PARTNERS, L.P.
(Issuer)

Covering the Contribution of

ALL OF THE EQUITY INTERESTS IN

EL PASO INDIAN BASIN L.P., and
EL PASO INDIAN BASIN GP HOLDING L.L.C.
(Acquired Companies)

April 1, 2002

TABLE OF CONTENTS

PAGE ----
1. Definitions....................1
2. The Transactions....................9
(a) Contribution....................9
(b) The Closing....................9
(c) Deliveries at the Closing....................9
(d) Proposed Closing Statement and Post-Closing Adjustment....................9
3. Representations and Warranties Concerning the Transaction....................11
(a) Representations and Warranties of the Contributor....................11
(b) Representations and Warranties of the Issuer....................12
4. Representations and Warranties Concerning the Acquired Company Equity Interests, Acquired Companies and Relevant Assets....................14
(a) Organization, Qualification, and Company Power....................14
(b) Noncontravention....................15
(c) Title to and Condition of Assets....................15
(d) Material Change....................17
(e) Legal Compliance....................18
(f) Tax Matters....................18
(g) Contracts and Commitments....................18
(h) Litigation....................18
(i) Environmental Matters....................19
(j) Preferential Purchase Rights....................20
(k) [Intentionally omitted]....................20
(l) Employee Matters....................20
(m) Prohibited Events....................20
(n) Regulatory Matters....................20
(o) Intercompany Transactions....................20
(p) Disclaimer of Representations and Warranties Concerning Personal Property, Equipment, and Fixtures....................21
5. Pre-Closing Covenants....................21
(a) General....................21
(b) Notices and Consents....................21
(c) Operation of Business....................21
(d) Intercompany Transactions....................23
(e) Full Access....................23
(f) Liens and Encumbrances....................23
6. Post-Closing Covenants....................23

(a) General.....23
(b) Litigation Support.....23
(c) Surety Bonds; Guarantees.....24
(d) Delivery and Retention of Records.....24
(e) Assignment of Rights.....24

7. Conditions to Obligation to Close.....25
(a) Conditions to Obligation of the Issuer.....25
(b) Conditions to Obligation of the Contributor.....26

8. Remedies for Breaches of this Agreement.....27
(a) Survival of Representations and Warranties.....27
(b) Indemnification Provisions for Benefit of the Issuer.....27
(c) Indemnification Provisions for Benefit of the Contributor.....30
(d) Matters Involving Third Parties.....30
(e) Determination of Amount of Adverse Consequences.....31
(f) Tax Treatment of Indemnity Payments.....31

9. Tax Matters.....31
(a) Post-Closing Tax Returns.....31
(b) Pre-Closing Tax Returns.....32
(c) Straddle Periods.....32
(d) Straddle Returns.....32
(e) Claims for Refund.....33
(f) Indemnification.....33
(g) Cooperation on Tax Matters.....33
(h) Certain Taxes.....33
(i) Confidentiality.....33
(j) Audits.....34
(k) Control of Proceedings.....34
(l) Powers of Attorney.....34
(m) Remittance of Refunds.....34
(n) [Intentionally omitted].....35
(o) Closing Tax Certificate.....35

10. Termination.....35
(a) Termination of Agreement.....35
(b) Effect of Termination.....36

11. Miscellaneous.....36
(a) Public Announcements.....36
(b) Insurance.....36
(c) No Third Party Beneficiaries.....36
(d) Succession and Assignment.....36
(e) Counterparts.....37
(f) Headings.....37
(g) Notices.....37

(h) Governing Law and Venue....38
(i) Amendments and Waivers....38
(j) Severability....38
(k) Transaction Expenses....38
(l) Construction....38
(m) Incorporation of Exhibits and Schedules....39
(n) Entire Agreement....39

EXHIBITS AND SCHEDULES

Exhibit A: Indian Basin
Exhibit B: Subject Indebtedness
Exhibit C: Form of Assigned Equity Interests Contribution and Assignment
Exhibit D: Form of Parent Guaranty
Exhibit E: Form of Certification of Non-Foreign Status

Schedule 1(a): Subject Insurance Policies
Schedule 1(b): Permitted Encumbrances
Schedule 1(c): Reorganization Transactions
Schedule 3(a)(ii): Consents (Contributor)
Schedule 3(a)(iii): Noncontravention (Contributor)
Schedule 3(b)(ii): Consents (Issuer)
Schedule 3(b)(iii): Noncontravention (Issuer)
Schedule 4(b): Noncontravention (Acquired Companies)
Schedule 4(c)(i): Encumbrances
Schedule 4(c)(ii): Condition of Relevant Assets
Schedule 4(c)(v): Encumbrances for Borrowed Money
Schedule 4(d): Material Changes
Schedule 4(f): Tax Matters
Schedule 4(g)(i): Acquired Company Contracts
Schedule 4(g)(ii): Rights of Way
Schedule 4(h): Litigation
Schedule 4(i): Environmental Matters
Schedule 4(i)(ii): Environmental Permits
Schedule 4(j): Preferential Purchase Rights
Schedule 4(n): Regulatory Matters
Schedule 4(o): Intercompany Transactions
Schedule 5(c): Operation of Business
Schedule 5(c)(v): Capital Expenditures Budget
Schedule 6(c): Surety Bonds

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT (this "Agreement") dated as of April 1, 2002 is by and between El Paso Field Services Holding Company, a Delaware corporation (the "Contributor"), and El Paso Energy Partners, L.P., a Delaware limited partnership (the "Issuer"). The Contributor and the Issuer are sometimes referred to collectively herein as the "Parties" and individually as a "Party."

RECITALS

WHEREAS, the Contributor owns directly (i) a 99% limited partner interest (the "El Paso Indian Basin LP Interest") in El Paso Indian Basin L.P., a Delaware limited partnership ("El Paso Indian Basin"), which owns a 42.38653% undivided interest (the "Indian Basin Cotenancy Interest") in the Indian Basin Gas Plant and related assets and facilities ("Indian Basin") located in Eddy County, New Mexico, as evidenced by the Agreement for Construction and Operation of Indian Basin Gas Plant, Eddy County, New Mexico dated March 30, 1965 (as amended, restated, supplemented and otherwise modified from time to time) and (ii) all of the issued and outstanding membership interest (the "Holding LLC Interest" and, together with the El Paso Indian Basin LP Interest, the "Assigned Equity Interests") in El Paso Indian Basin GP Holding L.L.C., a Delaware limited liability company ("Holding LLC" and, together with El Paso Indian Basin, the "Acquired Companies"), which owns a 1% general partner interest (the "El Paso Indian Basin GP Interest" and, together with the Assigned Equity Interests, the "Acquired Company Equity Interests") in El Paso Indian Basin; and

WHEREAS, the Contributor desires to contribute the Assigned Equity Interests to the Issuer in exchange for the issuance by the Issuer of common units representing limited partner interests in the Issuer ("Common Units") to the Contributor.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows:

1. Definitions.

"Acquired Companies " has the meaning set forth in the Recitals.

"Acquired Company Assets" means the Indian Basin Cotenancy Interest and the El Paso Indian Basin GP Interest.

"Acquired Company Contracts" has the meaning set forth in Section 4(g).

"Acquired Company Equity Interests" has the meaning set forth in the Recitals.

"Administrative Agent" means JPMorgan Chase Bank, in its capacity as administrative agent under the credit agreement to be entered into among a subsidiary of the Issuer, the Administrative Agent and the lenders party thereto.

"Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and attorneys' fees and expenses, but excluding punitive (except as provided in Section 8), exemplary, special or consequential damages.

"Adverse Contribution Agreement Event" means any breach of any representation or warranty (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value) of the Contributor contained in this Agreement (other than a representation or warranty contained in Section 4(c)(i) or 4(c)(iii).

"Adverse Event" means any Adverse PSA Event and any Adverse Contribution Agreement Event.

"Adverse PSA Event" has the meaning given such term in the Purchase and Sale Agreement.

"Affiliate" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act; provided, however, that (i) with respect to the Issuer, the term "Affiliate" shall exclude each member of the El Paso Group, (ii) with respect to the Contributor, the term "Affiliate" shall exclude each member of the Issuer Group, and (iii) the Acquired Companies shall be deemed to be Affiliates (x) prior to the Closing, of the Contributor and (y) on and after the Closing, of the Issuer.

"Agreement" has the meaning set forth in the preface.

"Assigned Equity Interests" has the meaning set forth in the Recitals.

"Assigned Equity Interests Assignment" means the contribution and assignment agreement in the form of Exhibit C.

"Basis" means any past or current fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction about which the relevant Person has Knowledge that forms or could form the basis for any specified consequence.

"Best Efforts" means the efforts, time, and costs that a prudent Person desirous of achieving a result would use, expend, or incur in similar circumstances to ensure that such result is achieved as expeditiously as possible; provided, however, that no such use, expenditure, or incurrence shall be required if it could reasonably be expected to have an adverse effect on such Person and would require an expense of such Person in excess of $1,000,000.

"CERCLA" is defined in Section 4(i).

"Closing" has the meaning set forth in Section 2(b).

"Closing Date" has the meaning set forth in Section 2(b).

"Closing Statement" has the meaning set forth in Section 2(d).

"Code" means the Internal Revenue Code of 1986, as amended, or any successor Law.

"Combined Value" means the sum of (i) the Issue Price plus (ii) the purchase price paid by the buyer under the Purchase and Sale Agreement plus (iii) $119 million.

"Commitment" means (a) options, warrants, convertible securities, exchangeable securities, subscription rights, conversion rights, exchange rights or other contracts that could require a Person to issue any of its Equity Interests or to sell any Equity Interest it owns in another Person; (b) any other securities convertible into, exchangeable or exercisable for, or representing the right to subscribe for any Equity Interest of a Person or owned by a Person; (c) statutory pre-emptive rights or pre-emptive rights granted under a Person's Organizational Documents; and (d) stock appreciation rights, phantom stock, profit participation, or other similar rights with respect to a Person.

"Common Units" has the meaning set forth in the Recitals.

"Contributor" has the meaning set forth in the preface.

"Contributor Indemnitees" means, collectively, the Contributor and its Affiliates and each of their respective officers (or Persons performing similar functions), directors (or Persons performing similar functions), employees, agents, and representatives.

"Contributor Party" means each of (i) the Contributor, (ii) El Paso Corporation, (iii) each Affiliate of the Contributor in which the Contributor owns (directly or indirectly) an Equity Interest and which is a party to any Transaction Agreement and (iv) up to and through the Closing, each of the Acquired Companies.

"Delaware LP Act" means the Delaware Revised Uniform Limited Partnership Act as in effect on the date of this Agreement and as amended, restated or replaced from time to time thereafter.

"Disposed Obligations" means all Obligations of the Acquired Companies, regardless of when such Obligations actually arise or arose, other than the Subject Indebtedness, existing on the Closing Date and not directly related to the Acquired Company Assets.

"El Paso Corporation" means El Paso Corporation, a Delaware corporation.

"El Paso Group" means, other than members of the Issuer Group, (i) each Affiliate of El Paso Corporation in which El Paso Corporation owns (directly or indirectly) an Equity Interest and (ii) each natural person that is an Affiliate of any Person described in (i) above solely because of such natural person's position as an officer (or natural person performing similar

functions), director (or natural person performing similar functions) or other representative of any Person described in (i) above, but only to the extent that such natural person is acting in such capacity.

"El Paso Indian Basin" has the meaning set forth in the Recitals.

"El Paso Indian Basin GP Interest" has the meaning set forth in the Recitals.

"El Paso Indian Basin LP Interest" has the meaning set forth in the Recitals.

"Encumbrance" means any mortgage, pledge, lien, encumbrance, charge, security interest, purchase or preferential right, right of first refusal, option, or other defect in title.

"Environmental Law" and "Environmental Laws" have the meanings set forth in Section 4(i).

"Equity Interest" means (a) with respect to a corporation, any and all shares of capital stock and any Commitments with respect thereto, (b) with respect to a partnership, limited liability company, trust or similar Person, any and all units, interests or other partnership, limited liability company, trust or similar interests, and any Commitments with respect thereto, and (c) any other direct equity ownership or participation in a Person.

"FTC" has the meaning set forth in Section 3(a)(ii).

"GAAP" means generally accepted accounting principles in the United States consistently applied.

"General Partner" means El Paso Energy Partners Company, a Delaware corporation and the general partner of the Issuer.

"Governmental Authority" means the United States or any agency thereof and any state, county, city or other political subdivision, agency, court or instrumentality.

"Hazardous Substances" means all materials, substances, chemicals, gas and wastes which are regulated under any Environmental Law or which may form the basis for liability under any Environmental Law.

"Holding LLC" has the meaning set forth in the Recitals.

"Holding LLC Interest" has the meaning set forth in the Recitals.

"Indebtedness" means, with respect to any Person, to the extent not classified as a current liability, on a consolidated basis, all Obligations of the Person to other Persons for (a) borrowed money, (b) any capital lease Obligation, (c) any Obligation (whether fixed or contingent) to reimburse any bank or other Person in respect of amounts paid or payable under a standby letter of credit, (d) any guarantee with respect to indebtedness (of the kind otherwise described in this definition) of any Person and (e) any liability, indebtedness or other Obligation of the Person.

"Indemnified Party" has the meaning set forth in Section 8(d).

"Indemnifying Party" has the meaning set forth in Section 8(d).

"Indian Basin" has the meaning set forth in the Recitals.

"Indian Basin Cotenancy Interest" has the meaning set forth in the Recitals.

"Issue Price" means $6,000,000 plus (i) the amount, if any, by which the total of the Issue Price Increases exceeds the total of the Issue Price Decreases, or minus (ii) the amount, if any, by which the total of the Issue Price Decreases exceeds the total of the Issue Price Increases.

"Issue Price Adjustment Date" means immediately after the close of business on March 31, 2002.

"Issue Price Decreases" means, without duplication, the following: (i) 100% of the amount, if any, of negative Working Capital of the Acquired Companies as of the Issue Price Adjustment Date, as determined and calculated in accordance with GAAP; (ii) 100% of the amount, if any, of all of the consolidated Indebtedness (other than (a) Subject Indebtedness and (b) Indebtedness otherwise included in Working Capital) of the Acquired Companies as of the Issue Price Adjustment Date; and (iii) 100% of the amount, if any, of all dividends and/or distributions made by any Acquired Company (other than dividends and/or distributions made by El Paso Indian Basin to Holding LLC), if any, between the Issue Price Adjustment Date and the Closing Date.

"Issue Price Increases" means, without duplication, 100% of the amount, if any, of positive Working Capital of the Acquired Companies as of the Issue Price Adjustment Date, as determined and calculated in accordance with GAAP.

"Issuer" has the meaning set forth in the preface.

"Issuer Group" means (i) the General Partner, (ii) the Issuer, (iii) each Affiliate of the Issuer in which the Issuer owns (directly or indirectly) an Equity Interest and (iv) each natural person that is an Affiliate of any Person described in (i) -- (iii) above solely because of such natural person's position as an officer (or person performing similar functions), director (or person performing similar functions) or other representative of any Person described in (i) -- (iii) above, but only to the extent that such natural person is acting in such capacity.

"Issuer Indemnitees" means, collectively, the Issuer and its Affiliates and each of their respective officers (or persons performing similar functions), directors (or persons performing similar functions), employees, agents and representatives to the extent acting in such capacity.

"Issuer Party" means each of (i) the Issuer, (ii) each Affiliate of the Issuer in which the Issuer owns (directly or indirectly) an Equity Interest and which is a party to any Transaction Agreement, and (iii) immediately after the Closing, each of the Acquired Companies.

"Knowledge": an individual shall be deemed to have "Knowledge" of a particular fact or other matter if such individual is consciously aware of such fact or other matter at the time of determination. A Person other than a natural person shall be deemed to have "Knowledge" of a particular fact or other matter if (i) any natural person who is serving as a director, executive officer, partner, member, executor, or trustee of such Person (or in any similar capacity) or (ii) any employee (or any natural person serving in a similar capacity) who is charged with the ultimate responsibility for a particular area of such Person's operations (e.g., the manager of the environmental section with respect to knowledge of environmental matters), at the time of determination had, Knowledge of such fact or other matter.

"Law" means any statute, code, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any applicable Governmental Authority.

"Legal Right" means the legal authority and right (without risk of liability, criminal, civil or otherwise), such that the contemplated conduct would not, to the extent arising from, related to or in any way connected with any Acquired Company or Indian Basin (including under any Organizational Documents thereof or any contract, agreement or arrangement related thereto) constitute a violation, termination or breach of, or require any payment under or cause or permit any termination under, any contract or agreement; arrangement; applicable Law; fiduciary, quasi-fiduciary or similar duty; or any other obligation of or by any Acquired Company or Indian Basin.

"Market Price" means the average of the closing sales prices of the Common Units as reported on the New York Stock Exchange for the ten trading days ending two business days before the Closing Date or, in the case of an indemnification payment by the Issuer hereunder, the date the Issuer is notified by the Contributor of such indemnification obligation.

"Material Adverse Effect" means any change or effect relating to the Acquired Company Equity Interests, the Acquired Company Assets or the businesses, operations (financial or otherwise) and properties of the Acquired Companies or the Acquired Company Assets taken as a whole, that, individually or in the aggregate with other changes or effects, materially and adversely effects the value of the Acquired Company Equity Interests, provided that in determining whether a Material Adverse Effect has occurred, changes or effects relating to (i) the natural gas pipeline, treating and processing industry generally (including the price of natural gas and the costs associated with the drilling and/or production of natural gas), (ii) United States or global economic conditions or financial markets in general, or (iii) the transactions contemplated by this Agreement, shall not be considered.

"Obligations" means duties, liabilities and obligations, whether vested, absolute or contingent, known or unknown, asserted or unasserted, accrued or unaccrued, liquidated or unliquidated, due or to become due, and whether contractual, statutory or otherwise.

"Ordinary Course of Business" means the ordinary course of business consistent with the applicable Person's past custom and practice (including with respect to quantity and frequency).

"Organizational Documents" means the articles of incorporation, certificate of incorporation, charter, bylaws, articles or certificate of formation, regulations, operating agreement, certificate of limited partnership, partnership agreement, and all other similar documents, instruments or certificates executed, adopted, or filed in connection with the creation, formation, or organization of a Person, including any amendments thereto.

"Parent Guaranty" means the performance guaranty in the form of Exhibit D.

"Party" and "Parties" have the meanings set forth in the preface.

"Permitted Encumbrances" means any of the following: (i) any liens for Taxes and assessments not yet delinquent or, if delinquent, that are being contested in good faith in the Ordinary Course of Business, provided that adequate reserve accounts have been established in accordance with GAAP; (ii) inchoate, mechanic's, materialmen's, and similar liens; (iii) any inchoate liens or other Encumbrances created pursuant to (1) any operating, farmout, construction, operation and maintenance, co-owners, cotenancy, lease or similar agreements listed on Schedule 1(b) for which amounts are not due or (2) the Organizational Documents of any of the Acquired Companies or Indian Basin for which amounts are not due; and (iv) easements, rights-of-way, restrictions and other similar encumbrances incurred in the Ordinary Course of Business which, in the aggregate, are not substantial in amount and which do not in any case materially detract from the value of the property subject thereto as it is currently being used or materially interfere with the ordinary conduct of the business.

"Person" means an individual or entity, including any partnership, corporation, association, joint stock company, trust, joint venture, limited liability company, unincorporated organization, or Governmental Authority (or any department, agency or political subdivision thereof).

"Post-Closing Tax Period" means any Tax period beginning after the Closing Date.

"Post-Closing Tax Return" means any Tax Return that is required to be filed for any of the Acquired Companies with respect to a Post-Closing Tax Period.

"Pre-Closing Tax Period" means any Tax periods or portions thereof ending on or before the Closing Date.

"Pre-Closing Tax Return" means any Tax Return that is required to be filed for any Acquired Company with respect to a Pre-Closing Tax Period.

"Preferential Rights" has the meaning set forth in Section 4(j).

"Prime Rate" means the prime rate reported in the Wall Street Journal at the time such rate must be determined under the terms of this Agreement.

"Proposed Closing Statement" has the meaning set forth in Section 2(d).

"Purchase and Sale Agreement" means the Purchase, Sale and Merger Agreement dated the date of this Agreement between El Paso Tennessee Pipeline Co. and El Paso Energy Partners, L.P.

"Records" has the meaning set forth in Section 6(d).

"Relevant Assets" means the Acquired Company Assets and Indian Basin.

"Reorganization Transactions" means the transactions described on Schedule 1(c).

"Rights of Way" has the meaning set forth in Section 4(g).

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Straddle Period" means a Tax period or year commencing before and ending after the Closing Date.

"Straddle Return" means a Tax Return for a Straddle Period.

"Subject Indebtedness" means the Obligations described on Exhibit B.

"Subject Insurance Policies" means those material policies of insurance, the current policies of which are listed on Schedule 1(a), which the Contributor or any of its Affiliates maintain covering any Acquired Company Assets, any Acquired Company or Indian Basin with respect to its assets and operations.

"Subject Units" means that number of Common Units to be issued to the Contributor (or its designee) pursuant to the terms and conditions of this Agreement, which number shall be determined by dividing (i) the Issue Price by (ii) the Market Price.

"Tax" or "Taxes" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), custom duties, capital stock, franchise, profits, withholding, social security (or similar excises), unemployment, disability, ad valorem, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

"Tax Records" means all Tax Returns and Tax-related work papers relating to any Acquired Company.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Third Party Claim" has the meaning set forth in Section 8(d).

"Transaction Agreements" means this Agreement, the Assigned Equity Interests Assignment, the Parent Guaranty, the Purchase and Sale Agreement and all other agreements, documents, certificates or instruments executed and delivered in connection with the transactions contemplated herein.

"Working Capital" means current assets less current liabilities.

2. The Transactions.

(a) Contribution. Subject to the terms and conditions of this Agreement, the Contributor agrees to contribute the Assigned Equity Interests to the Issuer, and the Issuer agrees to issue the Subject Units to the Contributor or its designee.

(b) The Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of the Contributor, commencing at 10:00 a.m., local time, on the last business day of the month in which the satisfaction or waiver of all conditions to the obligations of the Parties to consummate the transactions contemplated hereby has occurred (other than conditions with respect to actions each Party shall take at the Closing itself) or such other date as the Parties may mutually determine (the "Closing Date").

(c) Deliveries at the Closing. At the Closing, (i) the Contributor shall deliver to the Issuer the various certificates, instruments, and documents referred to in Sections 7(a) and 9(o); (ii) the Issuer shall deliver to the Contributor the various certificates, instruments, and documents referred to in Section 7(b); (iii) the Contributor shall execute and deliver the Assigned Equity Interests Assignment; (iv) the Contributor shall cause El Paso Corporation to execute and deliver to the Issuer the Parent Guaranty; and (v) the Parties shall execute and/or deliver, or cause to be executed and/or delivered, each other Transaction Agreement. The Issuer shall deliver to the Contributor, either on the Closing Date or as soon as practicable thereafter, the Subject Units,

(d) Proposed Closing Statement and Post-Closing Adjustment

(i) At least three business days prior to the Closing Date, the Contributor shall cause to be prepared and delivered to the Issuer a statement (the "Proposed Closing Statement"), as prepared and determined in accordance with GAAP to the extent applicable, setting forth the Contributor's good faith estimate, including reasonable detail, of the Issue Price. As soon as practicable, but in any event no later than 60 days following the Closing Date, the Contributor shall cause to be prepared and delivered to the Issuer a statement, including reasonable detail, of the actual Issue Price (such statement, as it may be adjusted pursuant to Section 2(d)(ii), the "Closing Statement").

(ii) Upon receipt of the Closing Statement, the Issuer and the Issuer's independent accountants shall be permitted during the succeeding 30-day period to examine the work papers used or generated in connection with the preparation of the Closing Statement and such other documents as the Issuer may reasonably

request in connection with its review of the Closing Statement. Within 30 days of receipt of the Closing Statement, the Issuer shall deliver to the Contributor a written statement describing in reasonable detail its objections (if any) to any amounts or items set forth on the Closing Statement. If the Issuer does not raise objections within such period, then, the Closing Statement shall become final and binding upon all Parties at the end of such period. If the Issuer raises objections, the Parties shall negotiate in good faith to resolve any such objections. If the Parties are unable to resolve any disputed item within 60 days after the Issuer's receipt of the Closing Statement, any such disputed item shall be submitted to a nationally recognized independent accounting firm mutually agreeable to the Parties who shall be instructed to resolve such disputed item within 30 days. The resolution of disputes by the accounting firm so selected shall be set forth in writing and shall be conclusive, binding and non-appealable upon the Parties and the Closing Statement shall become final and binding upon the date of such resolution. The fees and expenses of such accounting firm shall be paid one-half by the Issuer and one-half by the Contributor.

(iii) If the Issue Price as set forth on the Closing Statement exceeds the estimated Issue Price as set forth on the Proposed Closing Statement, the Issuer shall pay the Contributor the amount of such excess in Common Units based on the Market Price on the date of Closing. If the estimated Issue Price as set forth on the Proposed Closing Statement exceeds the Issue Price as set forth on the Closing Statement, the Contributor shall pay to the Issuer (or its designee) the amount of such excess in cash. After giving effect to the foregoing adjustments, any amount to be paid by the Issuer to the Contributor, or to be paid by the Contributor to the Issuer, as the case may be, shall be paid in the manner and with interest as provided in Section 2(d)(iv) at a mutually convenient time and place within five business days after the later of acceptance of the Closing Statement or the resolution of the Issuer's objections thereto pursuant to Section 2(d)(ii).

(iv) Any cash payments pursuant to this Section 2(d) shall be made by causing such payments to be credited in immediately available funds to such account of the Issuer as may be designated by the Issuer. If any cash payment is being made after the fifth business day referred to in Section 2(d)(iii), the amount of the payment to be made pursuant to this Section 2(d) shall bear interest from and including such fifth business day to, but excluding, the date of payment at a rate per annum equal to the Prime Rate plus two percent. Such interest shall be payable at the same time as the payment to which it relates and shall be calculated on the basis of a year of 365 days and the actual number of days for which due.

(v) The Issuer shall cooperate in the preparation of the Closing Statement, including providing customary certifications to the Contributor, and, if requested, to the Contributor's independent accountants or the accounting firm selected by mutual agreement of the Parties pursuant to Section 2(d)(ii).

(vi) Except as set forth in Section 2(d)(ii), each Party shall bear its own expenses incurred in connection with the preparation and review of the Closing Statement.

3. Representations and Warranties Concerning the Transaction.

(a) Representations and Warranties of the Contributor. The Contributor hereby represents and warrants to the Issuer as follows (provided, however, that any representation or warranty given in this Section 3(a) with respect to Indian Basin shall be deemed to be made to the Seller's Knowledge):

(i) Organization and Good Standing. The Contributor is an entity duly organized, validly existing, and in good standing under the Laws of the state of Delaware. The Contributor is in good standing under the Laws of the state of Texas and each other jurisdiction which requires such qualification, except where the lack of such qualification would not have a Material Adverse Effect.

(ii) Authorization of Transaction. Each Contributor Party has full power and authority (including full entity power and authority) to execute and deliver each Transaction Agreement to which such Contributor Party is a party and to perform its obligations thereunder. Each Transaction Agreement to which any Contributor Party is a party constitutes the valid and legally binding obligation of such Contributor Party, enforceable against such Contributor Party in accordance with its terms and conditions, subject, however, to the effects of bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Except as set forth on Schedule 3(a)(ii), no Contributor Party need give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Authority or any other Person in order to consummate the transactions contemplated by this Agreement or any other Transaction Document to which such Contributor Party is a party, except for the prior approval of the Federal Trade Commission ("FTC"), if applicable.

(iii) Noncontravention. Except for prior approval of the FTC (if applicable) and filings specified in Schedule 3(a)(ii) or as set forth in Schedule 3(a)(iii), neither the execution and delivery of any Transaction Agreement, nor the consummation of any of the transactions contemplated thereby, shall (A) violate any statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Authority to which any Contributor Party is subject or any provision of its Organizational Documents or (B) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any Person the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which any Contributor Party is a party or by which it is bound or to which any of its assets or any of the Relevant Assets is subject, except for such

violations, defaults, breaches, or other occurrences that do not, individually or in the aggregate, have a material adverse effect on the ability of the Contributor or any other Contributor Party to consummate the transactions contemplated by such Transaction Agreement.

(iv) Brokers' Fees. No Contributor Party has any liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Issuer could become liable or obligated.

(v) Investment. The Contributor is not acquiring the Subject Units with a view to or for sale in connection with any distribution thereof or any other security related thereto within the meaning of the Securities Act. The Contributor is familiar with investments of the nature of the Subject Units, understands that this investment involves substantial risks, has adequately investigated the Subject Units, and has substantial knowledge and experience in financial and business matters such that it is capable of evaluating, and has evaluated, the merits and risks inherent in purchasing the Subject Units, and is able to bear the economic risks of such investment. The Contributor has had the opportunity to visit with the Issuer and meet with its representative officers and other representatives to discuss the Issuer's business, assets, liabilities, financial condition, and operations, has received all materials, documents and other information that the Contributor deems necessary or advisable to evaluate the Subject Units, and has made its own independent examination, investigation, analysis and evaluation of the Issuer, including its own estimate of the value of the Subject Units. The Contributor has undertaken such due diligence (including a review of the Issuer's assets, properties, liabilities, books, records and contracts) as the Contributor deems adequate.

(b) Representations and Warranties of the Issuer. The Issuer hereby represents and warrants to the Contributor as follows:

(i) Organization of the Issuer. Each Issuer Party is a limited liability company, limited partnership or corporation duly organized, validly existing, and in good standing under the Laws of the state of Delaware. Each Issuer Party is in good standing under the Laws of the state of Texas and each other jurisdiction which requires such qualification, except where the lack of such qualification would not have a Material Adverse Effect.

(ii) Authorization of Transaction. Each Issuer Party has full power and authority (including full entity power and authority) to execute and deliver each Transaction Agreement to which it is a party and to perform its obligations thereunder. Each Transaction Agreement to which such Issuer Party is a party constitutes the valid and legally binding obligation of such Issuer Party, enforceable against such Issuer Party in accordance with its terms and conditions, subject, however, to the effects of bankruptcy, insolvency, reorganization,

moratorium or similar Laws affecting creditors' rights generally, and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Except as set forth on Schedule 3(b)(ii), no Issuer Party needs to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Authority or any other Person in order to consummate the transactions contemplated by this Agreement or any other Transaction Document, except for the prior approval of the FTC, if applicable.

(iii) Noncontravention. Except for the prior approval of the FTC (if applicable) and filings specified in Schedule 3(b)(ii) or as set forth in Schedule 3(b)(iii), neither the execution and delivery of any Transaction Agreement to which any Issuer Party is a party, nor the consummation of any of the transactions contemplated thereby, shall (A) violate any statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Authority to which such Issuer Party is subject or any provision of its Organizational Documents or (B) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any Person the right to accelerate, terminate, modify, or cancel, or require any notice, approval or consent under any agreement, contract, lease, license, instrument, or other arrangement to which any Issuer Party is a party or by which it is bound or to which any of its assets is subject, except for such violations, defaults, breaches, or other occurrences that do not, individually or in the aggregate, have a material adverse effect on the ability of any Issuer Party to consummate the transactions contemplated by such Transaction Agreement.

(iv) Brokers' Fees. No Issuer Party has any liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Contributor could become liable or obligated.

(v) Investment. The Issuer is not acquiring the Acquired Company Equity Interests or the Acquired Company Assets with a view to or for sale in connection with any distribution thereof or any other security related thereto within the meaning of the Securities Act. The Issuer is familiar with investments of the nature of the Acquired Company Equity Interests and the Acquired Company Assets, understands that this investment involves substantial risks, has adequately investigated the Acquired Company Equity Interests and the Acquired Company Assets, and has substantial knowledge and experience in financial and business matters such that it is capable of evaluating, and has evaluated, the merits and risks inherent in purchasing the Acquired Company Equity Interests and the Acquired Company Assets, and is able to bear the economic risks of such investment. The Issuer has had the opportunity to visit with the Contributor and its applicable Affiliates and meet with their representative officers and other representatives to discuss the business, assets, liabilities, financial condition, and operations of the Acquired Companies and the Acquired Company Assets, has

received all materials, documents and other information that the Issuer deems necessary or advisable to evaluate the Acquired Company Equity Interests and the Acquired Company Assets, and has made its own independent examination, investigation, analysis and evaluation of the Acquired Companies, including its own estimate of the value of the Acquired Company Equity Interests and the Acquired Company Assets. The Issuer has undertaken such due diligence (including a review of the assets, properties, liabilities, books, records and contracts of the Acquired Companies and the Acquired Company Assets) as the Issuer deems adequate.

(vi) Subject Units. The issuance of the Subject Units by the Issuer has been duly authorized and approved by all requisite partnership action, and such Subject Units shall, when issued in consideration for the contribution by the Contributor of the Assigned Equity Interests pursuant to this Agreement, be validly issued, fully paid and (except as set forth in Sections 17-303(a) and 17-607 of the Delaware LP Act) non-assessable.

(vii) Taxes. To the knowledge of each Issuer Party, the Issuer has (i) duly filed all material Tax Returns required to be filed by or with respect to the Issuer or its assets or operations with the Internal Revenue Service or other applicable taxing authority, (ii) paid, or adequately reserved against, all Taxes due or claimed due by a taxing authority from or with respect to the Issuer or its assets or operations and (iii) made all material deposits required with respect to Taxes. To the knowledge of each Issuer Party, there has been no material issue raised or material adjustment proposed (and none is pending) by the Internal Revenue Service or any other taxing authority in connection with any Tax Returns relating to the assets or operations of the Issuer, and no waiver or extension of any statute of limitations as to any federal, state, local or foreign tax matter relating to the assets or operations of the Issuer has been given by or requested from the Issuer with respect to any Tax year.

4. Representations and Warranties Concerning the Acquired Company Equity Interests, Acquired Companies and Relevant Assets. The Contributor hereby represents and warrants to the Issuer as follows (provided, however, that any representation or warranty given in this Section 4 with respect to Indian Basin shall be deemed to be made to the Seller's Knowledge):

(a) Organization, Qualification, and Company Power. (x) Each of the Acquired Companies and the Contributor Parties is a limited liability company, partnership (limited or general) or corporation duly organized, validly existing, and in good standing under the Laws of the state of Delaware; (y) is in good standing under the Laws of the state of Texas and each other jurisdiction which requires qualification, except where the lack of such qualification would not have a Material Adverse Effect; and (z) has full power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it.

(b) Noncontravention. Except for the need to obtain prior approval of the FTC or as set forth in Schedule 4(b), neither the execution and delivery of any Transaction Agreement to which any Contributor Party is a party, nor the consummation of any of the transactions contemplated thereby, shall (i) violate any statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Authority to which any Acquired Company or any of the Acquired Company Assets is subject or any provision of the Organizational Documents of any Contributor Party or any Acquired Company or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, require any notice or trigger any rights to payment or other compensation, or result in the imposition of any Encumbrance on any of the Acquired Company Equity Interests or the Acquired Company Assets under, any agreement, contract, lease, license, instrument, or other arrangement to which any Acquired Company or any of the Acquired Company Assets is subject, except where the violation, conflict, breach, default, acceleration, termination, modification, cancellation, failure to give notice, right to payment or other compensation, or Encumbrance would not have a Material Adverse Effect, or would not materially adversely affect the ability of any Contributor Party to consummate the transactions contemplated by such Transaction Agreement.

(c) Title to and Condition of Assets.

(i) The Acquired Companies have good, marketable and indefeasible title to all of the Acquired Company Assets in each case free and clear of all Encumbrances, except for (a) Permitted Encumbrances and (b) Encumbrances disclosed in Schedule 4(c)(i). The principal assets constituting Indian Basin are described on Exhibit A. The operations of the Acquired Company Assets are the only operations of the Acquired Companies.

(ii) To the Contributor's Knowledge, except as disclosed in Schedule 4(c)(ii), the Relevant Assets are in good operating condition and repair (normal wear and tear excepted), are free from defects (patent and latent), are suitable for the purposes for which they are currently used and are not in need of maintenance or repairs except for ordinary routine maintenance and repairs.

(iii) Capitalization of the Acquired Companies. The capitalization of the Acquired Companies is as follows:

(A) The Holding LLC Interest constitutes all of the Equity Interests of Holding LLC. The Contributor owns (beneficially and of record) 100% of the Holding LLC Interest.

(B) The El Paso Indian Basin GP Interest and the El Paso Indian Basin LP Interest constitute all of the Equity Interests of El Paso Indian Basin. The Contributor owns (beneficially and of record) 100% of the El Paso Indian Basin LP Interest. Holding LLC owns (beneficially and of record) 100% of the El Paso Indian Basin GP Interest.

(C) The Contributor beneficially owns directly or indirectly 100% of the Contributor Parties other than El Paso Corporation. The Contributor beneficially owns directly or indirectly 100% of the Acquired Company Equity Interests, which includes 100% of the Equity Interests in the Acquired Companies. All of the Acquired Company Equity Interests are uncertificated. The Acquired Company Equity Interests constitute 100% of the issued and outstanding Equity Interests of the Acquired Companies and have been duly authorized, and are validly issued and fully paid and (except (i) with respect to general partnership interests and (ii) as set forth in Sections 17-303(a) and 17-607 of the Delaware LP Act with respect to limited partnership interests) non-assessable. Except to the extent created under the Securities Act, state securities Laws, limited liability company Laws, limited partnership Laws and general corporation Laws of the Acquired Companies' jurisdiction of formation, and as created by the Acquired Companies' Organizational Documents, (x) the Acquired Company Equity Interests are held as set forth above, free and clear of any Encumbrances and (y) there are no Commitments with respect to any Equity Interest of any Acquired Company. No Contributor Party is party to any voting trusts, proxies, or other agreements or understandings with respect to voting any Equity Interest of any Acquired Company.

(D) After the consummation of the transactions contemplated in this Agreement, the Issuer shall own, directly or indirectly, 100% of the Acquired Company Equity Interests, which includes 100% of the Equity Interests in the Acquired Companies and 100% of the Acquired Company Assets.

(iv) Acquired Company Ownership. No Acquired Company owns an Equity Interest in any Person, except as set forth in Section 4(c)(iii). There are no Commitments with respect to an Equity Interest in any Acquired Company. The Acquired Companies own no other assets other than the Acquired Company Assets, and have no operations or Obligations other than the Subject Indebtedness and those directly related to the Acquired Company Assets.

(v) Encumbrances for Borrowed Money. Except as set forth on Schedule 4(c)(v), there are no borrowings, loan agreements, promissory notes, pledges, mortgages, guaranties, liens and similar liabilities (direct or indirect), or Encumbrances which are secured by or constitute an Encumbrance on the Relevant Assets.

(vi) Ownership and Operation of Indian Basin.

(A) The Acquired Companies' ownership interest in Indian Basin is the Indian Basin Cotenancy Interest.

(B) [Intentionally omitted.]

(C) Except to the extent created under the Securities Act, state securities Laws, limited liability company Laws and general corporation Laws of the Acquired Companies' jurisdiction of formation, and as created by the Acquired Companies' Organizational Documents, (x) the Indian Basin Cotenancy Interest is held as set forth above, free and clear of any Encumbrances and (y) there are no Commitments with respect to the Indian Basin Cotenancy Interest. No Contributor Party is party to any voting trusts, proxies, or other agreements or understandings with respect to voting the Indian Basin Cotenancy Interest.

(d) Material Change. Except for the Reorganization Transactions and as set forth in Schedule 4(d), since December 31, 2001:

(i) there has not been any Material Adverse Effect;

(ii) the Relevant Assets have been operated and maintained in the Ordinary Course of Business;

(iii) to the Contributor's Knowledge, there has not been any material damage, destruction or loss to any material portion of the Relevant Assets, whether or not covered by insurance;

(iv) there has been no purchase, sale or lease of any material asset included in the Relevant Assets;

(v) there has been no actual, pending, or to the Contributor's Knowledge, threatened change affecting the Relevant Assets with any customers, licensors, suppliers, distributors or sales representatives of any Contributor Party, except for changes that do not have a Material Adverse Effect;

(vi) there has been no (x) amendment or modification in any material respect to any Acquired Company Contract or any other contract or agreement material to the Relevant Assets, or (y) termination of any Acquired Company Contract or any other contract or agreement material to the Relevant Assets before the expiration of the term thereof other than to the extent any such material contract or agreement terminated pursuant to its terms in the Ordinary Course of Business; and

(vii) there is no contract, commitment or agreement to do any of the foregoing, except as expressly permitted hereby.

(e) Legal Compliance. Each Contributor Party, with respect to the Relevant Assets and the Acquired Companies, has complied with all applicable Laws of all Governmental Authorities, except where the failure to comply would not have a Material Adverse Effect. The Contributor makes no representations or warranties in this Section 4(e) with respect to Taxes or Environmental Laws, for which the sole representations and warranties of the Contributor are set forth in Sections 4(f) and 4(i), respectively.

(f) Tax Matters. Except as set forth in Schedule 4(f) or as would not have a Material Adverse Effect, the Contributor, its Affiliates and the Acquired Companies have filed all Tax Returns with respect to the Relevant Assets that they were required to file and such Tax Returns are accurate in all material respects. All Taxes shown as due by any Acquired Company or with respect to the Relevant Assets on any such Tax Returns have been paid.

(g) Contracts and Commitments. Schedule 4(g)(i) contains a list of all the contracts, agreements, licenses, permits and other documents and instruments to which any Acquired Company is a party or otherwise constituting part of the Acquired Company Assets (the "Acquired Company Contracts"), and each such Acquired Company Contract is in full force and effect, except where the failure to be in full force and effect would not have a Material Adverse Effect. Schedule 4(g)(ii) contains a list of all rights-of-way constituting part of the Acquired Company Assets (the "Rights of Way"). The Acquired Company Contracts, together with the Rights of Way, constitute all of the contracts, agreements, rights of way, licenses, permits, and other documents and instruments necessary for the operation and business of the Relevant Assets consistent with applicable Laws and prior operation. The Contributor Parties have performed all material obligations required to be performed by them to date under the Acquired Company Contracts and the Rights of Way, and are not in default under any material obligation of any such contract or right-of-way, except when such default would not have a Material Adverse Effect. To the Contributor's Knowledge, no other party to any Acquired Company Contract is in default thereunder.

(h) Litigation.

(i) Schedule 4(h) sets forth each instance in which any Acquired Company or any of the Relevant Assets (A) is subject to any outstanding injunction, judgment, order, decree, ruling, or charge or (B) is the subject of any action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction, or is the subject of any pending or, to the Contributor's Knowledge, threatened claim, demand, or notice of violation or liability from any Person, except where any of the foregoing would not have a Material Adverse Effect.

(ii) No Contributor Party has Knowledge of any Basis for any present or future injunction, judgment, order, decree, ruling, or charge or action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction, against any of them giving rise to any Obligation to which any Acquired Company would be subject.

(i) Environmental Matters. Except as set forth in Schedule 4(i):

(i) The Contributor, with respect to the Relevant Assets, has been in compliance with all applicable local, state, and federal laws, rules, regulations, and orders regulating or otherwise pertaining to (a) the use, generation, migration, storage, removal, treatment, remedy, discharge, release, transportation, disposal, or cleanup of pollutants, contamination, hazardous wastes, hazardous substances, hazardous materials, toxic substances or toxic pollutants, (b) surface waters, ground waters, ambient air and any other environmental medium on or off any Lease or (c) the environment or health and safety-related matters; including the following as from time to time amended and all others whether similar or dissimilar: the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("CERCLA"), the Resource Conservation and Recovery Act of 1976, as amended by the Used Oil Recycling Act of 1980, the Solid Waste Disposal Act Amendments of 1980, and the Hazardous and Solid Waste Amendments of 1984, the Hazardous Materials Transportation Act, as amended, the Toxic Substance Control Act, as amended, the Clean Air Act, as amended, the Clean Water Act, as amended, and all regulations promulgated pursuant thereto (collectively, the "Environmental Laws" and individually an "Environmental Law"), except for such instances of noncompliance that individually or in the aggregate do not have a Material Adverse Effect.

(ii) The Contributor has obtained all permits, licenses, franchises, authorities, consents, registrations, orders, certificates, waivers, exceptions, variances and approvals, and have made all filings, paid all fees, and maintained all material information, documentation, and records, as necessary under applicable Environmental Laws for operating the Relevant Assets and their business as they are presently operated, and all such permits, licenses, franchises, authorities, consents, approvals, and filings remain in full force and effect, except for such matters that individually or in the aggregate do not have a Material Adverse Effect. Schedule 4(i)(ii) sets forth a complete list of all permits, licenses, franchises, authorities, consents, and approvals, as necessary under applicable Environmental Laws for operating the Relevant Assets and the Acquired Companies' businesses as they are presently operated, each of which is held in the name of the appropriate Contributor Party as indicated on such schedule.

(iii) Except as would not have a Material Adverse Effect, (x) there are no pending or threatened claims, demands, actions, administrative proceedings or lawsuits against the Contributor with respect to the Relevant Assets and the Contributor has not received notice of any of the foregoing and (y) no Acquired Company, and none of the Relevant Assets, is subject to any outstanding injunction, judgment, order, decree or ruling under any Environmental Laws.

(iv) The Contributor has not received any written notice that the Contributor, with respect to the Relevant Assets, is or may be a potentially

responsible party under CERCLA or any analogous state law in connection with any site actually or allegedly containing or used for the treatment, storage or disposal of Hazardous Substances.

(v) All Hazardous Substances or solid wastes generated, transported, handled, stored, treated or disposed by, in connection with or as a result of the operation or possession of the Contributor or the conduct of the Contributor, have been transported only by carriers maintaining valid authorizations under applicable Environmental Laws and treated, stored, disposed of or otherwise handled only at facilities maintaining valid authorizations under applicable Environmental Laws and such carriers and facilities have been and are operating in compliance with such authorizations and are not the subject of any existing, pending or threatened action, investigation or inquiry by any Governmental Authority or other Person in connection with any of the Environmental Laws.

The Contributor makes no representation or warranty regarding any compliance or failure to comply with, or any actual or contingent liability under, any Environmental Law, except as expressly set forth in this Section 4(i). For purposes of this Section 4(i), each reference to the Contributor or Contributor Parties shall be deemed to include the Contributor Parties and their Affiliates.

(j) Preferential Purchase Rights. Except as set forth on Schedule 4(j), there are no preferential purchase rights, options or other rights held by any Person not a party to this Agreement to purchase or acquire any or all of the Equity Interest in any Acquired Company, or any of the Relevant Assets, in whole or in part, that would be triggered or otherwise affected as a result of the transactions contemplated by this Agreement ("Preferential Rights").

(k) [Intentionally omitted].

(l) Employee Matters. No Acquired Company has any employees.

(m) Prohibited Events. Except for the Reorganization Transactions, none of the matters described in Section 5(c) have occurred since June 30, 2001.

(n) Regulatory Matters. No Contributor Party or Acquired Company is (i) a "holding company," a "subsidiary company" of a "holding company," an "affiliate" of a "holding company," or a "public utility," as each such term is defined in the Public Utility Holding Company Act of 1935, as amended, or (ii) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder. Except as set forth on Schedule 4(n), none of the Relevant Assets are subject to regulation by the Federal Energy Regulatory Commission or rate regulation or comprehensive nondiscriminatory access regulation under any federal laws or the laws of any state or other local jurisdiction.

(o) Intercompany Transactions. Each outstanding receivable, payable and other intercompany transaction and arrangement between the Contributor or any of its Affiliates,

on the one hand, and any Acquired Company, on the other hand, (including hydrocarbon imbalances existing on the date of this Agreement) is listed on Schedule 4(o).

(p) Disclaimer of Representations and Warranties Concerning Personal Property, Equipment, and Fixtures. The Issuer acknowledges that (a) it has had and pursuant to this Agreement shall have before Closing access to the Acquired Companies and the Relevant Assets and the officers and employees of the Contributor and (b) in making the decision to enter into this Agreement and consummate the transactions contemplated hereby, the Issuer has relied solely on the basis of its own independent investigation and upon the express representations, warranties, covenants, and agreements set forth in this Agreement and the other Transaction Agreements. Accordingly, the Issuer acknowledges that, except as expressly set forth in this Agreement, the Contributor has not made, and THE CONTRIBUTOR MAKES NO AND DISCLAIMS ANY, REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS OR IMPLIED, AND WHETHER BY COMMON LAW, STATUTE, OR OTHERWISE, REGARDING (i) THE QUALITY, CONDITION, OR OPERABILITY OF ANY PERSONAL PROPERTY, EQUIPMENT, OR FIXTURES, (ii) THEIR MERCHANTABILITY, (iii) THEIR FITNESS FOR ANY PARTICULAR PURPOSE, (iv) THEIR CONFORMITY TO MODELS, SAMPLES OF MATERIALS OR MANUFACTURER DESIGN, OR (v) AS TO WHETHER ANY RELEVANT ASSETS ARE YEAR 2000 COMPLIANT, AND ALL PERSONAL PROPERTY AND EQUIPMENT IS DELIVERED "AS IS, WHERE IS" IN THE CONDITION IN WHICH THE SAME EXISTS.

5. Pre-Closing Covenants. The Parties agree as follows with respect to the period between the date of this Agreement and the Closing:

(a) General. The Issuer shall use its Best Efforts to take all action and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement, including the Contributor's conditions to closing in Section 7(b). The Contributor shall use its Best Efforts to take all action and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement, including the Issuer's conditions to closing in Section 7(a).

(b) Notices and Consents. Each of the Parties shall give any notices to, make any filings with, and use its Best Efforts to obtain any authorizations, consents, and approvals of Governmental Authorities and third parties it is required to obtain in connection with the matters referred to in Sections 3(a)(ii), 3(a)(iii), 3(b)(ii) and 3(b)(iii) including the corresponding Schedules, so as to permit the Closing to occur not later than 9:00 a.m. (Houston time) on April 1, 2002. Without limiting the generality of the foregoing, the Parties agree to work in good faith with the FTC in order to consummate the transactions contemplated hereby as soon as reasonably practicable, but in no event later than 9:00 a.m. (Houston time) on April 1, 2002; provided, that, notwithstanding anything to the contrary contained herein, this sentence shall not obligate the Issuer to divest or hold separate any assets or enter into any agreement not contemplated by this Agreement or modify this Agreement.

(c) Operation of Business. The Contributor shall not, without the consent of the Issuer (which consent shall not be unreasonably withheld or delayed), except as expressly

contemplated by this Agreement or as contemplated by Schedule 5(c), cause or (to the extent any Contributor Party or its Affiliate has the Legal Right) permit any Acquired Company or Indian Basin to engage in any practice, take any action, or enter into any transaction outside the Ordinary Course of Business or, with respect to the Relevant Assets, engage in any practice, take any action, or enter into any transaction outside the Ordinary Course of Business. Without limiting the generality of the foregoing, without the consent of the Issuer (which consent shall not be unreasonably withheld or delayed), except as expressly contemplated by this Agreement or Schedule 5(c), the Contributor shall not, and shall not cause or (to the extent any Contributor Party has the Legal Right) permit any Acquired Company or Indian Basin to, do any of the following:

(i) issue, sell, pledge, dispose of, grant, encumber, or authorize the issuance, sale, pledge, disposition, or grant of any Equity Interest of any Acquired Company or any Commitments with respect to any Equity Interest of any Acquired Company;

(ii) cause or allow any part of the Acquired Company Equity Interests or the Relevant Assets to become subject to an Encumbrance, except for Permitted Encumbrances and other Encumbrances identified in Section 4(d);

(iii) amend in any material respect any Acquired Company Contract material to the Relevant Assets, any Acquired Company or Indian Basin (including Indian Basin's or any Acquired Company's Organizational Documents) or terminate any such material contract or agreement before the expiration of the term thereof other than to the extent any such material contract or agreement expires in accordance with its terms in the Ordinary Course of Business;

(iv) except as required by Law, make, change or revoke any Tax election relevant to any Acquired Company or Relevant Asset;

(v) (A) acquire (including by merger, consolidation or acquisition of Equity Interest or assets) any corporation, partnership, limited liability company or other business organization or any division thereof or any material amount of assets; (B) incur any Indebtedness for borrowed money or issue any debt securities or assume, guarantee, endorse, or otherwise as an accommodation become responsible for, the obligations of any Person, or make any loans or advances except for intercompany borrowing among the Acquired Companies in the Ordinary Course of Business; (C) sell, lease or otherwise dispose of any property or assets, other than sales of goods or services in the Ordinary Course of Business; or (D) enter into or amend a contract, agreement, commitment, or arrangement with respect to any matter set forth in this Section 5(c)(v) or (except for contracts with aggregate Obligations of the applicable Acquired Company not in excess of $10,000) otherwise not in the Ordinary Course of Business; provided that notwithstanding any provision of this Agreement, if the Issuer expressly consents in writing (x) each Acquired Company shall be entitled to dividend and/or distribute to its Equity Interest holders, at any time, and from time to time, such

cash generated by such company's business to which such Equity Interest holder would otherwise be entitled (other than cash arising from borrowings by such company or sales of assets by such company outside of the Ordinary Course of Business) so long as such dividends and/or distributions are reflected as a Issue Price Decrease, where appropriate, and (y) each Acquired Company may make or incur capital expenditures in accordance with the terms of its Organizational Documents and the capital expenditures budget set forth on Schedule 5(c)(v);

(vi) change any Acquired Company's accounting practices in any material respect with the exception of any changes in accounting methodologies that have already been agreed upon by its Equity Interest holders, consistent with its Organizational Documents; or

(vii) initiate or settle any litigation, complaint, rate filing or administrative proceeding.

(d) Intercompany Transactions. All outstanding receivables, payables and other intercompany transactions and arrangements between the Contributor or any of its Affiliates, on the one hand, and any Acquired Company, on the other hand, shall remain in full force and effect through and after the Closing.

(e) Full Access. To the extent it has the Legal Right, the Contributor shall permit, and shall cause its Affiliates to permit, representatives of the Issuer to have full access at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Contributor and its Affiliates, to all premises, properties, personnel, books, records (including Tax records), contracts, and documents of or pertaining to any Acquired Company or any of the Relevant Assets.

(f) Liens and Encumbrances. Prior to the Closing, the Contributor shall obtain releases of all liens and other Encumbrances disclosed in Schedule 4(c)(i), without any post-Closing liability or expense to any Acquired Company or Acquired Company Asset or any Issuer Party, and shall provide proof of such releases to the Issuer at the Closing.

6. Post-Closing Covenants. The Parties agree as follows:

(a) General. In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, each of the Parties shall take such further action (including the execution and delivery of such further instruments and documents) as the other Party reasonably may request, all at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefor under Section 8).

(b) Litigation Support. In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or before the Closing Date

involving any Acquired Company or the Relevant Assets, the other Party shall cooperate with the contesting or defending Party and its counsel in the defense or contest, make available its personnel, and provide such testimony and access to its books and records (other than books and records which are subject to privilege or to confidentiality restrictions) as shall be necessary in connection with the defense or contest, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under Section 8).

(c) Surety Bonds; Guarantees. The Issuer agrees to be substituted as the surety or guarantor of any surety bonds or guarantees issued by the Contributor or any of its Affiliates in connection with the Acquired Companies or the Relevant Assets, including the surety bonds and guarantees listed on Schedule 6(c). The Issuer and the Contributor shall cooperate to effect all such substitutions and the Issuer shall indemnify and hold the Contributor harmless from and against any Adverse Consequences arising from the failure of the Issuer to be so substituted. The Issuer shall use commercially reasonable efforts to obtain a release of the Contributor from any surety or guaranty obligations with respect to the Acquired Companies or the Relevant Assets.

(d) Delivery and Retention of Records. On or promptly after the Closing Date, the Contributor shall deliver or cause to be delivered to the Issuer, copies of Tax Records which are relevant to Post-Closing Tax Periods and all other files, books, records, information and data relating to the Acquired Companies or the Relevant Assets (other than Tax Records) that are in the possession or control of the Contributor (the "Records"). The Issuer agrees to (i) hold the Records and not to destroy or dispose of any thereof for a period of ten years from the Closing Date or such longer time as may be required by Law, provided that, if it desires to destroy or dispose of such Records during such period, it shall first offer in writing at least 60 days before such destruction or disposition to surrender them to the Contributor and if the Contributor does not accept such offer within 20 days after receipt of such offer, the Issuer may take such action and (ii) following the Closing Date to afford the Contributor, its accountants, and counsel, during normal business hours, upon reasonable request, at any time, full access to the Records and to the Issuer's employees to the extent that such access may be requested for any legitimate purpose at no cost to the Contributor (other than for reasonable out-of-pocket expenses); provided that such access shall not be construed to require the disclosure of Records that would cause the waiver of any attorney-client, work product, or like privilege; provided, further that in the event of any litigation nothing herein shall limit any Party's rights of discovery under applicable Law.

(e) Assignment of Rights. The Contributor will assign and will cause its Affiliates to assign, upon the Issuer's request, any and all rights (including claims) of the Contributor or its Affiliates relating to any of the Relevant Assets under any agreement (including that certain Stock Purchase Agreement dated as of January 27, 2000 between PG&E National Energy Group, Inc. and El Paso Field Services Company) pursuant to which the Contributor or any of its Affiliates purchased or otherwise acquired any of the Relevant Assets.

7. Conditions to Obligation to Close.

(a) Conditions to Obligation of the Issuer. The obligation of the Issuer to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties of the Contributor contained in Sections 3(a) and 4 must be true and correct in all material respects (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value, (except with respect to (A) Indian Basin, (B) the representations and warranties in Section 4(c)(ii) and (C) the representations and warranties in Section 4(d)(iii) with respect to latent defects, for which in each such case qualifications as to Knowledge shall be given effect) as of the date of this Agreement and at Closing (except for those which refer to a specific date, which must be true and correct as of such date);

(ii) the Contributor must have performed and complied in all material respects with its covenants hereunder through the Closing (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value);

(iii) there must not be any injunction, judgment, order, decree, ruling, or charge in effect preventing consummation of any of the transactions contemplated by this Agreement or any suit or action pending by a Governmental Authority to enjoin the consummation of any of the transactions, contemplated by this Agreement;

(iv) the Contributor must have obtained all material Governmental Authority and third party consents, including any material consents, specified in Sections 3(a)(ii), 3(a)(iii), and 4(b), and including the corresponding Schedules;

(v) the Contributor must have delivered to the Issuer a certificate to the effect that each of the conditions specified in Sections 7(a)(i)-(iv) is satisfied in all respects;

(vi) the FTC must have approved the transactions contemplated hereunder;

(vii) the Closing Date shall be no earlier than March 28, 2002;

(viii) The Issuer shall have received financing for the transactions contemplated herein satisfactory to the Issuer;

(ix) the Board of Directors of the General Partner shall have received a fairness opinion acceptable to such Board (in its sole discretion) from UBS Warburg LLC or any other financial advisor acceptable to such Board (in its sole discretion) with respect to the transactions contemplated herein;

(x) the transactions contemplated herein shall have been approved by at least a majority of the members of each of (1) of the Board of Directors of the General Partner, (2) the independent members of the Board of Directors of the General Partner and (3) the Special Committee of the Board of Directors of the General Partner responsible for reviewing such transactions; and

(xi) the Contributor must have executed and delivered to the Issuer the Purchase and Sale Agreement, and the closing of the transactions contemplated therein must have occurred.

The Issuer may waive any condition specified in this Section 7(a) if it executes a writing so stating at or before the Closing.

(b) Conditions to Obligation of the Contributor. The obligation of the Contributor to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties of the Issuer contained in Section 3(b) must be true and correct in all material respects (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value) as of the date of this Agreement and at Closing (except for those which refer to a specific date, which must be true and correct as of such date);

(ii) the Issuer must have performed and complied in all material respects with each of its covenants hereunder through the Closing (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value);

(iii) there must not be any injunction, judgment, order, decree, ruling, or charge in effect preventing consummation of any of the transactions contemplated by this Agreement or any suit or action pending by a Governmental Authority to enjoin the consummation of any of the transactions, contemplated by this Agreement;

(iv) the Contributor must have obtained all material Governmental Authority and third party consents, including material consents, specified in Sections 3(a)(ii), 3(a)(iii), and 4(b), and including the corresponding Schedules;

(v) the Issuer must have delivered to the Contributor a certificate to the effect that each of the conditions specified in Sections 7(b)(i)-(iv) is satisfied in all respects;

(vi) the FTC must have approved the transactions contemplated hereunder; and

(vii) the Issuer must have executed and delivered to the Contributor the Purchase and Sale Agreement, and the closing of the transactions contemplated therein must have occurred.

The Contributor may waive any condition specified in this Section 7(b) if it executes a writing so stating at or before the Closing.

8. Remedies for Breaches of this Agreement.

(a) Survival of Representations and Warranties. (i) All of the representations and warranties of the Contributor contained in Sections 3(a) and 4 (other than Sections 4(c)(iii), 4(f) and 4(h)(ii)) shall survive the Closing hereunder for a period of three years after the Closing Date; (ii) the representations and warranties of the Contributor contained in Section 4(c)(iii) shall survive the Closing forever; (iii) the representations and warranties of the Contributor contained in Section 4(f) shall survive the Closing with respect to any given claim that would constitute a breach of such representation or warranty until 90 days after the expiration of the statute of limitations applicable to the underlying Tax matter giving rise to that claim, and (iv) the representations and warranties of the Contributor contained in Section 4(h)(ii) shall survive the Closing for a period of one year after the Closing Date. The representations and warranties of the Issuer contained in Section 3(b) shall survive the Closing for a period of three years after the Closing Date. The covenants and obligations contained in Sections 2 and 6 and all other covenants and obligations contained in this Agreement (other than Section 8(b)(iv)) shall survive the Closing forever. The covenants and obligations contained in Section 8(b)(iv) shall survive the Closing for a period of three years after the Closing Date.

(b) Indemnification Provisions for Benefit of the Issuer.

(i) In the event: (x) the Contributor breaches any of its representations or warranties (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value, except with respect to (A) Indian Basin, (B) the representations and warranties in Section 4(c)(ii) and (C) the representations and warranties in Section 4(d)(iii) with respect to latent defects, for which in each such case qualifications as to Knowledge shall be given effect) contained herein (other than a representation or warranty contained in Section 4(c)(iii) or 4(f)); (y) there is an applicable survival period pursuant to Section 8(a); and (z) the Issuer makes a written claim for indemnification against the Contributor pursuant to Section 11(g) within such survival period, then the Contributor agrees to release and indemnify the Issuer Indemnitees from and against any Adverse Consequences by reason of all Adverse Events suffered by the Issuer Indemnitees; provided, that the Contributor shall not have any obligation to release and

indemnify the Issuer Indemnitees from and against any such Adverse Consequences by reason of all Adverse Events (A) until the Issuer Indemnitees, in the aggregate, have suffered Adverse Consequences by reason of all Adverse Events in excess of an aggregate deductible amount equal to 1% of the Combined Value (after which point the Contributor shall be obligated only to release and indemnify the Issuer Indemnitees from and against further such Adverse Consequences) or thereafter (B) to the extent the Adverse Consequences the Issuer Indemnitees, in the aggregate, have suffered by reason of all Adverse Events exceeds an aggregate ceiling amount equal to 50% of the Combined Value (after which point the Contributor shall have no obligation to release and indemnify the Issuer Indemnitees from and against further such Adverse Consequences); provided, however, that the deductible amount with respect to breaches of Section 4(c)(i) shall be $750,000.

(ii) In the event: (x) the Contributor breaches any of its covenants or obligations in Sections 2 or 6 or any other covenants or obligations in this Agreement or any representation or warranty contained in Section 4(c)(iii)or 4(f) (in each case above without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value); (y) there is an applicable survival period pursuant to Section 8(a); and (z) the Issuer makes a written claim for indemnification against the Contributor pursuant to Section 11(g) within such survival period, then the Contributor agrees to release and indemnify the Issuer Indemnitees from and against the entirety of any Adverse Consequences suffered by the Issuer Indemnitees.

(iii) The Contributor shall release, indemnify and hold harmless the Issuer Indemnitees against any and all Adverse Consequences resulting by reason of (a) joint and several liability with the Contributor arising by reason of having been required to be aggregated with the Contributor under Section 414(o) of the Code, or having been under "common control" with the Contributor, within the meaning of Section 4001(a)(14) of ERISA.

(iv) In the event: (x) there is an applicable survival period pursuant to Section 8(a); and (y) the Issuer makes a written claim for indemnification against the Contributor pursuant to Section 11(g) within such survival period, except to the extent the Issuer is obligated to release and indemnify the Contributor under Section 8(c)(ii)(1), then the Contributor agrees to release and indemnify the Issuer Indemnitees from and against the entirety of any Adverse Consequences suffered by the Issuer Indemnitees with respect to, any environmental condition, claim or loss with respect to any Acquired Company or any of the Relevant Assets arising

as a result of events occurring on or prior to the Issue Price Adjustment Date, including the matters disclosed in Schedule 4(i).

(v) [Intentionally omitted.]

(vi) [Intentionally omitted.]

(vii) The Contributor shall release, indemnify and hold harmless the Issuer Indemnitees against any and all Adverse Consequences with respect to any Disposed Obligations, including any Tax attributable thereto.

(viii) The Contributor shall release, indemnify and hold harmless the Issuer Indemnitees against any and all Adverse Consequences suffered by the Issuer Indemnitees with respect to, any outstanding injunction, judgment, order, decree, ruling, or charge, or any pending or threatened action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction, relating to any Acquired Company or any of the Relevant Assets on the Closing Date, including the matters listed on Schedule 4(h).

(ix) The Contributor shall release, indemnify and hold harmless the Issuer Indemnitees against any and all Adverse Consequences arising as a result of the Reorganization Transactions.

(x) Notwithstanding anything to the contrary contained in Sections 8(b)(i) and (iii), the Seller shall not have any obligation to indemnify any Buyer Indemnified Party to the extent that the payment thereof would cause the Seller's aggregate indemnity payments under all of Sections 8(b)(i) and (iii) (but excluding Sections 8(b)(ii), (iv), (vii), (viii) and (ix)) to exceed 100% of the Combined Value.

(xi) To the extent any Issuer Indemnitee becomes liable to, and is ordered to and does pay to any third party, punitive, exemplary, special or consequential damages caused by a breach by the Contributor of any representation, warranty or covenant contained in this Agreement, then such punitive, exemplary, special or consequential damages shall be deemed actual damages to such Issuer Indemnitee and included within the definition of Adverse Consequences for purposes of this Section 8.

(xii) Except for the rights of indemnification provided in this Section 8, the Issuer hereby waives any claim or cause of action pursuant to common or statutory law or otherwise against the Contributor arising from any breach by the Contributor of any of its representations, warranties or covenants under this Agreement or the transactions contemplated hereby.

(c) Indemnification Provisions for Benefit of the Contributor.

(i) In the event: (x) the Issuer breaches any of its representations, warranties or covenants contained herein (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value); (y) there is an applicable survival period pursuant to Section 8(a); and (z) the Contributor makes a written claim for indemnification against the Issuer pursuant to Section 11(g) within such survival period, then the Issuer agrees to release and indemnify the Contributor Indemnitees from and against the entirety of any Adverse Consequences suffered by such Contributor Indemnitees.

(ii) The Issuer agrees to release and indemnify the Contributor Indemnitees from and against the entirety of any Adverse Consequences relating to any of (1) any environmental condition, claim or loss with respect to any Acquired Company or any of the Relevant Assets arising from or related to mercury contamination emanating from mercury meters used in connection therewith or (2) the ownership and operation of each Acquired Company and each Relevant Asset (including those arising during, related to or otherwise attributable to the period commencing with the Issue Price Adjustment Date).

(iii) To the extent any Contributor Indemnitee becomes liable to, and is ordered to and does pay to any third party, punitive, exemplary, special or consequential damages caused by a breach by the Issuer of any representation, warranty or covenant contained in this Agreement, then such punitive, exemplary, special or consequential damages shall be deemed actual damages to such Contributor Indemnitee and included within the definition of Adverse Consequences for purposes of this Section 8.

(iv) Except for the rights of indemnification provided in this Section 8, the Contributor hereby waives any claim or cause of action pursuant to common or statutory law or otherwise against the Issuer arising from any breach by the Issuer of any of its representations, warranties or covenants under this Agreement or the transactions contemplated hereby.

(d) Matters Involving Third Parties.

(i) If any third party shall notify any Party (the "Indemnified Party") with respect to any matter (a "Third Party Claim") that may give rise to a claim for indemnification against any other Party (the "Indemnifying Party") under this Section 8, then the Indemnified Party shall promptly (and in any event within five business days after receiving notice of the Third Party Claim) notify the Indemnifying Party thereof in writing.

(ii) The Indemnifying Party shall have the right to assume and thereafter conduct the defense of the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party; provided, however, that the

Indemnifying Party shall not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party (not to be withheld unreasonably) unless the judgment or proposed settlement involves only the payment of money damages and does not impose an injunction or other equitable relief upon the Indemnified Party.

(iii) Unless and until the Indemnifying Party assumes the defense of the Third Party Claim as provided in Section 8(d)(ii), the Indemnified Party may defend against the Third Party Claim in any manner it reasonably may deem appropriate.

(iv) In no event shall the Indemnified Party consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party which consent shall not be withheld unreasonably.

(e) Determination of Amount of Adverse Consequences. The Adverse Consequences giving rise to any indemnification obligation hereunder shall be limited to the actual loss suffered by the Indemnified Party (i.e. reduced by any insurance proceeds or other payment or recoupment received, realized or retained by the Indemnified Party as a result of the events giving rise to the claim for indemnification net of any expenses related to the receipt of such proceeds, payment or recoupment, including retrospective premium adjustments, if any), but not any reduction in Taxes of the Indemnified Party (or the affiliated group of which it is a member) occasioned by such loss or damage. The amount of the actual loss and the amount of the indemnity payment shall be computed by taking into account the timing of the loss or payment, as applicable, using a Prime Rate plus 2% interest or discount rate, as appropriate. Upon the request of the Indemnifying Party, the Indemnified Party shall provide the Indemnifying Party with information sufficient to allow the Indemnifying Party to calculate the amount of the indemnity payment in accordance with this Section 8(e). An Indemnified Party shall take all reasonable steps to mitigate damages in respect of any claim for which it is seeking indemnification and shall use reasonable efforts to avoid any costs or expenses associated with such claim and, if such costs and expenses cannot be avoided, to minimize the amount thereof.

(f) Tax Treatment of Indemnity Payments. All indemnification payments made under this Agreement, including any payment made under Section 9, shall be treated as purchase price adjustments for Tax purposes. In addition, all indemnification payments made to the Contributor under this Agreement shall be satisfied by the issuance of a number of Common Units determined using the Market Price on the date the Issuer is notified by the Contributor of such indemnification obligation.

9. Tax Matters.

(a) Post-Closing Tax Returns. The Issuer shall prepare or cause to be prepared and file or cause to be filed any Post-Closing Tax Returns with respect to the Relevant Assets or the Acquired Companies. The Issuer shall pay (or cause to be paid) any Taxes due with respect to such Tax Returns.

(b) Pre-Closing Tax Returns. The Contributor shall prepare or cause to be prepared and file or cause to be filed all Pre-Closing Tax Returns with respect to the Relevant Assets or Acquired Companies. The Contributor shall pay or cause to be paid any Taxes due with respect to such Tax Returns.

(c) Straddle Periods. The Issuer shall be responsible for Taxes of the Acquired Companies related to the portion of any Straddle Period occurring after the Closing Date. The Contributor shall be responsible for Taxes of the Relevant Assets and the Acquired Companies relating to the portion of any Straddle Period occurring before and on the Closing Date. With respect to any Straddle Period, to the extent permitted by applicable Law, the Contributor or the Issuer shall elect to treat the Closing Date as the last day of the Tax period. If applicable Law shall not permit the Closing Date to be the last day of a period, then (i) real or personal property Taxes with respect to the Relevant Assets and the Acquired Companies shall be allocated based on the number of days in the partial period before and after the Closing Date, (ii) in the case of all other Taxes based on or in respect of income, the Tax computed on the basis of the taxable income or loss attributable to the Relevant Assets and the Acquired Companies for each partial period as determined from their books and records, and (iii) in the case of all other Taxes, on the basis of the actual activities or attributes of the Relevant Assets and the Acquired Companies for each partial period as determined from their books and records.

(d) Straddle Returns. The Issuer shall prepare any Straddle Returns. The Issuer shall deliver, at least 45 days prior to the due date for filing such Straddle Return (including any extension) to the Contributor a statement setting forth the amount of Tax that the Contributor owes, including the allocation of taxable income and Taxes under Section 9(c), and copies of such Straddle Return. The Contributor shall have the right to review such Straddle Returns and the allocation of taxable income and liability for Taxes and to suggest to the Issuer any reasonable changes to such Straddle Returns no later than 15 days prior to the date for the filing of such Straddle Returns. The Contributor and the Issuer agree to consult and to attempt to resolve in good faith any issue arising as a result of the review of such Straddle Returns and allocation of taxable income and liability for Taxes and mutually to consent to the filing as promptly as possible of such Straddle Returns. Not later than 5 days before the due date for the payment of Taxes with respect to such Straddle Returns, the Contributor shall pay or cause to be paid to the Issuer an amount equal to the Taxes as agreed to by the Issuer and the Contributor as being owed by the Contributor. If the Issuer and the Contributor cannot agree on the amount of Taxes owed by the Contributor with respect to a Straddle Return, the Contributor shall pay or cause to be paid to the Issuer the amount of Taxes reasonably determined by the Contributor to be owed by the Contributor. Within 10 days after such payment, the Contributor and the Issuer shall refer the matter to an independent "Big-Five" accounting firm agreed to by the Issuer and the Contributor to arbitrate the dispute. The Contributor and the Issuer shall equally share the fees and expenses of such accounting firm and its determination as to the amount owing by the Contributor with respect to a Straddle Return shall be binding on the Contributor and the Issuer. Within five days after the determination by such accounting firm, if necessary, the appropriate Party shall pay the other Party any amount which is determined by such accounting firm to be owed. The Contributor shall be entitled to reduce its obligation to pay Taxes with respect to a Straddle Return by the amount of any estimated Taxes paid with respect to such Taxes on or before the Closing Date.

(e) Claims for Refund. The Issuer shall not, and shall cause the Acquired Companies and any of their Affiliates not to, file any claim for refund of taxes with respect to the Relevant Assets and the Acquired Companies for whole or partial taxable periods on or before the Closing Date.

(f) Indemnification. The Issuer agrees to indemnify the Contributor against all Taxes of or with respect to the Relevant Assets and the Acquired Companies for any Post-Closing Tax Period and the portion of any Straddle Period occurring after the Closing Date. The Contributor agrees to indemnify the Issuer against all Taxes of or with respect to the Relevant Assets and the Acquired Companies for any Pre-Closing Tax Period and the portion of any Straddle Period occurring on or before the Closing Date, and all Taxes arising directly as a result of the Reorganization Transactions.

(g) Cooperation on Tax Matters.

(i) The Issuer and the Contributor shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns pursuant to this Section 9(g) and any audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(ii) The Issuer and the Contributor further agree, upon request, to use their Best Efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including with respect to the transactions contemplated hereby).

(iii) The Issuer and the Contributor agree, upon request, to provide the other Parties with all information that such other Parties may be required to report pursuant to Section 6043 of the Code and all Treasury Department Regulations promulgated thereunder.

(h) Certain Taxes. The Contributor shall file all necessary Tax Returns and other documentation with respect to all transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by applicable Law, the Issuer shall, and shall cause its Affiliates to, join in the execution of any such Tax Returns and other documentation. Notwithstanding anything set forth in this Agreement to the contrary, the Issuer shall pay to the Contributor, on or before the date such payments are due from the Contributor, any transfer, documentary, sales, use, stamp, registration and other Taxes and fees incurred in connection with this Agreement and the transactions contemplated hereby.

(i) Confidentiality. Any information shared in connection with Taxes shall be kept confidential, except as may otherwise be necessary in connection with the filing of Tax Returns or reports, refund claims, tax audits, tax claims and tax litigation, or as required by Law.

(j) Audits. The Contributor or the Issuer, as applicable, shall provide prompt written notice to the other Parties of any pending or threatened tax audit, assessment or proceeding that it becomes aware of related to the Relevant Assets or the Acquired Companies for whole or partial periods for which it is indemnified by any other Party hereunder. Such notice shall contain factual information (to the extent known) describing the asserted tax liability in reasonable detail and shall be accompanied by copies of any notice or other document received from or with any tax authority in respect of any such matters. If an indemnified party has knowledge of an asserted tax liability with respect to a matter for which it is to be indemnified hereunder and such party fails to give the indemnifying party prompt notice of such asserted tax liability, then (I) if the indemnifying party is precluded by the failure to give prompt notice from contesting the asserted tax liability in any forum, the indemnifying party shall have no obligation to indemnify the indemnified party for any Taxes arising out of such asserted tax liability, and (II) if the indemnifying party is not so precluded from contesting, but such failure to give prompt notice results in a detriment to the indemnifying party, then any amount which the indemnifying party is otherwise required to pay the indemnified party pursuant to this Section 9(j) shall be reduced by the amount of such detriment, provided, the indemnified party shall nevertheless be entitled to full indemnification hereunder to the extent, and only to the extent, that such party can establish that the indemnifying party was not prejudiced by such failure. This Section 9(j) shall control the procedure for Tax indemnification matters to the extent it is inconsistent with any other provision of this Agreement.

(k) Control of Proceedings. The party responsible for the Tax under this Agreement shall control audits and disputes related to such Taxes (including action taken to pay, compromise or settle such Taxes). The Contributor and the Issuer shall jointly control, in good faith with each other, audits and disputes relating to Straddle Periods. Reasonable out-of-pocket expenses with respect to such contests shall be borne by the Contributor and the Issuer in proportion to their responsibility for such Taxes as set forth in this Agreement. Except as otherwise provided by this Agreement, the noncontrolling party shall be afforded a reasonable opportunity to participate in such proceedings at its own expense.

(l) Powers of Attorney. The Issuer, the Acquired Companies and their respective Affiliates shall provide the Contributor and its Affiliates with such powers of attorney or other authorizing documentation as are reasonably necessary to empower them to execute and file returns they are responsible for hereunder, file refund and equivalent claims for Taxes they are responsible for, and contest, settle, and resolve any audits and disputes that they have control over under Section 9(k) (including any refund claims which turn into audits or disputes).

(m) Remittance of Refunds. If the Issuer or any Affiliate of the Issuer receives a refund of any Taxes that the Contributor is responsible for hereunder, or if the Contributor or any Affiliate of the Contributor receives a refund of any Taxes that the Issuer is responsible for hereunder, the party receiving such refund shall, within 30 days after receipt of such refund, remit it to the party who has responsibility for such Taxes hereunder. For the purpose of this Section 9(m), the term "refund" shall include a reduction in Tax and the use of an overpayment as a credit or other tax offset, and receipt of a refund shall occur upon the filing of a return or an adjustment thereto using such reduction, overpayment or offset or upon the receipt of cash.

(n) [Intentionally omitted].

(o) Closing Tax Certificate. At the Closing, the Contributor shall deliver to the Issuer a certificate in the form of Exhibit E signed under penalties of perjury (i) stating it is not a foreign corporation, foreign partnership, foreign trust or foreign estate, (ii) providing its U.S. Employer Identification Number, and (iii) providing its address, all pursuant to Section 1445 of the Code.

10. Termination.

(a) Termination of Agreement. The Parties may terminate this Agreement, as provided below:

(i) the Issuer and the Contributor may terminate this Agreement by mutual written consent at any time before the Closing;

(ii) the Issuer may terminate this Agreement by giving written notice to the Contributor at any time before Closing (A) in the event the Contributor has breached any representation, warranty or covenant contained in this Agreement in any material respect, the Issuer has notified the Contributor of the breach, the breach has continued without cure for a period of 10 days after the notice of breach and such breach would result in a failure to satisfy a condition to the Issuer's obligation to consummate the transactions contemplated hereby; (B) if the Closing shall not have occurred on or before 9:00 a.m. (Houston time) on April 1, 2002 (unless the failure results primarily from the Issuer itself breaching any representation, warranty or covenant contained in this Agreement); or (C) if the transactions contemplated hereby do not receive all required approvals of the FTC;

(iii) the Contributor may terminate this Agreement by giving written notice to the Issuer at any time before the Closing (A) in the event the Issuer has breached any representation, warranty or covenant contained in this Agreement in any material respect, the Contributor has notified the Issuer of the breach, the breach has continued without cure for a period of 10 days after the notice of breach and such breach would result in a failure to satisfy a condition to the Contributor's obligation to consummate the transactions contemplated hereby; (B) if the Closing shall not have occurred on or before 9:00 a.m. (Houston time) on April 1, 2002 (unless the failure results primarily from the Contributor breaching any representation, warranty or covenant contained in this Agreement); or (C) if the transactions contemplated hereby do not receive all required approvals of the FTC;

(iv) the Issuer or the Contributor may terminate this Agreement if any court of competent jurisdiction or any governmental, administrative or regulatory authority, agency or body shall have issued an order, decree or ruling or shall have taken any other action permanently enjoining, restraining or otherwise prohibiting

the transactions contemplated hereby and such order, decree, ruling or other action shall have become final and nonappealable; and

(v) the Issuer or the Contributor may terminate this Agreement if the Purchase and Sale Agreement is terminated for any reason.

(b) Effect of Termination. Except for the obligations under Sections 8, 10 and 11, if any Party terminates this Agreement pursuant to Section 10(a), all rights and obligations of the Parties hereunder shall terminate without any liability of any Party to any other Party (except for any liability of any Party then in breach).

11. Miscellaneous.

(a) Public Announcements. Any Party is permitted to issue a press release or make a public announcement concerning this Agreement without the other Parties' consents, in which case the disclosing Party shall provide an advance copy of the proposed public disclosure to the non-disclosing Parties and permit the non-disclosing Parties the opportunity to reasonably comment on such proposed disclosure. The Parties agree to cooperate in good faith to issue separate and simultaneous press releases within twenty-four (24) hours following the execution of this Agreement by all Parties.

(b) Insurance. The Issuer acknowledges and agrees that, following the Closing, any Subject Insurance Policies shall be terminated or modified to exclude coverage of all or any portion of the Relevant Assets or Acquired Companies by the Contributor or any of its Affiliates, and, as a result, the Issuer shall be obligated at or before Closing to obtain at its sole cost and expense replacement insurance, including insurance required by any third party to be maintained for or by the Relevant Assets or the Acquired Companies. The Issuer further acknowledges and agrees that the Issuer may need to provide to certain Governmental Authorities and third parties evidence of such replacement or substitute insurance coverage for the continued operations or businesses of the Relevant Assets or the Acquired Companies. If any claims are made or losses occur prior to the Closing Date that relate solely to the Relevant Assets or the business activities of the Acquired Companies and such claims, or the claims associated with such losses, properly may be made against the policies retained by the Contributor or its Affiliates after the Closing, then the Contributor shall use its Best Efforts so that the Issuer can file, notice, and otherwise continue to pursue these claims pursuant to the terms of such policies; provided, however, nothing in this Agreement shall require the Contributor to maintain or to refrain from asserting claims against or exhausting any retained policies.

(c) No Third Party Beneficiaries. Except for the indemnification provisions, this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns, except that the Administrative Agent is a third-party beneficiary of Section 11(d), and such Section may not be amended or modified without the Administrative Agent's written consent.

(d) Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted

assigns. Prior to the Closing the Issuer may not assign this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the Contributor; provided, however, without the prior written approval of the Contributor, the Issuer and its permitted successors and assigns may assign any or all of its rights, interests or obligations under this Agreement (i) to an Affiliate of the Issuer, including designating one or more Affiliates of the Issuer to be the assignee of some or any portion of the Acquired Company Assets, (ii) in connection with granting a lien, pledge, mortgage or other security interest pursuant to a bona fide lending transaction, or (iii) pursuant to the foreclosure or settlement of any assignment made pursuant to (ii) above; provided the Contributor is not released from any of its obligations or liabilities hereunder. The Contributor acknowledges that the Issuer has granted, and its Affiliate assignee(s) may grant, to the Administrative Agent a lien on and security interest in all of its right, title and interest in and to this Agreement.

(e) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

(f) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(g) Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given two business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to the Contributor: El Paso Field Services Holding Company
Attn: President
El Paso Building
1001 Louisiana
Houston, Texas 77002

If to the Issuer: El Paso Energy Partners, L.P.
Attn: President
4 Greenway Plaza
Houston, Texas 77046
(713) 420-2131

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the addresses set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

(h) Governing Law and Venue. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF TEXAS WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF TEXAS OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF TEXAS. VENUE FOR ANY ACTION ARISING UNDER THIS AGREEMENT SHALL LIE EXCLUSIVELY IN ANY STATE OR FEDERAL COURT IN HARRIS COUNTY, TEXAS.

(i) Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Issuer and the Contributor. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(j) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

(k) Transaction Expenses. Each of the Issuer and the Contributor shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

(l) Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. All references herein to Exhibits, Schedules, Articles, Sections or subdivisions thereof shall refer to the corresponding Exhibits, Schedules, Article, Section or subdivision thereof of this Agreement unless specific reference is made to such exhibits, articles, sections or subdivisions of another document or instrument. The terms "herein," "hereby," "hereunder," "hereof," "hereinafter," and other equivalent words refer to this Agreement in its entirety and not solely to the particular portion of the Agreement in which such word is used. Each certificate delivered pursuant to this Agreement shall be deemed a part hereof, and any representation, warranty or covenant herein referenced or affirmed in such certificate shall be treated as a representation, warranty or covenant given in the correlated Section hereof on the date of such certificate. Additionally, any representation, warranty or covenant made in any such certificate shall be deemed to be made herein.

(m) Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

(n) Entire Agreement. THIS AGREEMENT (INCLUDING THE DOCUMENTS REFERRED TO HEREIN) CONSTITUTES THE ENTIRE AGREEMENT AMONG THE PARTIES AND SUPERSEDES ANY PRIOR UNDERSTANDINGS, AGREEMENTS, OR REPRESENTATIONS BY OR AMONG THE PARTIES, WRITTEN OR ORAL, TO THE EXTENT THEY HAVE RELATED IN ANY WAY TO THE SUBJECT MATTER HEREOF.

*****

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date in the preamble.

EL PASO ENERGY PARTNERS, L.P.

By: /s/ Keith Forman

Vice President and Chief Financial Officer

EL PASO FIELD SERVICES HOLDING COMPANY

By: /s/ D. Mark Leland

Senior Vice President

EXHIBIT 10.P

Execution Version

PURCHASE AND SALE AGREEMENT

By and Between

EL PASO ENERGY PARTNERS, L.P.
(Seller)

and

EL PASO PRODUCTION GOM INC.
(Buyer)

Covering the Acquisition of

ALL OF THE ASSETS OF
(the Assets)

ARGO, L.L.C.
(Argo)

April 1, 2002

TABLE OF CONTENTS

1. Definitions....1

2. The Transactions....8
 (a) Sale of Assets....8
 (b) Consideration....8
 (c) The Closing....8
 (d) Deliveries at the Closing....8
 (e) Assumed Obligations....8
 (f) Proposed Closing Statement and Post-Closing Adjustment....9

3. Representations and Warranties Concerning the Transaction....10
 (a) Representations and Warranties of the Seller....10
 (b) Representations and Warranties of the Buyer....11

4. Representations and Warranties Concerning the Assets and/or Argo....13
 (a) Organization, Qualification and Company Power....13
 (b) Noncontravention....13
 (c) Title to and Condition of Assets....13
 (d) Material Change....14
 (e) Legal Compliance....15
 (f) Tax Matters....15
 (g) Contracts and Commitments....15
 (h) Litigation....15
 (i) Environmental Matters....16
 (j) Preferential Purchase Rights....17
 (k) Financial Statements....17
 (l) Employee Matters....18
 (m) Prohibited Events....18
 (n) Regulatory Matters....18
 (o) Intercompany Transactions....18
 (p) Disclaimer of Representations and Warranties Concerning Personal Property, Equipment and Fixtures....18

5. Pre-Closing Covenants....19
 (a) General....19
 (b) Notices and Consents....19
 (c) Operation of Business....19
 (d) Intercompany Transactions....20
 (e) Full Access....20
 (f) Liens and Encumbrances....20

6. Post-Closing Covenants....21
 (a) General....21

(b) Litigation Support....21
(c) Surety Bonds; Guarantees....21
(d) Delivery and Retention of Records....22

7. Conditions to Obligation to Close....22
(a) Conditions to Obligation of the Buyer....22
(b) Conditions to Obligation of the Seller....23

8. Remedies for Breaches of this Agreement....24
(a) Survival of Representations and Warranties....24
(b) Indemnification Provisions for Benefit of the Buyer....24
(c) Indemnification Provisions for Benefit of the Seller....26
(d) Matters Involving Third Parties....27
(e) Determination of Amount of Adverse Consequences....28
(f) Tax Treatment of Indemnity Payments....28

9. Tax Matters....28
(a) Tax Returns....28
(b) Straddle Periods....29
(c) Straddle Returns....29
(d) Tax Indemnification....29
(e) Certain Taxes....29
(f) Tax Refunds....30
(g) Purchase Price Allocation....30
(h) Closing Tax Certificate....30
(i) Like Kind Exchanges....30

10. Termination....30
(a) Termination of Agreement....30
(b) Effect of Termination....31

11. Miscellaneous....31
(a) Public Announcements....31
(b) Insurance....32
(c) No Third Party Beneficiaries....32
(d) Succession and Assignment....32
(e) Counterparts....32
(f) Headings....32
(g) Notices....33
(h) Governing Law....33
(i) Amendments and Waivers....33
(j) Severability....33
(k) Transaction Expenses....34
(l) Construction....34
(m) Incorporation of Exhibits and Schedules....34
(n) Entire Agreement....34

EXHIBITS AND SCHEDULES

Exhibit A:	Description of Assets
Exhibit B-1:	Form of Prince ORI Assignment
Exhibit B-2:	Form of Prince TLP Assets Assignment
Exhibit C:	Form of Parent Guaranty
Exhibit D:	Form of Certification of Non-Foreign Status
Exhibit E:	[Intentionally omitted.]
Exhibit F:	Form of Exchange Agreement
Exhibit G:	Form of Termination Agreement
Exhibit H:	Form of Platform Agreement
Exhibit I:	Form of Sublease

Schedule 1(a)	Subject Insurance Policies
Schedule 1(b)	Permitted Encumbrances
Schedule 3(a)(ii)	Consents (Seller)
Schedule 3(a)(iii)	Noncontravention (Seller)
Schedule 3(b)(ii)	Consents (Buyer)
Schedule 3(b)(iii)	Noncontravention (Buyer)
Schedule 4(b)	Noncontravention (the Assets)
Schedule 4(c)(i)	Encumbrances
Schedule 4(c)(ii)	Condition of Assets
Schedule 4(c)(v)	Encumbrances for Borrowed Money
Schedule 4(d)	Material Changes
Schedule 4(f)	Tax Matters
Schedule 4(g)(i)	Subject Contracts
Schedule 4(g)(ii)	Rights of Way
Schedule 4(h)	Litigation
Schedule 4(i)	Environmental Matters
Schedule 4(i)(ii)	Environmental Permits
Schedule 4(j)	Preferential Purchase Rights
Schedule 4(k)	Financial Statements
Schedule 4(k)(ii)	Assumed Obligations
Schedule 4(n):	Regulatory Matters
Schedule 4(o):	Intercompany Transactions
Schedule 5(c)	Operation of Business
Schedule 5(c)(v)	Capital Expenditures Budget
Schedule 6(c)	Surety Bonds

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "Agreement") dated as of April 1, 2002 is by and between El Paso Energy Partners, L.P., a Delaware limited partnership (the "Seller"), and El Paso Production GOM Inc., a Delaware corporation (the "Buyer"). The Seller and the Buyer are sometimes referred to collectively herein as the "Parties" and individually as a "Party."

RECITALS

WHEREAS, the Seller owns indirectly all of the issued and outstanding membership interest in Argo, L.L.C., a Delaware limited liability company ("Argo"), which owns (or will own at Closing) the Prince ORI (defined herein) and the Prince tension leg platform and all related contracts (including the Farmout Agreement (defined herein) and all reversionary rights thereunder), facilities, and other assets and pipelines as described on Exhibit A (collectively, excluding the Prince ORI, the "Prince TLP Assets");

WHEREAS, the Seller desires to cause the sale, assignment and transfer of the Assets (defined herein) to the Buyer, and the Buyer desires to purchase the Assets, subject to the terms set forth below; and

WHEREAS, at the Closing (defined herein), among other things, Argo and the Buyer shall enter into a Platform Use Agreement in the form of Exhibit H (the "Platform Agreement") setting forth the rights and obligations of such parties with respect to the Prince TLP, and the Processing Agreement dated as of August 23, 2000 (the "Processing Agreement") between Argo and the Buyer shall be terminated.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows:

1. Definitions.

"Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and attorneys' fees and expenses, but excluding punitive (except as provided in Section 8), exemplary, special or consequential damages.

"Affiliate" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act; provided, however, that (i) with respect to the Seller, the term "Affiliate" shall exclude each member of the El Paso Group and (ii) with respect to the Buyer, the term "Affiliate" shall exclude each member of the Seller Group.

"Agreement" has the meaning set forth in the preface.

"Argo" has the meaning set forth in the recitals.

"Argo Credit Agreement" means that certain Credit Agreement dated as of August 23, 2000 among Argo, the lenders party thereto, the Chase Manhattan Bank, as administrative agent and Chase Securities Inc., as arranger, as amended, restated, supplemented or otherwise modified from time to time

"Assets" means all of the assets of Argo, including the Prince TLP Assets, the Prince ORI and any positive working capital.

"Assignments" means the Prince TLP Assets Assignment and the Prince ORI Assignment.

"Assumed Obligations" has the meaning set forth in Section 2(e).

"Audited Financial Statements" has the meaning set forth in Section 4(k).

"Basis" means any past or current fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction about which the relevant Person has Knowledge that forms or could form the basis for any specified consequence.

"Best Efforts" means the efforts, time, and costs that a prudent Person desirous of achieving a result would use, expend, or incur in similar circumstances to ensure that such result is achieved as expeditiously as possible; provided, however, that no such use, expenditure, or incurrence shall be required if it could reasonably be expected to have an adverse effect on such Person and would require an expense of such Person in excess of $1,000,000.

"Buyer" has the meaning set forth in the preface.

"Buyer Indemnitees" means, collectively, the Buyer and its Affiliates and each of their respective officers (or Persons performing similar functions), directors (or Persons performing similar functions), employees, agents and representatives to the extent acting in such capacity.

"Buyer Party" means each of (i) the Buyer, (ii) El Paso Corporation, and (iii) each Affiliate of the Buyer in which El Paso Corporation owns (directly or indirectly) an Equity Interest and which is a party to any Transaction Agreement.

"CERCLA" has the meaning set forth in Section 4(i)(i).

"Closing" has the meaning set forth in Section 2(c).

"Closing Date" has the meaning set forth in Section 2(c).

"Closing Statement" has the meaning set forth in Section 2(f)(i).

"Code" means the Internal Revenue Code of 1986, as amended, or any successor Law.

"Commitment" means (a) options, warrants, convertible securities, exchangeable securities, subscription rights, conversion rights, exchange rights or other contracts that could

require a Person to issue any of its Equity Interests or to sell any Equity Interest it owns in another Person; (b) any other securities convertible into, exchangeable or exercisable for, or representing the right to subscribe for any Equity Interest of a Person or owned by a Person; (c) statutory pre-emptive rights or pre-emptive rights granted under a Person's Organizational Documents; and (d) stock appreciation rights, phantom stock, profit participation, or other similar rights with respect to a Person.

"El Paso Corporation" means El Paso Corporation, a Delaware corporation.

"El Paso Group" means, other than members of the Seller Group, (i) each Affiliate of El Paso Corporation in which El Paso Corporation owns (directly or indirectly) an Equity Interest and (ii) each natural person that is an Affiliate of any Person described in (i) above solely because of such natural person's position as an officer (or person performing similar functions), director (or person performing similar functions) or other representative of any Person described in (i) above, but only to the extent that such natural person is acting in such capacity.

"Encumbrance" means any mortgage, pledge, lien, encumbrance, charge, security interest, purchase or preferential right, right of first refusal, option or other defect in title.

"Environmental Law" and "Environmental Laws" have the meanings set forth in Section 4(i).

"EPN PSA" means the Purchase, Sale and Merger Agreement dated the date of this Agreement between El Paso Tennessee Pipeline Co. and the Seller.

"Equity Interest" means (a) with respect to a corporation, any and all shares of capital stock and any Commitments with respect thereto, (b) with respect to a partnership, limited liability company, trust or similar Person, any and all units, interests or other partnership, limited liability company, trust or similar interests, and any Commitments with respect thereto, and (c) any other direct equity ownership or participation in a Person.

"Exchange Agreement" has the meaning set forth in Section 9(i).

"Farmout Agreement" means the Farmout Agreement dated October 25, 1999 between Flextrend Development Company, L.L.C., as Farmor, and the Buyer, as Farmee.

"Financial Statements" has the meaning set forth in Section 4(k).

"FTC" has the meaning set forth in Section 3(a)(ii).

"GAAP" means accounting principles generally accepted in the United States consistently applied.

"Governmental Authority" means the United States or any agency thereof and any state, county, city or other political subdivision, agency, court or instrumentality.

"Hazardous Substances" means all materials, substances, chemicals, gas and wastes which are regulated under any Environmental Law or which may form the basis for liability under any Environmental Law.

"Indebtedness" means, with respect to any Person, to the extent not classified as a current liability, on a consolidated basis, all Obligations of the Person to other Persons for (a) borrowed money, (b) any capital lease Obligation, (c) any Obligation (whether fixed or contingent) to reimburse any bank or other Person in respect of amounts paid or payable under a standby letter of credit, (d) any guarantee with respect to indebtedness (of the kind otherwise described in this definition) of any Person and (e) any liability, indebtedness or other Obligation of the Person.

"Indemnified Party" has the meaning set forth in Section 8(d).

"Indemnifying Party" has the meaning set forth in Section 8(d).

"Knowledge": an individual shall be deemed to have "Knowledge" of a particular fact or other matter if such individual is consciously aware of such fact or other matter at the time of determination. A Person other than a natural person shall be deemed to have "Knowledge" of a particular fact or other matter if (i) any natural person who is serving as a director, executive officer, partner, member, executor, or trustee of such Person (or in any similar capacity) or (ii) any employee (or any natural person serving in a similar capacity) who is charged with the ultimate responsibility for a particular area of such Person's operations (e.g., the manager of the environmental section with respect to knowledge of environmental matters), at the time of determination had, Knowledge of such fact or other matter.

"Law" or "Laws" means any statute, code, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any applicable Governmental Authority.

"Leases" means OCS leases OCS G-6922, OCS G-6921 and OCS G-13091.

"Material Adverse Effect" means any change or effect relating to the business and operations relating to the Assets taken as a whole, that, individually or in the aggregate with other changes or effects, materially and adversely effects the value of the Assets taken as a whole, provided that in determining whether a Material Adverse Effect has occurred, changes or effects relating to (i) the natural gas pipeline, treating and processing industry generally (including the price of natural gas and the costs associated with the drilling and/or production of natural gas), (ii) United States or global economic conditions or financial markets in general, or (iii) the transactions contemplated by this Agreement, shall not be considered.

"MODEC Dispute" means the Seller's current dispute regarding additional costs related to Amfels' work for MODEC on the Prince tension leg platform hull.

"Obligations" means duties, liabilities and obligations, whether vested, absolute or contingent, known or unknown, asserted or unasserted, accrued or unaccrued, liquidated or unliquidated, due or to become due, and whether contractual, statutory or otherwise.

"Oil & Gas" means oil and gas and associated hydrocarbons.

"Ordinary Course of Business" means the ordinary course of business consistent with the applicable Person's past custom and practice (including with respect to quantity and frequency).

"Organizational Documents" means the articles of incorporation, certificate of incorporation, charter, bylaws, articles or certificate of formation, regulations, operating agreement, certificate of limited partnership, partnership agreement, and all other similar documents, instruments or certificates executed, adopted, or filed in connection with the creation, formation, or organization of a Person, including any amendments thereto.

"Parent Guaranty" means the performance guaranty in the form of Exhibit C.

"Party" and "Parties" have the meanings set forth in the preface.

"Permitted Encumbrances" means any of the following: (i) any liens for Taxes and assessments not yet delinquent or, if delinquent, that are being contested in good faith in the Ordinary Course of Business, provided that adequate reserve accounts have been established in accordance with GAAP; (ii) inchoate, mechanic's, materialmen's, and similar liens; (iii) any inchoate liens or other Encumbrances created pursuant to any operating, farmout, construction, operation and maintenance, co-owners, cotenancy, lease or similar agreements listed on Schedule 1(b) for which amounts are not due; (iv) easements, rights-of-way, restrictions and other similar Encumbrances incurred in the Ordinary Course of Business which, in the aggregate, are not substantial in amount and which do not in any case materially detract from the value of the property subject thereto as it is currently being used or materially interfere with the ordinary conduct of the business; and (v) Title Defects waived pursuant to Section 5(f)(ii).

"Person" means an individual or entity, including any partnership, corporation, association, joint stock company, trust, joint venture, limited liability company, unincorporated organization, or Governmental Authority (or any department, agency or political subdivision thereof).

"Platform Agreement" has the meaning set forth in the recitals.

"Post-Closing Tax Period" means any Tax period beginning after the Closing Date.

"Post-Closing Tax Return" means any Tax Return that is required to be filed for any of the Assets with respect to a Post-Closing Tax Period.

"Pre-Closing Tax Period" means any Tax periods or portions thereof ending on or before the Closing Date.

"Pre-Closing Tax Return" means any Tax Return that is required to be filed for any of the Assets with respect to a Pre-Closing Tax Period.

"Preferential Rights" has the meaning set forth in Section 4(j).

"Prime Rate" means the prime rate reported in the Wall Street Journal at the time such rate must be determined under the terms of this Agreement.

"Prince ORI" means, to the extent arising, accruing or otherwise related to the period on, including and after the Purchase Price Adjustment Date, all of Argo's rights, title and interests in and to the overriding royalty interest in the Leases, excluding Argo's contractual rights contained in the Farmout Agreement.

"Prince ORI Assignment" means the assignment and assumption agreement in the form of Exhibit B-1.

"Prince TLP Assets" has the meaning set forth in the recitals.

"Prince TLP Assets Assignment" means the assignment and assumption agreement in the form of Exhibit B-2 pursuant to which all of the Assets other than the Prince ORI will be assigned.

"Processing Agreement" has the meaning set forth in the recitals.

"Proposed Closing Statement" has the meaning set forth in Section 2(f)(i).

"Purchase Price" means (i) $190 million, plus (ii) the amount, if any, by which the total of the Purchase Price Increases exceeds the total of the Purchase Price Decreases, or minus (iii) the amount, if any, by which the total of the Purchase Price Decreases exceeds the total of the Purchase Price Increases.

"Purchase Price Adjustment Date" means immediately after the close of business on March 31, 2002.

"Purchase Price Decreases" means, without duplication, the following: (i) 100% of the amount, if any, of negative Working Capital of Argo as of the Purchase Price Adjustment Date, as determined and calculated in accordance with GAAP; (ii) 100% of the amount, if any, of all of the consolidated Indebtedness (other than Indebtedness otherwise included in the Working Capital) of Argo as of the Purchase Price Adjustment Date; (iii) 100% of the amount, if any, of all dividends and/or distributions made by Argo, if any, between the Purchase Price Adjustment Date and the Closing Date; and (iv) 100% of the collective amount of any Title Failure Values.

"Purchase Price Increases" means, without duplication, 100% of the amount, if any, of positive Working Capital of Argo as of the Purchase Price Adjustment Date, as determined and calculated in accordance with GAAP.

"Records" has the meaning set forth in Section 6(d).

"Retained Obligations" means any and all obligations related to, arising under, or in connection with (i) any outstanding injunction, judgment, order, decree, ruling, or charge, or any pending or threatened action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction, relating to the Assets on the Closing Date, including the matters listed on Schedule 4(h) or (ii) the Argo Credit Agreement.

"Rights of Way" has the meaning set forth in Section 4(g).

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Seller" has the meaning set forth in the preface.

"Seller Group" means (i) the Seller, (ii) each Affiliate of the Seller in which the Seller owns (directly or indirectly) an Equity Interest and (iii) each natural person that is an Affiliate of the Seller solely because of such person's position as an officer (or person performing similar functions), director (or person performing similar functions) or other representative of any Person described in (i) - (ii) above, but only to the extent that such natural person is in its capacity as an officer, director or representative of such Person.

"Seller Indemnitees" means, collectively, the Seller and its Affiliates and each of their respective officers (or Persons performing similar functions), directors (or Persons performing similar functions), employees, agents, and representatives.

"Seller Party" means each of (i) the Seller, (ii) Argo and (iii) each Affiliate of the Seller which is a party to any Transaction Agreement.

"Straddle Period" means a Tax period or year commencing before and ending after the Closing Date.

"Straddle Return" means a Tax Return for a Straddle Period.

"Subject Contracts" has the meaning set forth in Section 4(g).

"Subject Insurance Policies" means those material policies of insurance, the current policies of which are listed on Schedule 1(a), which the Seller or any of its Affiliates maintain covering any Assets.

"Sublease" means the platform space agreement in the form of Exhibit I.

"Tax" or "Taxes" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Section 59A), custom duties, capital stock, franchise, profits, withholding, social security (or similar excises), unemployment, disability, ad valorem, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

"Tax Records" means all Tax Returns and Tax-related work papers relating to the Assets.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Termination Agreement" means an agreement in the form of Exhibit G.

"Third Party Claim" has the meaning set forth in Section 8(d).

"Title Defect Notice" has the meaning set forth in Section 5(f)(ii).

"Title Defect" has the meaning set forth in Section 5(f)(ii).

"Title Failure" has the meaning set forth in Section 5(f)(ii).

"Title Failure Value" means the value of any Title Failure, as determined in accordance with Section 5(f)(iii).

"Transaction Agreements" means this Agreement, the Assignments, the Parent Guaranty, the Platform Agreement, the Termination Agreement, the Exchange Agreement (if applicable), the Sublease and all other agreements, documents, certificates or instruments executed and delivered in connection with the transactions contemplated herein.

"Unaudited Financial Statements" has the meaning set forth in Section 4(k).

"Working Capital" means current assets less current liabilities.

2. The Transactions.

(a) Sale of Assets. Subject to the terms and conditions of this Agreement, the Seller agrees to cause Argo to sell to the Buyer, and the Buyer agrees to purchase from Argo, all of the rights, title and interest in and to the Assets, free and clear of any Encumbrances.

(b) Consideration. In consideration for the assignment of the Assets, the Buyer agrees to pay the Purchase Price to the Seller (or its designee) in cash by wire transfer of immediately available funds.

(c) The Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of the Seller, commencing at 10:00 a.m., local time, on the last business day of the month in which the satisfaction or waiver of all conditions to the obligations of the Parties to consummate the transactions contemplated hereby has occurred (other than conditions with respect to actions each Party shall take at the Closing itself) or such other date as the Parties may mutually determine (the "Closing Date").

(d) Deliveries at the Closing. At the Closing, (a) the Seller shall deliver to the Buyer the various certificates, instruments, and documents referred to in Sections 7(a) and 9(h); (b) the Buyer shall deliver to the Seller the various certificates, instruments, and documents referred to in Section 7(b); (c) the Parties shall execute and deliver the Assignments; (d) the Parties shall execute and deliver the Termination Agreement; (e) the Parties shall execute and deliver the Platform Agreement; (f) the Buyer shall cause El Paso Corporation to execute and deliver the Parent Guaranty; (g) the Buyer shall deliver to the Seller or its designee the estimated Purchase Price as set forth on the Proposed Closing Statement; and (i) the Parties shall execute and/or deliver, or cause to be executed and/or delivered, each other Transaction Agreement.

(e) Assumed Obligations. On the Closing Date, the Buyer will assume and will be obligated to fully and timely pay, perform, and discharge in accordance with their terms, any

and all Obligations of Argo other than the Retained Obligations (the "Assumed Obligations"), including:

(i) any and all Obligations of Argo under the Subject Contracts;

(ii) any and all Obligations of Argo constituting accounts payable relating to, arising out of or connected with the ownership or operation of the Prince TLP Assets, including any negative Oil and Gas imbalances;

(iii) any and all negative working capital of Argo;

(iv) any and all Obligations of Argo relating to environmental and Tax matters; and.

(v) any and all Obligations in any way relating to the abandoning, decommissioning, or removing of any Assets or restoring or reconditioning the lands affected thereby.

(f) Proposed Closing Statement and Post-Closing Adjustment.

(i) At least three business days prior to the Closing Date, the Seller shall cause to be prepared and delivered to the Buyer a statement (the "Proposed Closing Statement"), as prepared and determined in accordance with GAAP to the extent applicable, setting forth the Seller's good faith estimate, including reasonable detail, of the Purchase Price. As soon as practicable, but in any event no later than 60 days following the Closing Date, the Seller shall cause to be prepared and delivered to the Buyer a statement, including reasonable detail, of the actual Purchase Price (such statement, as it may be adjusted pursuant to Section 2(f)(ii), the "Closing Statement").

(ii) Upon receipt of the Closing Statement, the Buyer and the Buyer's independent accountants shall be permitted during the succeeding 30-day period to examine the work papers used or generated in connection with the preparation of the Closing Statement and such other documents as the Buyer may reasonably request in connection with its review of the Closing Statement. Within 30 days of receipt of the Closing Statement, the Buyer shall deliver to the Seller a written statement describing in reasonable detail its objections (if any) to any amounts or items set forth on the Closing Statement. If the Buyer does not raise objections within such period, then, the Closing Statement shall become final and binding upon all Parties at the end of such period. If the Buyer raises objections, the Parties shall negotiate in good faith to resolve any such objections. If the Parties are unable to resolve any disputed item within 60 days after the Buyer's receipt of the Closing Statement, any such disputed item shall be submitted to a nationally recognized independent accounting firm mutually agreeable to the Parties who shall be instructed to resolve such disputed item within 30 days. The resolution of disputes by the accounting firm so selected shall be set forth in writing and shall be conclusive, binding and non-appealable upon the Parties and the Closing Statement shall become final and binding upon the date of such resolution. The

fees and expenses of such accounting firm shall be paid one-half by the Buyer and one-half by the Seller.

(iii) If the Purchase Price as set forth on the Closing Statement exceeds the estimated Purchase Price as set forth on the Proposed Closing Statement, the Buyer shall pay the Seller the amount of such excess. If the estimated Purchase Price as set forth on the Proposed Closing Statement exceeds the Purchase Price as set forth on the Closing Statement, the Seller shall pay to the Buyer (or its designee) the amount of such excess. After giving effect to the foregoing adjustments, any amount to be paid by the Buyer to the Seller, or to be paid by the Seller to the Buyer, as the case may be, shall be paid in the manner and with interest as provided in Section 2(f)(iv)at a mutually convenient time and place within five business days after the later of acceptance of the Closing Statement or the resolution of the Buyer's objections thereto pursuant to Section 2(f)(ii).

(iv) Any payments pursuant to this Section 2(f) shall be made by causing such payments to be credited in immediately available funds to such account or accounts of the Buyer or the Seller, as the case may be, as may be designated by the Buyer or the Seller, as the case may be. If payment is being made after the fifth business day referred to in Section 2(f)(iii), the amount of the payment to be made pursuant to this Section 2(f) shall bear interest from and including such fifth business day to, but excluding, the date of payment at a rate per annum equal to the Prime Rate plus two percent. Such interest shall be payable at the same time as the payment to which it relates and shall be calculated on the basis of a year of 365 days and the actual number of days for which due.

(v) The Buyer shall cooperate in the preparation of the Closing Statement, including providing customary certifications to the Seller, and, if requested, to the Seller's independent accountants or the accounting firm selected by mutual agreement of the Parties pursuant to Section 2(f)(ii).

(vi) Except as set forth in Section 2(f)(ii), each Party shall bear its own expenses incurred in connection with the preparation and review of the Closing Statement.

3. Representations and Warranties Concerning the Transaction.

(a) Representations and Warranties of the Seller. The Seller hereby represents and warrants to the Buyer as follows:

(i) Organization and Good Standing. The Seller is an entity duly organized, validly existing, and in good standing under the Laws of the state of Delaware. The Seller is in good standing under the Laws of the state of Texas and each other jurisdiction which requires such qualification, except where the lack of such qualification would not have a Material Adverse Effect.

(ii) Authorization of Transaction. Each Seller Party has full power and authority (including full entity power and authority) to execute and deliver each Transaction Agreement to which such Seller Party is a party and to perform its obligations thereunder. Each Transaction Agreement to which any Seller Party is a party constitutes the valid and legally binding obligation of such Seller Party, enforceable against such Seller Party in accordance with its terms and conditions, subject, however, to the effects of bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Except as set forth on Schedule 3(a)(ii), no Seller Party need give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Authority or any other Person in order to consummate the transactions contemplated by this Agreement or any other Transaction Agreement to which such Seller Party is a party, except for the prior approval of the Federal Trade Commission ("FTC"), if applicable.

(iii) Noncontravention. Except for prior approval of the FTC (if applicable) and filings specified in Schedule 3(a)(ii) or as set forth in Schedule 3(a)(iii), neither the execution and delivery of any Transaction Agreement, nor the consummation of any of the transactions contemplated thereby, shall (A) violate any statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Authority to which any Seller Party is subject or any provision of its Organizational Documents or (B) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any Person the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which any Seller Party is a party or by which it is bound or to which any of its assets or any of the Assets are subject, except for such violations, defaults, breaches, or other occurrences that do not, individually or in the aggregate, have a material adverse effect on the ability of the Seller or any other Seller Party to consummate the transactions contemplated by such Transaction Agreement.

(iv) Brokers' Fees. No Seller Party has any liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Buyer could become liable or obligated.

(b) Representations and Warranties of the Buyer. The Buyer hereby represents and warrants to the Seller as follows:

(i) Organization of the Buyer. Each Buyer Party is a limited liability company, limited partnership or corporation duly organized, validly existing, and in good standing under the Laws of the state of Delaware. Each Buyer Party is in good standing under the Laws of the state of Texas and each other jurisdiction which requires such qualification, except where the lack of such qualification would not have a Material Adverse Effect.

(ii) Authorization of Transaction. Each Buyer Party has full power and authority (including full entity power and authority) to execute and deliver each Transaction Agreement to which it is a party and to perform its obligations thereunder. Each Transaction Agreement to which such Buyer Party is a party constitutes the valid and legally binding obligation of such Buyer Party, enforceable against such Buyer Party in accordance with its terms and conditions, subject, however, to the effects of bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally, and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Except as set forth on Schedule 3(b)(ii), no Buyer Party needs to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Authority or any other Person in order to consummate the transactions contemplated by this Agreement or any other Transaction Agreement, except for the prior approval of the FTC, if applicable.

(iii) Noncontravention. Except for the prior approval of the FTC (if applicable) and filings specified in Schedule 3(b)(ii) or as set forth in Schedule 3(b)(iii), neither the execution and delivery of any Transaction Agreement to which any Buyer Party is a party, nor the consummation of any of the transactions contemplated thereby, shall (A) violate any statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Authority to which such Buyer Party is subject or any provision of its Organizational Documents or (B) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any Person the right to accelerate, terminate, modify, or cancel, or require any notice, approval or consent under any agreement, contract, lease, license, instrument, or other arrangement to which any Buyer Party is a party or by which it is bound or to which any of its assets is subject, except for such violations, defaults, breaches, or other occurrences that do not, individually or in the aggregate, have a material adverse effect on the ability of any Buyer Party to consummate the transactions contemplated by such Transaction Agreement.

(iv) Brokers' Fees. No Buyer Party has any liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Seller could become liable or obligated.

(v) Investment. The Buyer is familiar with investments of the nature of the Assets, understands that this investment involves substantial risks, has adequately investigated the Assets, and has substantial knowledge and experience in financial and business matters such that it is capable of evaluating, and has evaluated, the merits and risks inherent in purchasing the Assets, and is able to bear the economic risks of such investment. The Buyer has had the opportunity to visit with the Seller and its applicable Affiliates and meet with their representative officers and other representatives to discuss the business, assets, liabilities, financial condition, and operations of the Assets, has received all materials,

documents and other information that the Buyer deems necessary or advisable to evaluate the Assets, and has made its own independent examination, investigation, analysis and evaluation of the Assets, including its own estimate of the value of the Assets. The Buyer has undertaken such due diligence (including a review of the assets, properties, liabilities, books, records and contracts constituting part of the Assets) as the Buyer deems adequate.

4. Representations and Warranties Concerning the Assets and/or Argo. The Seller hereby represents and warrants to the Buyer as follows:

(a) Organization, Qualification and Company Power. Each of the Seller Parties (x) is a limited liability company, partnership (limited or general) or corporation duly organized, validly existing, and in good standing under the Laws of the state of Delaware; (y) is in good standing under the Laws of the state of Texas and each other jurisdiction which requires qualification, except where the lack of such qualification would not have a Material Adverse Effect; and (z) has full power and authority to carry on the businesses in which it is engaged and to own and use the properties owned and used by it.

(b) Noncontravention. Except for the need to obtain prior approval of the FTC or as set forth in Schedule 4(b), neither the execution and delivery of any Transaction Agreement to which any Seller Party is a party, nor the consummation of any of the transactions contemplated thereby, shall (i) violate any statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Authority to which any of the Assets is subject or any provision of the Organizational Documents of any Seller Party or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, require any notice or trigger any rights to payment or other compensation, or result in the imposition of any Encumbrance on any of the Assets under, any agreement, contract, lease, license, instrument, or other arrangement to which any of the Assets is subject, except where the violation, conflict, breach, default, acceleration, termination, modification, cancellation, failure to give notice, right to payment or other compensation, or Encumbrance would not have a Material Adverse Effect, or would not materially adversely affect the ability of any Seller Party to consummate the transactions contemplated by such Transaction Agreement.

(c) Title to and Condition of Assets.

(i) The Seller has good, marketable and indefeasible title to all of the Assets in each case free and clear of all Encumbrances, except for (a) Permitted Encumbrances and (b) Encumbrances disclosed in Schedule 4(c)(i). For the purposes of this Section 4(c)(i), "good, marketable and indefeasible title" with respect to the Prince ORI means a that record title (constituting a general warranty) which entitles the Seller to receive not less than the net overriding royalty interest(s) set forth on Exhibit A and attributable to the Oil & Gas produced, saved and marketed from each of the Leases and of all Oil & Gas produced, saved and marketed from any unit of which any Lease is a part and allocated to such Lease, all without reduction, suspension or termination of the interests in each Lease throughout the duration of such Lease. The Assets are

described on Exhibit A. The operations of the Assets are the only operations reflected in the Financial Statements.

(ii) To the Seller's Knowledge, except as disclosed in Schedule 4(c)(ii), the Prince TLP Assets are in good operating condition and repair (normal wear and tear excepted), are free from defects (patent and latent), are suitable for the purposes for which they are currently used and are not in need of maintenance or repairs except for ordinary routine maintenance and repairs.

(iii) [Intentionally omitted.]

(iv) [Intentionally omitted.]

(v) Encumbrances for Borrowed Money. Except as set forth on Schedule 4(c)(v), there are no borrowings, loan agreements, promissory notes, pledges, mortgages, guaranties, liens and similar liabilities (direct and indirect), or Encumbrances which are secured by or constitute an Encumbrance on the Assets and/or Argo.

(d) Material Change. Except as set forth in Schedule 4(d), since December 31, 2001:

(i) there has not been any Material Adverse Effect with respect to the Assets and/or Argo;

(ii) the Prince TLP Assets have been operated and maintained in the Ordinary Course of Business;

(iii) to the Seller's Knowledge, there has not been any material damage, destruction or loss to any material portion of the Assets, whether or not covered by insurance;

(iv) there has been no purchase, sale or lease of any material asset included in the Assets other than the acquisition of the Prince ORI by Argo;

(v) there has been no actual, pending, or to the Seller's Knowledge, threatened change affecting any of the Assets with any customers, licensors, suppliers, distributors or sales representatives of the Seller, except for changes that do not have a Material Adverse Effect;

(vi) there has been no (x) amendment or modification in any material respect to any Subject Contract or any other contract or agreement material to the Assets, or (y) termination of any Subject Contract or any other contract or agreement material to the Assets before the expiration of the term thereof other than to the extent any such material contract or agreement terminated pursuant to its terms in the Ordinary Course of Business; and

(vii) there is no contract, commitment or agreement to do any of the foregoing, except as expressly permitted hereby.

(e) Legal Compliance. Each Seller Party, with respect to the Assets and/or Argo, has complied with all applicable Laws of all Governmental Authorities, except where the failure to comply would not have a Material Adverse Effect. The Seller makes no representations or warranties in this Section 4(e) with respect to Taxes or Environmental Laws, for which the sole representations and warranties of the Seller are set forth in Sections 4(f) and 4(i), respectively.

(f) Tax Matters. Except as set forth in Schedule 4(f) or as would not have a Material Adverse Effect:

(i) the Seller, Argo and their Affiliates have filed, or caused to be filed, all Tax Returns with respect to the Assets that they were required to file and such Tax Returns are accurate in all material respects;

(ii) All Taxes shown as due by the Seller, Argo or their Affiliates on any such Tax Returns have been paid; and

(iii) There is no dispute or claim concerning any Tax liability of Seller, Argo or any of their Affiliates related to the Assets claimed or raised in writing by any Governmental Authority.

(g) Contracts and Commitments. Schedule 4(g)(i) contains a list of all the material contracts, agreements, licenses, permits and other documents and instruments constituting part of the Assets (the "Subject Contracts"), and each such Subject Contract is in full force and effect, except where the failure to be in full force and effect would not have a Material Adverse Effect. Schedule 4(g)(ii) contains a list of all rights-of-way constituting part of the Assets (the "Rights of Way"). The Subject Contracts, together with the Rights of Way, constitute all of the contracts, agreements, rights of way, licenses, permits, and other documents and instruments necessary for the operation and business of the Prince TLP Assets consistent with applicable Laws and prior operation. The Seller Parties have performed all material obligations required to be performed by them to date under the Subject Contracts and the Rights of Way, and are not in default under any material obligation of any such contract or right-of-way, except when such default would not have a Material Adverse Effect. To the Seller's Knowledge, no other party to any Subject Contract is in default thereunder.

(h) Litigation.

(i) Schedule 4(h) sets forth each instance in which the Seller or any of the Assets and/or Argo (i) is subject to any outstanding injunction, judgment, order, decree, ruling, or charge or (ii) is the subject of any action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction, or is the subject of any pending or, to the Seller's Knowledge, threatened claim, demand, or notice of violation or liability from any Person, except where any of the foregoing would not have a Material Adverse Effect.

(ii) No Seller Party has Knowledge of any Basis for any present or future injunction, judgment, order, decree, ruling, or charge or action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction, against any of them giving rise to any Obligation to which any of the Assets and/or Argo would be subject.

(i) Environmental Matters. Except as set forth in Schedule 4(i):

(i) The Seller, with respect to the Assets, has been in compliance with all applicable local, state, and federal laws, rules, regulations, and orders regulating or otherwise pertaining to (a) the use, generation, migration, storage, removal, treatment, remedy, discharge, release, transportation, disposal, or cleanup of pollutants, contamination, hazardous wastes, hazardous substances, hazardous materials, toxic substances or toxic pollutants, (b) surface waters, ground waters, ambient air and any other environmental medium on or off any Lease or (c) the environment or health and safety-related matters; including the following as from time to time amended and all others whether similar or dissimilar: the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (as amended by the Superfund Amendments and Reauthorization Act of 1986 "CERCLA"), the Resource Conservation and Recovery Act of 1976, as amended by the Used Oil Recycling Act of 1980, the Solid Waste Disposal Act Amendments of 1980, and the Hazardous and Solid Waste Amendments of 1984, the Hazardous Materials Transportation Act, as amended, the Toxic Substance Control Act, as amended, the Clean Air Act, as amended, the Clean Water Act, as amended, and all regulations promulgated pursuant thereto (collectively, the "Environmental Laws" and individually an "Environmental Law"), except for such instances of noncompliance that individually or in the aggregate do not have a Material Adverse Effect.

(ii) The Seller has obtained all permits, licenses, franchises, authorities, consents, registrations, orders, certificates, waivers, exceptions, variances and approvals, and have made all filings, paid all fees, and maintained all material information, documentation, and records, as necessary under applicable Environmental Laws for operating the Assets as they are presently operated, and all such permits, licenses, franchises, authorities, consents, approvals, and filings remain in full force and effect, except for such matters that individually or in the aggregate do not have a Material Adverse Effect. Schedule 4(i)(ii) sets forth a complete list of all permits, licenses, franchises, authorities, consents, and approvals, as necessary under applicable Environmental Laws for operating the Assets as they are presently operated, each of which is held in the name of the appropriate Seller Party as indicated on such schedule.

(iii) Except as would not have a Material Adverse Effect, (x) there are no pending or threatened claims, demands, actions, administrative proceedings or lawsuits against the Seller with respect to the Assets and/or Argo and the Seller has not received notice of any of the foregoing and (y)

none of the Assets and/or Argo is, subject to any outstanding injunction, judgment, order, decree or ruling under any Environmental Laws.

(iv) The Seller has not received any written notice that the Seller, with respect to the Assets, is or may be a potentially responsible party under CERCLA or any analogous state law in connection with any site actually or allegedly containing or used for the treatment, storage or disposal of Hazardous Substances.

(v) All Hazardous Substances or solid wastes generated, transported, handled, stored, treated or disposed by, in connection with or as a result of the operation or possession of the Seller or the conduct of the Seller, have been transported only by carriers maintaining valid authorizations under applicable Environmental Laws and treated, stored, disposed of or otherwise handled only at facilities maintaining valid authorizations under applicable Environmental Laws and such carriers and facilities have been and are operating in compliance with such authorizations and are not the subject of any existing, pending or threatened action, investigation or inquiry by any Governmental Authority or other Person in connection with any of the Environmental Laws.

The Seller makes no representation or warranty regarding any compliance or failure to comply with, or any actual or contingent liability under, any Environmental Law, except as expressly set forth in this Section 4(i). For purposes of this Section 4(i), each reference to the Seller or Seller Parties shall be deemed to include the Seller Parties and their Affiliates.

(j) Preferential Purchase Rights. Except as set forth on Schedule 4(j), there are no preferential purchase rights, options or other rights held by any Person not a party to this Agreement to purchase or acquire any or all of the Assets, in whole or in part, that would be triggered or otherwise affected as a result of the transactions contemplated by this Agreement ("Preferential Rights").

(k) Financial Statements.

(i) Schedule 4(k) sets forth (A) audited financial statements covering the ownership and operation of the Assets and/or Argo as of, and for the twelve month period ended, December 31, 2000 (the "Audited Financial Statements") and (B) unaudited financial statements covering the ownership and operations of the Prince TLP Assets as of, and for the twelve month period ended, December 31, 2001 (the "Unaudited Financial Statements" and, together with the Audited Financial Statements, the "Financial Statements").

(ii) (A) The Financial Statements were prepared in accordance with GAAP (except as expressly set forth therein, except (with respect to the Unaudited Financial Statements) for the absence of footnotes (other than to the extent footnotes are included in Schedule 4(k)), and fairly present, in all material respects, the financial position, income and cash flows associated with the ownership and operation of the Assets and/or Argo as of the dates and for the periods indicated; (B) the Financial Statements do not omit to state any liability

required to be stated therein in accordance with GAAP (except as expressly set forth therein, except (with respect to the Unaudited Financial Statements) for the absence of footnotes (other than to the extent footnotes are included in Schedule 4(k)), and except (with respect to the Unaudited Financial Statements) for normal year-end adjustments); and (C) except with respect to Obligations under the Farmout Agreement or set forth on Schedule 4(k)(ii), all Assumed Obligations are reflected in the Financial Statements.

(iii) With respect to the Prince ORI, prior to and through the Closing Date the Seller Parties have properly made all payments and disbursements owing to each overriding royalty owner for whom a Seller Party was responsible to make any such payments and/or disbursements.

(l) Employee Matters. Argo has no employees.

(m) Prohibited Events. None of the matters described in Section 5(c) have occurred since June 30, 2001.

(n) Regulatory Matters. No Seller Party is (i) a "holding company," a "subsidiary company" of a "holding company," an "affiliate" of a "holding company," or a "public utility," as each such term is defined in the Public Utility Holding Company Act of 1935, as amended, or (ii) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder. Except as set forth on Schedule 4(n), none of the Assets are subject to regulation by the Federal Energy Regulatory Commission or rate regulation or comprehensive nondiscriminatory access regulation under any federal laws or the laws of any state or other local jurisdiction.

(o) Intercompany Transactions. Each outstanding receivable, payable and other intercompany transaction and arrangement between the Seller and any of its Affiliates, on the one hand, and Argo, on the other hand, is listed on Schedule 4(o).

(p) Disclaimer of Representations and Warranties Concerning Personal Property, Equipment and Fixtures. The Buyer acknowledges that (i) it has had and pursuant to this Agreement shall have before Closing access to the Assets and the officers and employees of the Seller and (ii) in making the decision to enter into this Agreement and consummate the transactions contemplated hereby, the Buyer has relied solely on the basis of its own independent investigation and upon the express representations, warranties, covenants, and agreements set forth in this Agreement and the other Transaction Agreements. Accordingly, the Buyer acknowledges that, except as expressly set forth in this Agreement, the Seller has not made, and THE SELLER MAKES NO AND DISCLAIMS ANY, REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS OR IMPLIED, AND WHETHER BY COMMON LAW, STATUTE, OR OTHERWISE, REGARDING (i) THE QUALITY, CONDITION, OR OPERABILITY OF ANY PERSONAL PROPERTY, EQUIPMENT, OR FIXTURES, (ii) THEIR MERCHANTABILITY, (iii) THEIR FITNESS FOR ANY PARTICULAR PURPOSE, (iv) THEIR CONFORMITY TO MODELS, SAMPLES OF MATERIALS OR MANUFACTURER DESIGN, OR (v) AS TO WHETHER ANY ASSETS ARE YEAR 2000

COMPLIANT, AND ALL PERSONAL PROPERTY AND EQUIPMENT IS DELIVERED "AS IS, WHERE IS" IN THE CONDITION IN WHICH THE SAME EXISTS.

5. Pre-Closing Covenants. The Parties agree as follows with respect to the period between the date of this Agreement and the Closing:

(a) General. The Buyer shall use its Best Efforts to take all action and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement, including the Seller's conditions to closing in Section 7(b). The Seller shall, and shall cause Argo to, use its Best Efforts to take all action and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement, including the Buyer's conditions to closing in Section 7(a).

(b) Notices and Consents. Each of the Parties shall give any notices to, make any filings with, and use its Best Efforts to obtain any authorizations, consents, and approvals of Governmental Authorities and third parties it is required to obtain in connection with the matters referred to in Sections 3(a)(ii), 3(a)(iii), 3(b)(ii), and 3(b)(iii) including the corresponding Schedules, so as to permit the Closing to occur not later than 9:00 a.m. (Houston time) on April 1, 2002. Without limiting the generality of the foregoing, the Parties agree to work in good faith with the FTC in order to consummate the transactions contemplated hereby as soon as reasonably practicable, but in no event later than 9:00 a.m. (Houston time) on April 1, 2002; provided, that, notwithstanding anything to the contrary contained herein, this sentence shall not obligate the Buyer to divest or hold separate any assets or enter into any agreement not contemplated by this Agreement or modify this Agreement.

(c) Operation of Business. The Seller shall not permit Argo to, without the consent of the Buyer (which consent shall not be unreasonably withheld or delayed), except as expressly contemplated by this Agreement or as contemplated by Schedule 5(c), engage in any practice, take any action, or enter into any transaction outside the Ordinary Course of Business. Without limiting the generality of the foregoing, without the consent of the Buyer (which consent shall not be unreasonably withheld or delayed), except as expressly contemplated by this Agreement or Schedule 5(c), the Seller shall not permit Argo to do any of the following:

(i) [intentionally omitted];

(ii) cause or allow any part of the Assets to become subject to an Encumbrance, except for Permitted Encumbrances and other Encumbrances identified in Section 4(c);

(iii) amend in any material respect any Subject Contract material to the Assets or terminate any such material contract or agreement before the expiration of the term thereof other than to the extent any such material contract or agreement expires in accordance with its terms in the Ordinary Course of Business;

(iv) except as required by Law, make, change or revoke any Tax election relevant to any Asset;

(v) (A) acquire (including by merger, consolidation or acquisition of Equity Interest or assets) any corporation, partnership, limited liability company or other business organization or any division thereof or any material amount of assets other than the Prince ORI; (B) incur any Indebtedness for borrowed money or issue any debt securities or assume, guarantee, endorse, or otherwise as an accommodation become responsible for, the obligations of any Person, or make any loans or advances; (C) sell, lease or otherwise dispose of any property or assets, other than sales of goods or services in the Ordinary Course of Business; or (D) enter into or amend a contract, agreement, commitment, or arrangement with respect to any matter set forth in this Section 5(c)(v) or (except for contracts with aggregate Obligations not in excess of $10,000) otherwise not in the Ordinary Course of Business; provided that notwithstanding any provision of this Agreement, if the Buyer expressly consents in writing (x) Argo shall be entitled to dividend and/or distribute to its Equity Interest holders, at any time, and from time to time, such cash generated by Argo's business to which such Equity Interest holder would otherwise be entitled (other than cash arising from borrowings by such company or sales of assets by such company outside of the Ordinary Course of Business) so long as such dividends and/or distributions are reflected as a Purchase Price Decrease, where appropriate, and (y) Argo may make or incur capital expenditures in accordance with the terms of its Organizational Documents and the capital expenditures budget set forth on Schedule 5(c)(v); or

(vi) [Intentionally omitted.]

(vii) initiate or settle any litigation, complaint, rate filing or administration proceeding relating to the Assets.

(d) Intercompany Transactions. All outstanding receivables, payables and other intercompany transactions and arrangements between the Seller and any of its Affiliates, on the one hand, and Argo, on the other hand, shall remain in full force and effect as Assumed Obligations through and after the Closing.

(e) Full Access. The Seller shall permit, and shall cause its Affiliates to permit, representatives of the Buyer to have full access at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Seller and its Affiliates, to all premises, properties, personnel, books, records (including Tax records), contracts, and documents of Argo or pertaining to any of the Assets.

(f) Liens and Encumbrances.

(i) Prior to the Closing, the Seller shall obtain releases of all liens and other Encumbrances disclosed in Schedule 4(c)(i), without any post-Closing

liability or expense to any Asset or any Buyer Party, and shall provide proof of such releases to the Buyer at the Closing.

(ii) Prior to the Closing, the Buyer may from time to time notify Seller in writing (a "Title Defect Notice") of any liens or other Encumbrances or defects or irregularities of title which would cause a breach of a representation or warranty of Seller set forth in Section 4(c)(i) with respect to the Prince ORI ("Title Defect"). Any Title Defect as described in a Title Defect Notice delivered to the Seller prior to Closing and not cured to the Buyer's satisfaction on or before the Closing, unless the time for cure is extended in writing by the Buyer, shall be a "Title Failure" unless waived by Buyer. Any Title Defect waived by Buyer shall become a Permitted Encumbrance.

(iii) In the event of a Title Failure, then the Title Failure Value associated with such Title Failure shall be the product of (A) the allocated value attributed to the Prince ORI pursuant to Section 9(g) multiplied by (B) the actual overriding royalty interest attributable to the Prince ORI, divided by (C) the overriding royalty interest attributable to the Prince ORI stated in Exhibit A:

6. Post-Closing Covenants. The Parties agree as follows:

(a) General. In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, each of the Parties shall take such further action (including the execution and delivery of such further instruments and documents) as the other Party reasonably may request, all at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefor under Section 8).

(b) Litigation Support. In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or before the Closing Date involving the Assets, the other Party shall cooperate with the contesting or defending Party and its counsel in the defense or contest, make available its personnel, and provide such testimony and access to its books and records (other than books and records which are subject to privilege or to confidentiality restrictions) as shall be necessary in connection with the defense or contest, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under Section 8). The Seller shall have sole control over all litigation, arbitration, settlement and other dispute resolution proceedings with respect to the MODEC Dispute; provided that Seller shall keep Buyer promptly informed as to the progress and resolution of the MODEC Dispute.

(c) Surety Bonds; Guarantees. The Buyer agrees to be substituted as the surety or guarantor of any surety bonds or guarantees issued by the Seller or any of its Affiliates in connection with the Assets, including the surety bonds and guarantees listed on Schedule 6(c). The Buyer and the Seller shall cooperate to effect all such substitutions and the Buyer shall indemnify and hold the Seller harmless from and against any Adverse Consequences arising

from the failure of the Buyer to be so substituted. The Buyer shall use commercially reasonable efforts to obtain a release of the Seller from any surety or guaranty obligations with respect to the Assets.

(d) Delivery and Retention of Records. On the Closing Date, the Seller shall deliver or cause to be delivered to the Buyer, copies of Tax Records which are relevant to Post-Closing Tax Periods and all other files, books, records, information and data relating to the Assets (other than Tax Records) that are in the possession or control of the Seller (the "Records"). The Buyer agrees to (i) hold the Records and not to destroy or dispose of any thereof for a period of ten years from the Closing Date or such longer time as may be required by Law, provided that, if it desires to destroy or dispose of such Records during such period, it shall first offer in writing at least 60 days before such destruction or disposition to surrender them to the Seller and if the Seller does not accept such offer within 20 days after receipt of such offer, the Buyer may take such action and (ii) afford the Seller, its accountants, and counsel, during normal business hours, upon reasonable request, at any time, full access to the Records and to the Buyer's employees to the extent that such access may be requested for any legitimate purpose at no cost to the Seller (other than for reasonable out-of-pocket expenses); provided that such access shall not be construed to require the disclosure of Records that would cause the waiver of any attorney-client, work product, or like privilege; provided, further that in the event of any litigation nothing herein shall limit any Party's rights of discovery under applicable Law.

7. Conditions to Obligation to Close.

(a) Conditions to Obligation of the Buyer. The obligation of the Buyer to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties of the Seller contained in Sections 3(a) and 4 must be true and correct in all material respects (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value, except with respect to (A) the representations and warranties in Section 4(c)(ii) and (B) the representations and warranties in Section 4(d)(iii) with respect to latent defects, for which in each such case qualifications as to Knowledge shall be given effect) as of the date of this Agreement and at Closing (except for those which refer to a specific date, which must be true and correct as of such date);

(ii) the Seller must have performed and complied in all material respects with its covenants hereunder through the Closing (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value);

(iii) there must not be any injunction, judgment, order, decree, ruling, or charge in effect preventing consummation of any of the transactions contemplated by this Agreement or any suit or action pending by a Governmental

Authority to enjoin the consummation of any of the transactions, contemplated by this Agreement;

(iv) the Seller must have obtained all material Governmental Authority and third party consents, including any material consents specified in Sections 3(a)(ii), 3(a)(iii) and 4(b) and including the corresponding Schedules;

(v) the Seller must have delivered to the Buyer a certificate to the effect that each of the conditions specified in Sections 7(a)(i) - (iv) is satisfied in all respects;

(vi) the FTC must have approved the transactions contemplated hereunder;

(vii) the Closing Date shall be no earlier than March 28, 2002;

(viii) El Paso Tennessee Pipeline Co. (an Affiliate of the Buyer) and the Seller must have executed and delivered the EPN PSA and the closing of the transactions contemplated therein must have occurred; and

(ix) the Seller shall have caused any and all amounts outstanding under the Argo Credit Agreement to be paid in full.

The Buyer may waive any condition specified in this Section 7(a) if it executes a writing so stating at or before the Closing.

(b) Conditions to Obligation of the Seller. The obligation of the Seller to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties of the Buyer contained in Section 3(b) must be true and correct in all material respects (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value) as of the date of this Agreement and at Closing (except for those which refer to a specific date, which must be true and correct as of such date);

(ii) the Buyer must have performed and complied in all material respects with each of its covenants hereunder through the Closing (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value);

(iii) there must not be any injunction, judgment, order, decree, ruling, or charge in effect preventing consummation of any of the transactions contemplated by this Agreement or any suit or action pending by a Governmental

Authority to enjoin the consummation of any of the transactions, contemplated by this Agreement;

(iv) the Seller must have obtained all material Governmental Authority and third party consents, including material consents specified in Sections 3(a)(ii), 3(a)(iii) and 4(b) and including the corresponding Schedules;

(v) the Buyer must have delivered to the Seller a certificate to the effect that each of the conditions specified in Sections 7(b)(i) - (iv) is satisfied in all respects;

(vi) the FTC must have approved the transactions contemplated hereunder;

(vii) El Paso Tennessee Pipeline Co. (an Affiliate of the Buyer) and the Seller must have executed and delivered the EPN PSA and the closing of the transactions contemplated therein must have occurred; and

(viii) the Seller shall have caused any and all amounts outstanding under the Argo Credit Agreement to be paid in full.

The Seller may waive any condition specified in this Section 7(b) if it executes a writing so stating at or before the Closing.

8. Remedies for Breaches of this Agreement

(a) Survival of Representations and Warranties. (i) All of the representations and warranties of the Seller contained in Sections 3(a) and 4 (other than Sections 4(f) and 4(h)(ii)) shall survive the Closing hereunder for a period of three years after the Closing Date; (ii) the representations and warranties of the Seller contained in Section 4(f) shall survive the Closing with respect to any given claim that would constitute a breach of such representation or warranty until 90 days after the expiration of the statute of limitations applicable to the underlying Tax matter giving rise to that claim, and (iii) the representations and warranties of the Seller contained in Section 4(h)(ii) shall survive the Closing for a period of one year after the Closing Date. The representations and warranties of the Buyer contained in Section 3(b) shall survive the Closing for a period of three years after the Closing Date. The covenants and obligations contained in Sections 2 and 6 and all other covenants and obligations contained in this Agreement (other than Section 8(b)(iv)) shall survive the Closing forever. The covenants and obligations contained in Section 8(b)(iv) shall survive the Closing for a period of three years after the Closing Date

(b) Indemnification Provisions for Benefit of the Buyer.

(i) In the event: (x) the Seller breaches any of its representations or warranties (without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary

amount or value, except with respect to (A) the representations and warranties in Section 4(c)(ii) and (B) the representations and warranties in Section 4(d)(iii) with respect to latent defects, for which in each such case qualifications as to Knowledge shall be given effect) contained herein (other than a representation or warranty contained in Section 4(f)); (y) there is an applicable survival period pursuant to Section 8(a); and (z) the Buyer makes a written claim for indemnification against the Seller pursuant to Section 11(g) within such survival period, then the Seller agrees to release and indemnify the Buyer Indemnitees from and against any Adverse Consequences suffered by the Buyer Indemnitees; provided, that the Seller shall not have any obligation to release and indemnify the Buyer Indemnitees from and against any such Adverse Consequences (A) until the Buyer Indemnitees, in the aggregate, have suffered Adverse Consequences by reason of all such breaches in excess of an aggregate deductible amount equal to 1% of the Purchase Price (after which point the Seller shall be obligated only to release and indemnify the Buyer Indemnitees from and against further such Adverse Consequences) or thereafter (B) to the extent the Adverse Consequences the Buyer Indemnitees, in the aggregate, have suffered by reason of all Adverse Events exceeds an aggregate ceiling amount equal to 50% of the Purchase Price (after which point the Seller shall have no obligation to release and indemnify the Buyer Indemnitees from and against further such Adverse Consequences); provided, however, that the deductible amount with respect to breaches of Section 4(c)(i) shall be $190,000.

(ii) In the event: (x) the Seller breaches any of its covenants or obligations in Sections 2 or 6 or any other covenants or obligations in this Agreement or any representation or warranty contained in Section 4(f) (in each case above without giving effect to any supplement to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value); (y) there is an applicable survival period pursuant to Section 8(a); and (z) the Buyer makes a written claim for indemnification against the Seller pursuant to Section 11(g) within such survival period, then the Seller agrees to release and indemnify the Buyer Indemnitees from and against the entirety of any Adverse Consequences suffered by the Buyer Indemnitees.

(iii) The Seller shall release, indemnify and hold harmless the Buyer Indemnitees against any and all Adverse Consequences resulting by reason of joint and several liability with the Seller arising by reason of having been required to be aggregated with the Seller under section 414(o) of the Code, or having been under "common control" with the Seller, within the meaning of Section 4001(a)(14) of ERISA.

(iv) In the event: (x) there is an applicable survival period pursuant to Section 8(a) and (y) the Buyer makes a written claim for indemnification against the Seller pursuant to Section 11(g) within such survival period, then the Seller agrees to release and indemnify the Buyer Indemnitees from and against the entirety of any Adverse Consequences suffered by the Buyer Indemnitees with

respect to any environmental condition, claim or loss with respect to any of the Assets and/or Argo arising as a result of events occurring or conditions existing on or prior to the Purchase Price Adjustment Date, including the matters disclosed in Schedule 4(i).

(v) The Seller agrees to indemnify the Buyer Indemnitees from and against the entirely of any Adverse Consequences arising before or after the Closing Date and suffered by the Buyer Indemnities with respect to, the MODEC Dispute.

(vi) [Intentionally omitted.]

(vii) [Intentionally omitted.]

(viii) The Seller shall release, indemnify and hold harmless the Buyer Indemnitees against any and all Adverse Consequences suffered by the Buyer Indemnitees with respect to, any outstanding injunction, judgment, order, decree, ruling, or charge, or any pending or threatened action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction, relating to the Assets and/or Argo on the Closing Date, including the matters listed on Schedule 4(h).

(ix) [Intentionally omitted.]

(x) Notwithstanding anything to the contrary contained in Sections 8(b)(i), (iii) and (iv), the Seller shall not have any obligation to indemnify any Buyer Indemnified Party to the extent that the payment thereof would cause the Seller's aggregate indemnity payments under all of Sections 8(b)(i), (iii) and (iv), (but excluding Sections 8(b)(v) and (viii)) to exceed 100% of the Purchase Price.

(xi) To the extent any Buyer Indemnitee becomes liable to, and is ordered to and does pay to any third party, punitive, exemplary, special or consequential damages caused by a breach by the Seller of any representation, warranty or covenant contained in this Agreement, then such punitive, exemplary, special or consequential damages shall be deemed actual damages to such Buyer Indemnitee and included within the definition of Adverse Consequences for purposes of this Section 8.

(xii) Except for the rights of indemnification provided in this Section 8, the Buyer hereby waives any claim or cause of action pursuant to common or statutory law or otherwise against the Seller arising from any breach by the Seller of any of its representations, warranties or covenants under this Agreement or the transactions contemplated hereby.

(c) Indemnification Provisions for Benefit of the Seller.

(i) In the event: (x) the Buyer breaches any of its representations, warranties or covenants contained herein (without giving effect to any supplement

to the Schedules, any qualification as to materiality, Material Adverse Effect, Knowledge, awareness or concepts of similar import, or any qualification or limitation as to monetary amount or value); (y) there is an applicable survival period pursuant to Section 8(a); and (z) the Seller makes a written claim for indemnification against the Buyer pursuant to Section 11(g) within such survival period, then the Buyer agrees to release and indemnify the Seller Indemnitees from and against the entirety of any Adverse Consequences suffered by such Seller Indemnitees.

(ii) Subject to the proviso at the end of this Section 8(c)(ii), the Buyer agrees to release and indemnify the Seller Indemnitees from and against the entirety of Adverse Consequences suffered by the Seller Indemnitees the Basis for which is attributable to the period prior to the Closing Date, relating to, arising out of, or connected with the ownership or operation of the Assets; provided, that this release and indemnity shall not be effective (A) with respect to any matter for which the Seller has indemnified the Buyer Indemnitees (other than with respect to any deductible or cap applicable to such indemnity and set forth in Section 8(b)) unless and until, pursuant to Section 8(a), the survival period for such indemnity has expired and then only with respect to matters for which written notice of such Adverse Consequences has not been given to Seller prior to the expiration of such survival period, or (B) with respect to matters for which Seller is responsible pursuant to Section 9.

(iii) To the extent any Seller Indemnitee becomes liable to, and is ordered to and does pay to any third party, punitive, exemplary, special or consequential damages caused by a breach by the Buyer of any representation, warranty or covenant contained in this Agreement, then such punitive, exemplary, special or consequential damages shall be deemed actual damages to such Seller Indemnitee and included within the definition of Adverse Consequences for purposes of this Section 8.

(iv) Except for the rights of indemnification provided in this Section 8, the Seller hereby waives any claim or cause of action pursuant to common or statutory law or otherwise against the Buyer arising from any breach by the Buyer of any of its representations, warranties or covenants under this Agreement or the transactions contemplated hereby.

(d) Matters Involving Third Parties.

(i) If any third party shall notify any Party (the "Indemnified Party") with respect to any matter (a "Third Party Claim") that may give rise to a claim for indemnification against any other Party (the "Indemnifying Party") under this Section 8, then the Indemnified Party shall promptly (and in any event within five business days after receiving notice of the Third Party Claim) notify the Indemnifying Party thereof in writing.

(ii) The Indemnifying Party shall have the right to assume and thereafter conduct the defense of the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party; provided, however, that the Indemnifying Party shall not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party (not to be withheld unreasonably) unless the judgment or proposed settlement involves only the payment of money damages and does not impose an injunction or other equitable relief upon the Indemnified Party.

(iii) Unless and until the Indemnifying Party assumes the defense of the Third Party Claim as provided in Section 8(d)(ii), the Indemnified Party may defend against the Third Party Claim in any manner it reasonably may deem appropriate.

(iv) In no event shall the Indemnified Party consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party which consent shall not be withheld unreasonably.

(e) Determination of Amount of Adverse Consequences. The Adverse Consequences giving rise to any indemnification obligation hereunder shall be limited to the actual loss suffered by the Indemnified Party (i.e. reduced by any insurance proceeds or other payment or recoupment received, realized or retained by the Indemnified Party as a result of the events giving rise to the claim for indemnification net of any expenses related to the receipt of such proceeds, payment or recoupment, including retrospective premium adjustments, if any), but not any reduction in Taxes of the Indemnified Party (or the affiliated group of which it is a member) occasioned by such loss or damage. The amount of the actual loss and the amount of the indemnity payment shall be computed by taking into account the timing of the loss or payment, as applicable, using a Prime Rate plus 2% interest or discount rate, as appropriate. Upon the request of the Indemnifying Party, the Indemnified Party shall provide the Indemnifying Party with information sufficient to allow the Indemnifying Party to calculate the amount of the indemnity payment in accordance with this Section 8(e). An Indemnified Party shall take all reasonable steps to mitigate damages in respect of any claim for which it is seeking indemnification and shall use reasonable efforts to avoid any costs or expenses associated with such claim and, if such costs and expenses cannot be avoided, to minimize the amount thereof.

(f) Tax Treatment of Indemnity Payments. All indemnification payments made under this Agreement, including any payment made under Section 9, shall be treated as purchase price adjustments for Tax purposes.

9. Tax Matters.

(a) Tax Returns. The Buyer shall prepare or cause to be prepared and file or cause to be filed any Post-Closing Tax Returns with respect to the Assets. The Buyer shall pay (or cause to be paid) any Taxes due with respect to such Tax Returns. The Seller shall prepare or

cause to be prepared and file or cause to be filed all Pre-Closing Tax Returns with respect to the Assets. The Seller shall pay or cause to be paid any Taxes due with respect to such Tax Returns.

(b) Straddle Periods. The Buyer shall be responsible for Taxes with respect to the Assets related to the portion of any Straddle Period occurring after the Closing Date. The Seller shall be responsible for such Taxes relating to the portion of any Straddle Period occurring before and on the Closing Date. If applicable Law shall not permit the Closing Date to be the last day of a period, then (i) real or personal property Taxes with respect to the Assets shall be allocated based on the number of days in the partial period before and after the Closing Date and (ii) all other Taxes shall be allocated on the basis of the actual activities or attributes of the Assets for each partial period as determined from the books and records of Seller, Argo and their Affiliates.

(c) Straddle Returns. The Buyer shall prepare any Straddle Returns and deliver same to the Seller for review and comment at least 45 days prior to the due date (including any extension) for filing each such Straddle Return, together with a statement setting forth the allocation of taxable income and Taxes under Section 9(b) and the amount of Tax that the Seller owes. The Seller and the Buyer agree to consult with each other to attempt to resolve in good faith any issue arising as a result of Seller's review of such Straddle Return and mutually to consent to the filing thereof as promptly as possible. Not later than five days before the due date for the payment of Taxes with respect to any such Straddle Return, the Seller shall pay or cause to be paid to the Buyer either (i) if Buyer and Seller are in agreement as to the amount of Taxes owed by Seller, that amount, or (ii) if Buyer and Seller cannot agree on the amount of Taxes owed by the Seller, the maximum amount of Taxes reasonably determined by the Seller to be owed by it, in which case (A) the Seller and the Buyer shall refer the dispute to an independent "Big-Five" accounting firm agreed to by the Buyer and the Seller to arbitrate the dispute within ten days following the payment of the undisputed amount, (B) the determination of such accounting firm as to the amount of Taxes owing by the Seller with respect to a Straddle Return shall be binding on both the Seller and the Buyer, (C) the Seller and the Buyer shall equally share the fees and expenses of the accounting firm, and (D) within five days after the determination by such accounting firm, if necessary, the appropriate Party shall pay the other Party any amount which is determined by such accounting firm to be owed. The Seller shall be entitled to reduce its obligation to pay Taxes with respect to a Straddle Return by the amount of any estimated Taxes paid with respect to such Taxes on or before the Closing Date.

(d) Tax Indemnification. The Buyer agrees to indemnify the Seller against (i) all Taxes with respect to the Assets, and (ii) all Taxes of Argo assumed by the Buyer pursuant to Section 2(e)(iv) for any Post-Closing Tax Period and the portion of any Straddle Period occurring after the Closing Date. The Seller agrees to indemnify the Buyer against (i) all Taxes with respect to the Assets, and (ii) all Taxes of Argo assumed by the Buyer pursuant to Section 2(e)(iv) for any Pre-Closing Tax Period and the portion of any Straddle Period occurring on or before the Closing Date.

(e) Certain Taxes. The Seller shall file all necessary Tax Returns and other documentation with respect to all transfer, documentary, sales, use, stamp, registration and other similar Taxes and fees, pay the related Tax, and, if required by applicable Law, the Buyer shall,

and shall cause its Affiliates to, join in the execution of any such Tax Returns and other documentation.

(f) Tax Refunds. If the Buyer or any Affiliate of the Buyer receives a refund of any Taxes that the Seller is responsible for hereunder, or if the Seller or any Affiliate of the Seller receives a refund of any Taxes that the Buyer is responsible for hereunder, the party receiving such refund shall, within 30 days after receipt of such refund, remit it to the party who has responsibility for such Taxes hereunder. For the purpose of this Section 9(f), the term "refund" shall include a reduction in Tax and the use of an overpayment as a credit or other tax offset, and receipt of a refund in respect thereof shall be deemed to occur upon the filing of a return or an adjustment thereto claiming the benefit of such reduction, overpayment or offset.

(g) Purchase Price Allocation. The Seller and the Buyer shall, within ninety (90) days after the Closing Date, agree to allocate the Purchase Price (as adjusted pursuant to this Agreement) and any Assumed Obligations among the Assets. Seller and Buyer agree (i) to report the federal, state and local income and other Tax consequences of the transactions contemplated herein, and in particular to report the information required by Section 1060(b) of the Code, and to jointly prepare Form 8594 (Asset Acquisition Statement under Section 1060) in a manner consistent with such allocation and (ii) without the consent of the other Party, not to take any position inconsistent therewith upon examination of any Tax return, in any refund claim, in any litigation, investigation or otherwise. Seller and Buyer agree that each will furnish the other a copy of Form 8594 (Asset Acquisition Statement under Section 1060) proposed to be filed with the Internal Revenue Service by such Party or any Affiliate thereof within 10 days prior to the filing of such form with the Internal Revenue Service.

(h) Closing Tax Certificate. On the Closing Date, the Seller shall deliver to the Buyer a certificate (in the form attached hereto as Exhibit D) signed under penalties of perjury (i) stating it is not a foreign corporation, foreign partnership, foreign trust or foreign estate, (ii) providing its U.S. Employer Identification Number, and (iii) providing its address, all pursuant to Section 1445 of the Code.

(i) Like Kind Exchanges. Each Party shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with enabling the transactions contemplated herein to qualify in whole or in part as a "like kind" exchange pursuant to Section 1031 of the Code. Each of the Buyer and Seller agree to indemnify the other Party against any and all costs and expenses incurred with respect to furnishing such cooperation. Each Party may assign its rights under this Agreement to a "qualified intermediary" to facilitate a like-kind exchange. The agreement between the applicable Party and the qualified intermediary ("Exchange Agreement") shall be set forth as Exhibit F.

10. Termination.

(a) Termination of Agreement. The Parties may terminate this Agreement, as provided below:

(i) the Buyer and the Seller may terminate this Agreement by mutual written consent at any time before the Closing;

(ii) the Buyer may terminate this Agreement by giving written notice to the Seller at any time before Closing (A) in the event the Seller has breached any representation, warranty or covenant contained in this Agreement in any material respect, the Buyer has notified the Seller of the breach, the breach has continued without cure for a period of 10 days after the notice of breach and such breach would result in a failure to satisfy a condition to the Buyer's obligation to consummate the transactions contemplated hereby; (B) if the Closing shall not have occurred on or before 9:00 a.m. (Houston time) on April 1, 2002 (unless the failure results primarily from the Buyer itself breaching any representation, warranty or covenant contained in this Agreement); or (C) if the transactions contemplated hereby do not receive all required approvals of the FTC;

(iii) the Seller may terminate this Agreement by giving written notice to the Buyer at any time before the Closing (A) in the event the Buyer has breached any representation, warranty or covenant contained in this Agreement in any material respect, the Seller has notified the Buyer of the breach, the breach has continued without cure for a period of 10 days after the notice of breach and such breach would result in a failure to satisfy a condition to the Seller's obligation to consummate the transactions contemplated hereby; (B) if the Closing shall not have occurred on or before 9:00 a.m. (Houston time) on April 1, 2002 (unless the failure results primarily from the Seller breaching any representation, warranty or covenant contained in this Agreement); or (C) if the transactions contemplated hereby do not receive all required approvals of the FTC;

(iv) the Buyer or the Seller may terminate this Agreement if any court of competent jurisdiction or any governmental, administrative or regulatory authority, agency or body shall have issued an order, decree or ruling or shall have taken any other action permanently enjoining, restraining or otherwise prohibiting the transactions contemplated hereby and such order, decree, ruling or other action shall have become final and nonappealable; and

(i) the Buyer or the Seller may terminate this Agreement if the EPN PSA is terminated for any reason.

(b) Effect of Termination. Except for the obligations under Sections 8, 10 and 11, if any Party terminates this Agreement pursuant to Section 10(a), all rights and obligations of the Parties hereunder shall terminate without any liability of any Party to any other Party (except for any liability of any Party then in breach).

11. Miscellaneous.

(a) Public Announcements. Any Party is permitted to issue a press release or make a public announcement concerning this Agreement without the other Parties' consents, in which case the disclosing Party shall provide an advance copy of the proposed public disclosure to the non-disclosing Parties and permit the non-disclosing Parties the opportunity to reasonably comment on such proposed disclosure. The Parties agree to cooperate in good faith to issue

separate and simultaneous press releases within twenty-four (24) hours following the execution of this Agreement by all Parties.

(b) Insurance. The Buyer acknowledges and agrees that, following the Closing, any Subject Insurance Policies shall be terminated or modified to exclude coverage of all or any portion of the Assets by the Seller or any of its Affiliates, and, as a result, the Buyer shall be obligated at or before Closing to obtain at its sole cost and expense replacement insurance, including insurance required by any third party to be maintained for or by the Assets. The Buyer further acknowledges and agrees that the Buyer may need to provide to certain Governmental Authorities and third parties evidence of such replacement or substitute insurance coverage for the continued operations of the Assets. If any claims are made or losses occur prior to the Closing Date that relate solely to the Assets and such claims, or the claims associated with such losses, properly may be made against the policies retained by the Seller or its Affiliates after the Closing, then the Seller shall use its Best Efforts so that the Buyer can file, notice, and otherwise continue to pursue these claims pursuant to the terms of such policies; provided, however, nothing in this Agreement shall require the Seller to maintain or to refrain from asserting claims against or exhausting any retained policies.

(c) No Third Party Beneficiaries. Except for the indemnification provisions, this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

(d) Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Prior to the Closing the Buyer may not assign this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the Seller; provided, however, without the prior written approval of the Seller, the Buyer and its permitted successors and assigns may assign any or all of its rights, interests or obligations under this Agreement (i) to an Affiliate of the Buyer, including designating one or more Affiliates of the Buyer to be the assignee of some or any portion of the Assets, (ii) in connection with granting a lien, pledge, mortgage or other security interest pursuant to a bona fide lending transaction, or (iii) pursuant to the foreclosure or settlement of any assignment made pursuant to (ii) above; provided the Seller is not released from any of its obligations or liabilities hereunder. Each Party may assign either this Agreement or any of its rights, interests or obligations hereunder, without the prior written approval of the other Party, to a qualified intermediary in connection with any transaction described in Section 9(i); provided, however, that no such assignment shall relieve any Party from any of its Obligations under this Agreement.

(e) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

(f) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(g) Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given two business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to the Seller:	El Paso Energy Partners, L.P. Attn: President 4 Greenway Plaza Houston, Texas 77046 (832) 676-6152
If to the Buyer:	El Paso Production GOM, Inc. Attn: President El Paso Building Nine Greenway Plaza Houston, Texas 77046

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the addresses set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

(h) Governing Law and Venue. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE DOMESTIC LAWS OF THE STATE OF TEXAS WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF TEXAS OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF TEXAS. VENUE FOR ANY ACTION ARISING UNDER THIS AGREEMENT SHALL LIE EXCLUSIVELY IN ANY STATE OR FEDERAL COURT IN HARRIS COUNTY, TEXAS.

(i) Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Buyer and the Seller. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(j) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

(k) Transaction Expenses. Each of the Buyer and the Seller shall bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

(l) Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. All references herein to Exhibits, Schedules, Articles, Sections or subdivisions thereof shall refer to the corresponding Exhibits, Schedules, Article, Section or subdivision thereof of this Agreement unless specific reference is made to such exhibits, articles, sections or subdivisions of another document or instrument. The terms "herein," "hereby," "hereunder," "hereof," "hereinafter," and other equivalent words refer to this Agreement in its entirety and not solely to the particular portion of the Agreement in which such word is used. Each certificate delivered pursuant to this Agreement shall be deemed a part hereof, and any representation, warranty or covenant herein referenced or affirmed in such certificate shall be treated as a representation, warranty or covenant given in the correlated Section hereof on the date of such certificate. Additionally, any representation, warranty or covenant made in any such certificate shall be deemed to be made herein.

(m) Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

(n) Entire Agreement. THIS AGREEMENT (INCLUDING THE DOCUMENTS REFERRED TO HEREIN) CONSTITUTES THE ENTIRE AGREEMENT AMONG THE PARTIES AND SUPERSEDES ANY PRIOR UNDERSTANDINGS, AGREEMENTS, OR REPRESENTATIONS BY OR AMONG THE PARTIES, WRITTEN OR ORAL, TO THE EXTENT THEY HAVE RELATED IN ANY WAY TO THE SUBJECT MATTER HEREOF. The rights and obligations created by this Agreement are separate and independent from any rights and obligations created by any Assignment. Accordingly, none of the representations, warranties, covenants or indemnities included in any Assignment shall be merged into this Agreement or otherwise restrict or limit the effect of this Agreement, but each shall survive as provided in each such agreement. To the extent that there is a conflict between the express terms of this Agreement and any Assignment, this Agreement shall control.

*****

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in the preamble.

EL PASO ENERGY PARTNERS, L.P.

By: /s/: James Lytal

President

EL PASO PRODUCTION GOM INC.

By: /s/: R.D. Erskine

President

EXHIBIT 10.Q

[JP MORGAN LOGO]

CREDIT AGREEMENT

AMONG

EPN HOLDING COMPANY, L.P.,

THE LENDERS PARTY HERETO,

BANC ONE CAPITAL MARKETS, INC. AND WACHOVIA BANK, NATIONAL ASSOCIATION,

AS CO-SYNDICATION AGENTS

FLEET NATIONAL BANK AND FORTIS CAPITAL CORP.,

AS CO-DOCUMENTATION AGENTS

AND

JPMORGAN CHASE BANK,

AS ADMINISTRATIVE AGENT

DATED AS OF APRIL 8, 2002

J.P. MORGAN SECURITIES INC.

AS SOLE BOOK RUNNER AND LEAD ARRANGER

TABLE OF CONTENTS

Page ARTICLE I DEFINITIONS Section 1.1 Defined
Terms..7
Section 1.2 Other Definitional
Provisions...27 ARTICLE II AMOUNT
AND TERMS OF LOANS Section 2.1 Loans and
Commitments...28 Section
2.2 Repayment of Loans; Evidence of
Debt..28 Section 2.3 Procedure for
Borrowing..29 Section 2.4
Limitations on
Loans...31 Section 2.5
Commitment
Fee..31 Section
2.6 Termination or Reduction of
Commitments..31 ARTICLE III LETTERS OF
CREDIT Section 3.1 Issuance of Letters of
Credit...32 Section 3.2 Procedure
for Issuance of Letters of Credit..33 Section
3.3 Participations and Payments in Respect of the Letters of
Credit...............................33 Section 3.4 Fees, Commissions and Other
Charges...34 Section 3.5 Reimbursement
Obligation of the Borrower...35 Section 3.6
Obligations
Absolute..35 Section
3.7 Letter of Credit
Payments...36 Section 3.8
Applications...36
ARTICLE IV GENERAL PROVISIONS FOR LOANS Section 4.1 Optional and Mandatory
Prepayments..36 Section 4.2
Conversion and Continuation
Options..38 Section 4.3 Minimum
Amounts of Tranches...39
Section 4.4 Interest Rates and Payment
Dates...39 Section 4.5 Computation
of Interest and Fees...39 Section
4.6 Inability to Determine Interest
Rate...40 Section 4.7 Pro Rata Treatment
and Payments...40 Section 4.8
Illegality...41
Section 4.9 Requirements of
Law...41 Section 4.10
Taxes..43
Section 4.11
Indemnity..44
Section 4.12 Lenders Obligation to
Mitigate...44 Section 4.13 Certain
Permitted Transactions...44
Section 4.14 Acquisition;
Disposition...45

ARTICLE V
REPRESENTATIONS AND WARRANTIES

Section 5.1 Financial Condition....46
Section 5.2 No Change....46
Section 5.3 Existence; Compliance with Law....46
Section 5.4 Power; Authorization; Enforceable Obligations....47
Section 5.5 No Legal Bar....47
Section 5.6 No Material Litigation....48
Section 5.7 No Default....48
Section 5.8 Ownership of Property; Liens....48
Section 5.9 Intellectual Property....48
Section 5.10 No Burdensome Restrictions....48
Section 5.11 Taxes....48
Section 5.12 Federal Regulations....49
Section 5.13 ERISA....49
Section 5.14 Investment Company Act; Other Regulations....49
Section 5.15 Subsidiaries....49
Section 5.16 Purpose of Loans, Letters of Credit....49
Section 5.17 Environmental Matters....49
Section 5.18 Accuracy and Completeness of Information....51
Section 5.19 Security Documents....51
Section 5.20 Solvency....51
Section 5.21 Transaction....51
Section 5.22 Insurance....52

ARTICLE VI
CONDITIONS PRECEDENT

Section 6.1 Conditions to Initial Extensions of Credit....52
Section 6.2 Conditions to Each Extension of Credit....56

ARTICLE VII
AFFIRMATIVE COVENANTS

Section 7.1 Financial Statements....57
Section 7.2 Certificates; Other Information....58
Section 7.3 Payment of Obligations....60
Section 7.4 Conduct of Business and Maintenance of Existence....60
Section 7.5 Maintenance of Property; Insurance....60
Section 7.6 Inspection of Property; Books and Records; Discussions....61
Section 7.7 Notices....61
Section 7.8 Environmental Laws....61
Section 7.9 Maintenance of Liens of the Security Documents....62
Section 7.10 Pledge of After-Acquired Property....62
Section 7.11 Use of Proceeds....63
Section 7.12 Ownership of Subsidiaries....63
Section 7.13 Joint Venture Charters....63

ARTICLE VIII
NEGATIVE COVENANTS

Section 8.1 Financial Condition Covenants....64
Section 8.2 Limitation on Indebtedness....64
Section 8.3 Limitation on Liens....65
Section 8.4 Limitation on Guarantee Obligations....66
Section 8.5 Limitations on Fundamental Changes....66
Section 8.6 Limitation on Sale of Assets....66
Section 8.7 Limitation on Dividends....67
Section 8.8 Limitation on Investments, Loans and Advances....67
Section 8.9 Limitation on Modifications of Certain Agreements....68
Section 8.10 Limitation on Transactions with Affiliates....69
Section 8.11 Limitation on Sales and Leasebacks....69
Section 8.12 Limitation on Changes in Fiscal Year....69
Section 8.13 Limitation on Lines of Business....69
Section 8.14 Governing Documents....69
Section 8.15 Compliance with ERISA....70
Section 8.16 Limitation on Restrictions Affecting Subsidiaries....70
Section 8.17 Creation of Subsidiaries....70
Section 8.18 Hazardous Materials....70
Section 8.19 Holding Companies....71
Section 8.20 No Voluntary Termination of Joint Venture Charters....71
Section 8.21 Actions by Joint Ventures....71
Section 8.22 Hedging Transactions....71

ARTICLE IX
EVENTS OF DEFAULT

ARTICLE X
THE ADMINISTRATIVE AGENT

Section 10.1 Appointment....75
Section 10.2 Delegation of Duties....75
Section 10.3 Exculpatory Provisions....75
Section 10.4 Reliance by Administrative Agent....75
Section 10.5 Notice of Default....76
Section 10.6 Non-Reliance on Administrative Agent and Other Lenders....76
Section 10.7 Indemnification....77
Section 10.8 Administrative Agent in Its Individual Capacity....77
Section 10.9 Successor Administrative Agent....77
Section 10.10 Other Agents....77

ARTICLE XI
MISCELLANEOUS

Section 11.1	Amendments and Waivers	78
Section 11.2	Notices	78
Section 11.3	No Waiver; Cumulative Remedies	79
Section 11.4	Survival of Representations and Warranties	79
Section 11.5	Payment of Expenses and Taxes	79
Section 11.6	Successors and Assigns; Participations; Purchasing Lenders	80
Section 11.7	Adjustments; Set-off	83
Section 11.8	Counterparts	84
Section 11.9	Severability	84
Section 11.10	Integration	84
Section 11.11	Usury Savings Clause	84
Section 11.12	GOVERNING LAW	85
Section 11.13	Submission To Jurisdiction; Waivers	85
Section 11.14	Acknowledgements	85
Section 11.15	Confidentiality	86
Section 11.16	WAIVERS OF JURY TRIAL	86
Section 11.17	Releases	86
Section 11.18	Limitation on Recourse of Lenders	87

ANNEXES

Annex I Applicable Margin

SCHEDULES

Schedule I	Term Loan Lenders, Commitments and Commitment Percentages
Schedule II	Revolving Credit Lenders, Commitments and Commitment Percentages
Schedule 5.6	Litigation
Schedule 5.15	Subsidiaries
Schedule 5.17	Environmental Matters
Schedule 5.22	Insurance

EXHIBITS

Exhibit A	Form of Revolving Credit Note
Exhibit B	Form of Term Note
Exhibit C	Form of Borrower Pledge Agreement
Exhibit D	Form of Borrower Security Agreement
Exhibit E	Form of Parent Guarantee - General Partner
Exhibit F	Form of Parent Guarantee - Limited Partner
Exhibit G	Form of Parent Pledge Agreement
Exhibit H	Form of Subsidiaries Guaranty
Exhibit I	Form of Subsidiaries Security Agreement
Exhibit J	From of Subsidiaries Pledge Agreement

Exhibit K	Form of Borrowing Certificate
Exhibit L	Form of Assignment and Assumption
Exhibit M	Form of Environmental Compliance Certificate
Exhibit N	Projections

CREDIT AGREEMENT, dated as of April 8, 2002, among EPN HOLDING COMPANY, L.P., a Delaware limited partnership (the "Borrower"), each bank and other financial institution from time to time party to this Agreement (the "Lenders"), and JPMORGAN CHASE BANK, as administrative agent for the Lenders hereunder (in such capacity, the "Administrative Agent").

WITNESSETH:

WHEREAS, certain Affiliates (as hereinafter defined) of the Borrower, and the Sellers (as hereinafter defined), have entered into the Acquisition Documents (as hereinafter defined) for the purchase by the Borrower (or its Affiliates) of certain equity interests and assets owned by the Sellers or their Subsidiaries (as hereinafter defined) for aggregate consideration of up to $735,000,000 (including payments for acquired indebtedness) as more fully provided therein (the "Acquisition");

WHEREAS, an equity contribution having a fair market value of approximately $200,000,000 (but no less than $190,000,000) is to be paid or otherwise effected contemporaneous with the consummation of the Acquisition by EPN (as hereinafter defined) or its Subsidiaries on behalf of the Borrower (the "Equity Contribution"), such Equity Contribution, together with the proceeds of certain of the Loans (as hereinafter defined), being used to consummate the Acquisition and to consist of payments of cash, issuance of certain securities and transfer of certain assets by EPN or its Subsidiaries to the Sellers;

WHEREAS, the Borrower has requested that the Lenders make such Loans to it, and the Lenders are prepared to make such Loans upon and subject to the terms hereof.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Acquired Business": as defined in Section 8.8(e).

"Acquisition": as defined in the Recitals hereto.

"Acquisition Documents": collectively, the Purchase, Sale and Merger Agreement, by and between El Paso Tennessee Pipeline Co, as seller, and EPN, as buyer, dated as of April 1, 2002, the Prince PSA and the Contribution Agreement, by and between El Paso Field Services Holding Company, as seller, and EPN, as buyer, dated as of April 1, 2002.

"Additional Term Loan": as defined in Section 2.1(b).

"Additional Term Loan Borrowing Date": April 16, 2002.

"Additional Term Loan Commitment": as to any Term Loan Lender, the obligation of such Term Loan Lender to make an Additional Term Loan hereunder in an aggregate principal amount not to exceed the amount set forth opposite such Term Loan Lender's name on Schedule I under the heading "Additional Term Loan Commitment" or in any assignment and acceptance pursuant to which such Term Loan Lender becomes a party hereto, as such amount shall be reduced in accordance with the provisions of this Agreement.

"Administrative Agent": as defined in the introductory paragraph of this Agreement.

"Administrative Questionnaire": an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate": as to any Person, any other Person (other than a Subsidiary) which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (i) vote 10% or more of the securities having ordinary voting power for the election of directors (or similar authority) of such Person or (ii) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise; provided, that any third Person which also beneficially owns 10% or more of the securities having ordinary voting power for the election of directors (or similar authority) of a Joint Venture or Subsidiary shall not be deemed to be an Affiliate of the Borrower and its Subsidiaries or Joint Ventures merely because of such common ownership.

"Agreement": this Credit Agreement, as amended, supplemented or otherwise modified from time to time.

"Alternate Base Rate": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof: "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City (each change in the Prime Rate to be effective on the date such change is publicly announced); "Base CD Rate" shall mean the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) a fraction, the numerator of which is one and the denominator of which is one minus the C/D Reserve Percentage and (b) the C/D Assessment Rate; "Three-Month Secondary CD Rate" shall mean, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board of Governors of the Federal Reserve System (the "Board") through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate shall not be so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 A.M., New York City time, on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by the Administrative Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it; "C/D Assessment

Rate" means for any day as applied to any Loan, the net annual assessment rate (rounded upward to the nearest 1/100th of 1%) determined by JPMorgan to be payable on such day to the Federal Deposit Insurance Corporation or any successor ("FDIC") for FDIC insuring time deposits made in Dollars at offices of JPMorgan in the United States; and "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Base CD Rate or the Federal Funds Effective Rate, or both, for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) or (c), or both, of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate shall be effective on the effective day of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

"Alternate Base Rate Loans": Loans the rate of interest applicable to which is based upon the Alternate Base Rate.

"Applicable Commitment Percentage" as to any Revolving Credit Lender, such Lender's Revolving Credit Commitment Percentage, and as to any Term Loan Lender, such Lender's Term Loan Percentage.

"Applicable Lender": with respect to any borrowing of Revolving Credit Loans, each Revolving Credit Lender, and with respect to any borrowing of Term Loans, each Term Loan Lender.

"Applicable Margin": for each Type of Loan, the rate per annum specified in Annex I attached hereto, which rate is based on the ratio of Consolidated Total Indebtedness of the Borrower at such time to Consolidated EBITDA for the most recently ended Calculation Period (the "Leverage Ratio"). The Applicable Margin for any date shall be determined by reference to the Leverage Ratio as of the last day of the fiscal quarter most recently ended as of such date and for the Calculation Period ended on such last day, and any change (x) shall become effective upon the delivery to the Administrative Agent of a certificate of a Responsible Officer of the Borrower (which certificate may be delivered prior to delivery of the relevant financial statements or may be incorporated in the certificate delivered pursuant to subsection 7.2(b)) with respect to the financial statements to be delivered pursuant to Section 7.1 for the most recently ended fiscal quarter (a) setting forth in reasonable detail the calculation of the Leverage Ratio at the end of such fiscal quarter and (b) stating that the signer has reviewed the terms of this Agreement and other Loan Documents and has made, or caused to be made under his or her supervision, a review in reasonable detail of the transactions and condition of the Borrower and its Subsidiaries during the accounting period, and that the signer does not have knowledge of the existence as at the date of such officers' certificate of any Event of Default or Default, and

(y) shall apply (i) in the case of the Alternate Base Rate Loans, to Alternate Base Rate Loans outstanding on such delivery date or made on and after such delivery date and (ii) in the case of the Eurodollar Loans, to Eurodollar Loans made on and after such delivery date. It is understood that the foregoing certificate of a Responsible Officer shall be permitted to be delivered prior to, but in no event later than, the time of the actual delivery of the financial statements required to be delivered pursuant to Section 7.1. Notwithstanding the foregoing, at any time during which the Borrower has failed to deliver the certificate referred to above in this definition as required under subsection 7.2(b) with respect to a fiscal quarter following the date the delivery thereof is due, the Leverage Ratio shall be deemed, solely for the purposes of this definition, to be greater than 5.0 to 1.0 until such time as Borrower shall deliver such compliance certificate.

"Application": an application, in such form as the Issuing Bank may specify, requesting the Issuing Bank to issue a Letter of Credit.

"Asset Sale": any Disposition of Property other than (a) Dispositions permitted by Subsections 8.6(a) through (d), and (b) any Disposition which, together with any related Disposition of Property, yields gross proceeds to the Borrower or any of its Subsidiaries (valued at the initial amount thereof in the case of non-cash proceeds consisting of notes or other debt securities and valued at fair market value in the case of other non-cash proceeds) of less than $1,000,000, provided, that the aggregate gross proceeds of Dispositions of Property excluded from the definition of Asset Sale pursuant to this clause (b) shall not exceed $5,000,000 in any fiscal year of the Borrower.

"Assignment and Assumption": an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 11.6), and accepted by the Administrative Agent, in the form of Exhibit L or any other form approved by the Administrative Agent.

"Available Revolving Credit Commitment": as to any Revolving Credit Lender at any time, an amount equal to the excess, if any, of (a) the amount of such Revolving Credit Lender's Revolving Credit Commitment over (b) such Revolving Credit Lender's Revolving Credit Exposure.

"Borrower": as defined in the introductory paragraph of this Agreement.

"Borrower Partners": collectively, the General Partner and the Limited Partner.

"Borrower Pledge Agreement": the Pledge Agreement made by the Borrower in favor of the Administrative Agent for the benefit of the Lenders, substantially in the form of Exhibit C hereto, as the same may be amended, supplemented or otherwise modified from time to time.

"Borrower Security Agreement": the Security Agreement made by the Borrower in favor of the Administrative Agent for the benefit of the Lenders, substantially in the form of Exhibit D hereto, as the same may be amended, supplemented or otherwise modified from time to time.

"Borrowing Date": any Business Day or Working Day, as applicable, specified in a notice pursuant to Section 2.3 or 3.2 as a date on which the Borrower requests the Lenders to make Loans or the Issuing Bank to issue a Letter of Credit hereunder.

"Business": as defined in Section 5.17.

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"Calculation Period": each period of four consecutive fiscal quarters of the Borrower.

"Capital Lease": any lease of property, real or personal, the obligations of the lessee in respect of which are required in accordance with GAAP to be capitalized on a balance sheet of the lessee.

"Cash Equivalents": (i) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof; (ii) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having the highest rating obtainable from either S&P or Moody's; (iii) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having the highest rating obtainable from either S&P or Moody's; (iv) certificates of deposit or banker's acceptances maturing within one year from the date of acquisition thereof issued by (x) any Lender, (y) any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia having combined capital and surplus of not less than $250,000,000 or (z) any bank which has a short-term commercial paper rating meeting the requirements of clause (iii) above (any such Lender or bank, a "Qualifying Lender"); (v) eurodollar time deposits having a maturity of less than one year purchased directly from any Lender (whether such deposit is with such Lender or any other Lender hereunder) or issued by any Qualifying Lender; and (vi) repurchase agreements and reverse repurchase agreements with a term of not more than 14 days with any Qualifying Lender relating to marketable direct obligations issued or unconditionally guaranteed by the United States.

"C/D Reserve Percentage": for any day as applied to any Alternate Base Rate Loan, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) (the "Board"), for determining the maximum reserve requirement for a Depositary Institution (as defined in Regulation D of the Board) in respect of new non-personal time deposits in Dollars having a maturity of 30 days or more.

"Channel Pipeline": the natural gas gathering system and related facilities and assets generally known as the Channel Pipeline System.

"Channel Recovery Event": A Recovery Event resulting from the rupture of the Channel Pipeline in October, 2001.

"Class": when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Credit Loans or Term Loans.

"Closing Date": the date on which the conditions set forth in Section 6.1 are first satisfied or waived, which shall occur on or prior to April 8, 2002.

"Co-Documentation Agents": collectively, Fleet National Bank and Fortis Capital Corp., each in its capacity as co-documentation agent for the Lenders hereunder.

"Co-Syndication Agents": collectively, Banc One Capital Markets, Inc. and Wachovia Bank, National Association, each in its capacity as co-syndication agent for the Lenders hereunder.

"Code": the Internal Revenue Code of 1986, as amended from time to time.

"Collateral": the "Collateral" as defined in the several Security Documents.

"Commitment Fee": the commitment fees payable pursuant to Section 2.5.

"Commitments": for any Lender, such Lender's Revolving Credit Commitment and Term Loan Commitment.

"Commonly Controlled Entity": an entity, whether or not incorporated, which is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group which includes the Borrower and which is treated as a single employer under Section 414 of the Code.

"Consolidated EBITDA": for any period and in accordance with Section 4.14, the Consolidated Net Income ((i) including earnings and losses from discontinued operations, except to the extent that any such losses represent reserves for losses attributable to the planned disposition of material assets, (ii) excluding extraordinary gains, and gains and losses arising from the sale of material assets, and (iii) including other non-recurring losses) for such period, plus (x) the aggregate amount of cash distributions received by the Borrower and its Subsidiaries (excluding Joint Ventures) from Joint Ventures (other than cash proceeds funded from the refinancing of the original capital investment by the Borrower and its Subsidiaries in Joint Ventures), and (y), to the extent reflected as a charge in the statement of Consolidated Net Income for such period, the sum of (a) interest expense, amortization of debt discount and debt issuance costs (including the write-off of such costs in connection with prepayments of debt) and commissions, discounts and other fees and charges associated with standby letters of credit, (b) taxes measured by income accrued as an expense during such period, (c) depreciation, depletion, and amortization expense, and (d) non-cash compensation expense resulting from the accounting treatment applied, in accordance with GAAP, to management's equity interest minus the equity of the Borrower and its Subsidiaries (excluding Joint Ventures) in the earnings of Joint Ventures; provided that Consolidated EBITDA shall exclude any insurance proceeds relating to a Channel Recovery Event. For any Calculation Period commencing prior to the Closing Date, Consolidated EBITDA shall be calculated as if the Borrower and its Subsidiaries had acquired the assets acquired pursuant to the Acquisition on the first day of such period and, with respect to any portion of such period prior to the Closing Date, based on the historical consolidated financial information of such assets (subject to pro forma adjustments reasonably satisfactory to the Administrative Agent).

"Consolidated Interest Expense": for any period, and in accordance with Section 4.14, total cash interest expense (including that attributable to Capital Leases) of the Borrower and its Subsidiaries (excluding Joint Ventures) for such period with respect to all outstanding Indebtedness of the Borrower and such Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Hedge Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP); provided, that for the Calculation Periods ending on June 30, 2002, September 30, 2002, and December 31, 2002, Consolidated Interest Expense shall be deemed to equal actual Consolidated Interest Expense for the full fiscal quarters of the Borrower subsequent to the Closing Date multiplied by 4, 2, and 4/3 respectively.

"Consolidated Net Income": for any period, and in accordance with Section 4.14, the net income or net loss of the Borrower and its consolidated Subsidiaries (excluding Joint Ventures) for such period determined in accordance with GAAP on a consolidated basis.

"Consolidated Net Worth": as of the date of determination, all items which in conformity with GAAP would be included under shareholders' equity on a consolidated balance sheet of the Borrower and its consolidated Subsidiaries at such date.

"Consolidated Tangible Net Worth": as of the date of determination and in accordance with Section 4.14, Consolidated Net Worth after deducting therefrom the following:

(a) goodwill, including any amounts (however designated on the balance sheet) representing the cost of acquisitions of Subsidiaries in excess of underlying tangible assets;

(b) patents, trademarks, copyrights;

(c) leasehold improvements not recoverable at the expiration of a lease; and

(d) deferred charges (including, but not limited to, unamortized debt discount and expense, organization expenses and experimental and development expenses, but excluding prepaid expenses).

"Consolidated Total Indebtedness": at any time and in accordance with Section 4.14, all Indebtedness of the Borrower and its consolidated Subsidiaries at such time.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Cover": when required by this Agreement for L/C Obligations, shall be effected by paying to the Administrative Agent in immediately available funds, to be held by the Administrative Agent in a collateral account maintained by the Administrative Agent at its office specified in Section 11.2 and hereby collaterally assigned as security to the Administrative Agent for the benefit of the Issuing Bank and the Lenders, an amount equal to the maximum amount of each applicable Letter of Credit available for drawing at any time. Such amount shall be retained by the Administrative Agent in such collateral account until such time as the applicable Letter of

Credit shall have expired and the Reimbursement Obligations, if any, with respect thereto shall have been fully satisfied.

"Default": any of the events specified in Article IX, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Disposition": with respect to any Property, any sale, lease, assignment, conveyance, transfer, or other disposition thereof; and the terms "Dispose" and "Disposed of" shall have correlative meanings.

"Dollars" and "$": dollars in lawful currency of the United States of America.

"El Paso": El Paso Corporation, a Delaware corporation.

"Environmental Laws": any and all foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes, as now or may at any time hereafter be in effect.

"EPEPC": El Paso Energy Partners Company (formerly known as Leviathan Gas Pipeline Company), a Delaware corporation.

"EPGT Texas Pipeline": EPGT Texas Pipeline, L.P., a Delaware limited partnership.

"EPN": El Paso Energy Partners, L.P., a Delaware limited partnership.

"EPN Credit Agreement": The Fifth Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended and restated through May 16, 2001, among EPN, El Paso Energy Partners Finance Corporation, the several banks and other financial institutions from time to time parties thereto, and JPMorgan (formerly known as The Chase Manhattan Bank), as administrative agent, as further amended by the First Amendment and the Second Amendment and as further amended, supplemented or otherwise modified from time to time.

"EPN Gathering and Treating": EPN Gathering and Treating Company, L.P., a Delaware limited partnership.

"EPN Gathering and Treating GP Holding": EPN Gathering and Treating GP Holding, L.L.C., a Delaware limited liability company.

"Equity Contribution": as defined in the Recitals hereto.

"Equity Interests": shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the rates (expressed as a decimal) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of such Board) maintained by a member bank of such System.

"Eurodollar Base Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate appearing on page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 A.M., London time, two Working Days prior to the beginning of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "Eurodollar Base Rate" with respect to such Eurodollar Loans for such Interest Period shall be the rate at which dollar deposits of a comparable amount to such Eurodollar Loans and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 A.M., London time, two Working Days prior to the commencement of such Interest Period.

"Eurodollar Loans": Loans the rate of interest applicable to which is based upon the Eurodollar Rate.

"Eurodollar Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

"Event of Default": any of the events specified in Article IX, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Expiry Date": with respect to any Letter of Credit at any time, the then stated expiration date of such Letter of Credit as set forth in such Letter of Credit.

"Federal Funds Effective Rate": as defined in the definition of Alternate Base Rate.

"First Amendment": The First Amendment, dated as of October 10, 2001, to the EPN Credit Agreement.

"Foreign Lender": any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"GAAP": generally accepted accounting principles in the United States of America in effect from time to time.

"General Partner": EPN GP Holding, L.L.C., a Delaware limited liability company, or any other Person acting as general partner of the Borrower.

"Governmental Authority": any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantee Obligation": as to any Person (the "guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including, without limitation, any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"Guarantees": collectively, the Parent Guarantees and the Subsidiaries Guarantee.

"Hazardous Materials": any hazardous materials, hazardous wastes, hazardous constituents, hazardous or toxic substances, petroleum products (including crude oil or any fraction thereof), defined or regulated as such in or under any Environmental Law.

"Hedge Agreements": all interest rate swaps, caps or collar agreements or similar arrangements dealing with interest rates or currency exchange rates or the exchange of nominal interest obligations, either generally or under specific contingencies.

"Hub Services": El Paso Hub Services Company, L.L.C., a Delaware limited liability company.

"Indebtedness": of any Person at any date, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices and which in any event are no more than 120 days past due or, if more than 120 days past due, are being contested in good faith and adequate reserves with respect thereto have been made on the books, of such Person), (b) any other indebtedness of such Person which is evidenced by a note, bond, debenture or similar instrument, (c) all obligations of such Person under Capital Leases, (d) all obligations of such Person in respect of outstanding letters of credit (other than commercial letters of credit with an initial maturity date of less than 90 days), acceptances and similar obligations issued or created for the account of such Person, (e) all liabilities secured by any Lien on any property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof and (f) for purposes of the covenants set forth in Section 8.1, the net obligations of such Person under Hedge Agreements.

"Indian Basin": El Paso Indian Basin, L.P., a Delaware limited partnership.

"Indian Basin GP": El Paso Indian Basin GP, L.L.C., a Delaware limited liability company.

"Indian Basin Indebtedness": Existing Indebtedness of Indian Basin owed by Indian Basin to El Paso, in an aggregate principal amount of $119,000,000, for which Indian Basin is to remain liable immediately after the Acquisition.

"Initial Term Loan": as defined in Section 2.1(b).

"Initial Term Loan Commitment": as to any Term Loan Lender, the obligation of such Term Loan Lender to make an Initial Term Loan hereunder in an aggregate principal amount not to exceed the amount set forth opposite such Term Loan Lender's name on Schedule I under the heading "Initial Term Loan Commitment" or in any assignment and acceptance pursuant to which such Term Loan Lender becomes a party hereto, as such amount shall be reduced in accordance with the provisions of this Agreement.

"Insolvency": with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"Insolvent": pertaining to a condition of Insolvency.

"Interest Payment Date": (a) as to any Alternate Base Rate Loan, the Quarterly Dates, commencing on June 30, 2002, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, and (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day which is three months or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period.

"Interest Period": with respect to any Eurodollar Loan:

(a) initially, the period commencing on the Borrowing Date or conversion date, as the case may be, with respect to such Eurodollar Loan and ending fourteen days (if available) or one, two, three or six months thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and

(b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending fourteen days (if available) or one, two, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than three Working Days prior to the last day of the then current Interest Period with respect thereto;

provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(1) if any Interest Period pertaining to a Eurodollar Loan would otherwise end on a day that is not a Working Day, such Interest Period shall be extended to the next succeeding Working Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Working Day;

(2) any Interest Period that would otherwise extend beyond the Revolving Credit Termination Date or the Term Loan Maturity Date, as applicable, shall end on the Revolving Credit Termination Date or the Term Loan Maturity Date, as applicable;

(3) any Interest Period pertaining to a Eurodollar Loan that begins on the last Working Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Working Day of a calendar month; and

(4) the Borrower shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Loan during an Interest Period for such Loan.

"Intrastate": El Paso Energy Intrastate, L.P., a Delaware limited partnership.

"Issuing Bank": JPMorgan, in its capacity as issuer of any Letter of Credit hereunder. The Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"Joint Venture": any Person in which the Borrower and/or its Subsidiaries hold more than 5% but less than a majority of the equity interests, and which does not constitute a Subsidiary of the Borrower, whether direct or indirect.

"Joint Venture Charter": with respect to each Joint Venture, the partnership agreement, certificate of incorporation, by-laws, limited liability company agreement or other constitutive documents of such Joint Venture, as each of the same may be further amended, supplemented or otherwise modified in accordance with Section 8.9.

"JPMorgan": JPMorgan Chase Bank.

"L/C Commitment Amount": $10,000,000.

"L/C Commitment Percentage": as to any L/C Participant at any time, the percentage determined under paragraph (a) of the definition of "Revolving Credit Commitment Percentage" in this Section 1.1.

"L/C Disbursement": a payment made by the Issuing Bank pursuant to a Letter of Credit.

"L/C Obligations": at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the Letters of Credit and (b) the aggregate amount of drawings under the Letters of Credit which have not then been reimbursed pursuant to subsection 3.5(a).

"L/C Participants": the collective reference to all Lenders with Revolving Credit Commitments (other than the Issuing Bank).

"Lenders": as defined in the opening paragraph of this Agreement.

"Letters of Credit": as defined in subsection 3.1(a).

"Leverage Ratio": as defined in the definition of "Applicable Margin".

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority, preferential arrangement or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any Capital Lease having substantially the same economic effect as any of the foregoing).

"Limited Partner": EPN Holding Company I, L.P., a Delaware limited partnership, or any other Person acting as limited partner of the Borrower.

"Loan": a Revolving Credit Loan or a Term Loan and "Loans" shall mean collectively the Revolving Credit Loans or the Term Loans or one or more of them as provided herein.

"Loan Documents": this Agreement, the Notes, the Guarantees, the Security Documents, and the Applications.

"Loan Parties": the Borrower, the General Partner, the Limited Partner, the Subsidiary Guarantors and each other Affiliate of the Borrower that from time to time is party to a Loan Document.

"Material Adverse Effect": a material adverse effect on (a) the business, operations, property, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole, (b) the ability of any Loan Party to perform its obligations under this Agreement or any of the other Loan Documents or (c) the validity or enforceability of this Agreement or any of the other Loan Documents or the rights or remedies of the Administrative Agent or the Lenders hereunder or thereunder.

"Material Environmental Amount": an amount payable by the Borrower and/or its Subsidiaries in excess of $1,000,000 for remedial costs, compliance costs, compensatory damages, punitive damages, fines, penalties or any combination thereof.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

"MIAGS": Matagorda Island Area Gathering System, a Texas joint venture.

"Multiemployer Plan": a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Proceeds": (a) in connection with any Asset Sale, Purchase Price Adjustment or Recovery Event, the proceeds thereof in the form of Cash Equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received) of such Asset Sale, Purchase Price Adjustment or Recovery Event, net of any applicable fees, expenses or other similar payment obligations, including, without limitation, any attorneys' fees, accountants' fees, investment banking fees, survey costs, title insurance premiums, amounts required to be applied to the repayment of the Indebtedness secured by a Lien expressly permitted hereunder on any asset which is the subject of such Asset Sale, Purchase Price Adjustment or Recovery Event (other than any Lien pursuant to a Security Document) and other customary fees and expenses actually incurred in connection therewith, net of taxes paid or reasonably estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements) and that of purchase price adjustments reasonably expected to be payable by the Borrower or Subsidiaries of the Borrower in connection therewith, and (b) in connection with any issuance or sale of equity securities or debt securities or instruments or the incurrence of loans, the cash proceeds from such issuance or incurrence, net of any applicable fees, expenses or other similar payment obligations, including, without limitation, attorneys' fees, investment banking fees, accountants' fees, underwriting discounts and commissions and other customary fees and expenses actually incurred (including amounts payable) in connection therewith.

"Notes": the Revolving Credit Notes and the Term Notes.

"Obligations": the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and reimbursement obligations in respect of Letters of Credit and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other obligations and liabilities of the Borrower to the Administrative Agent or to any Lender (or, in the case of Hedge Agreements, any affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document, the Letters of Credit, any Hedge Agreement entered into with any Lender or any affiliate of any Lender or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent or to any Lender that are required to be paid by the Borrower pursuant hereto) or otherwise.

"Offshore Gathering & Transmission": El Paso Offshore Gathering & Transmission, L.L.C., a Delaware limited liability company.

"Parent Guarantees": collectively, the Parent Guarantee made by the General Partner in favor of the Administrative Agent, for the benefit of the Lenders, substantially in the form of Exhibit E hereto, and the Parent Guarantee made by the Limited Partner in favor of the Administrative Agent, for the benefit of the Lenders, substantially in the form of Exhibit F hereto, as each may be amended, supplemented or otherwise modified from time to time.

"Parent Pledge Agreement": the Pledge Agreement made by the General Partner and the Limited Partner in favor of the Administrative Agent for the benefit of the Lenders, substantially in the form of Exhibit G hereto, as the same may be amended, supplemented or otherwise modified from time to time.

"Participants": as defined in subsection 11.6(c).

"Partnership Agreement": the Agreement of Limited Partnership of the Borrower among the partners of the Borrower effective as of March 7, 2002 and as in effect on the Closing Date, as amended, modified and supplemented from time to time in accordance with Section 8.9.

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature (the term "Person" shall not be deemed to include, however, any joint tenancy or tenancy-in-common pursuant to which any property or assets may be owned in an undivided interest).

"Pipeline GP Holding": EPN Pipeline GP Holding, L.L.C., a Delaware limited liability company.

"Plan": at a particular time, any employee benefit plan which is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledge Agreements": collectively, the Borrower Pledge Agreement, the Parent Pledge Agreement, the Subsidiary Pledge Agreement and any other pledge agreement executed and delivered pursuant to Section 8.17.

"Prince PSA": the Purchase and Sale Agreement, by and between EPN, as seller, and El Paso Production GOM Inc., as buyer, dated as of April 1, 2002.

"Projections": the projections which were prepared by or on behalf of the Borrower in connection with the Transaction and delivered to the Administrative Agent and the Lenders prior to the Closing Date and attached hereto as Exhibit N.

"Properties": the facilities and properties owned, leased or operated by the Borrower or any of its Subsidiaries or any Joint Venture.

"Property": any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Purchase Price Adjustment": the amount by which the aggregate consideration paid to the Sellers on the Closing Date is adjusted by an amount equal to the net of (i) total Purchase Price Decreases or Issue Price Decreases (as such terms are defined in the Acquisition Documents, other than the Prince PSA), as the case may be, and (ii) total Purchase Price Increases or Issue Price Increases (as such terms are defined in the Acquisition Documents, other than the Prince PSA), as the case may be, as determined as of 7:00 a.m. (Central time) on April 1, 2002.

"Quarterly Dates": the last day of each March, June, September and December in each year.

"Recovery Event": any settlement of or payment in respect of any property insurance or casualty insurance claim or any condemnation proceeding relating to any Property of the Borrower or any of its Subsidiaries, excluding any such settlement or payment which, together with any related settlement or payment, yields gross proceeds to the Borrower or any of its Subsidiaries of less than $1,000,000.

"Register": as defined in Section 11.6(b)(iv).

"Regulation U": Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

"Reimbursement Obligation": the obligation of the Borrower to reimburse the Issuing Bank pursuant to subsection 3.5(a) for amounts drawn under the Letters of Credit.

"Reinvestment Deferred Amount": with respect to any Reinvestment Event, the aggregate Net Proceeds received by the Borrower or any of its Subsidiaries in connection therewith which are not applied to prepay the Term Loans pursuant to Section 4.1(c)(i) as a result of the delivery of a Reinvestment Notice.

"Reinvestment Event": any Asset Sale or Recovery Event in respect of which the Borrower has delivered a Reinvestment Notice.

"Reinvestment Notice": written notice executed by a Responsible Officer stating that no Event of Default has occurred and is continuing and that the Borrower (directly or indirectly through a Subsidiary) intends and expects to use all or a specified portion of the Net Proceeds of an Asset Sale or Recovery Event to acquire or construct assets useful in its business.

"Reinvestment Prepayment Amount": with respect to any Reinvestment Event, the Reinvestment Deferred Amount relating thereto less any amount expended prior to the relevant Reinvestment Prepayment Date to directly or indirectly acquire (by purchase, construction, lease or otherwise) assets in any business of the Borrower or its Subsidiaries permitted by Section 8.13.

"Reinvestment Prepayment Date": with respect to any Reinvestment Prepayment Amount relating to any Reinvestment Event, the earlier of (a) the date occurring nine months after the Reinvestment Event and (b) the date on which the Borrower shall have determined not to, or shall have otherwise ceased to, acquire (by purchase, construction, lease or otherwise) assets in any business of the Borrower or its Subsidiaries permitted by Section 8.13 with all or any portion of the relevant Reimbursement Deferred Amount.

"Related Parties": with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reorganization Transactions": as defined in Section 4.13.

"Reportable Event": any of the events set forth in Section 4043(b) of ERISA, other than those events as to which the thirty day notice period is waived under subsections .13, .14, .16, .18, .19 or .20 of PBGC Reg. Section 2615.

"Required Lenders": at any time, Lenders the Total Credit Percentages of which aggregate at least 51%.

"Requirement of Law": as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer": the Chief Executive Officer, the Chief Operating Officer, the President, the Chief Financial Officer, the Treasurer or any vice president of the General Partner or the Borrower.

"Restricted Payment": as defined in Section 8.7.

"Restricted Subsidiaries": as defined in the EPN Credit Agreement.

"Revolving Credit Commitment": as to any Revolving Credit Lender, the obligation of such Revolving Credit Lender to make Revolving Credit Loans to and/or issue or participate in Letters of Credit issued on behalf of the Borrower hereunder in an aggregate principal and/or face amount at any one time outstanding not to exceed the amount set forth opposite such Revolving Credit Lender's name on Schedule II under the heading "Revolving Credit Commitment" or in any assignment and acceptance pursuant to which such Revolving Credit Lender becomes a party hereto, as such amount may be reduced from time to time in accordance with the provisions of this Agreement.

"Revolving Credit Commitment Percentage": as to any Lender at any time, with respect to any credit to be extended under, payment or prepayment to be made under, conversion or continuation under, participation in a Letter of Credit issued under, or other matter with respect to, the Revolving Credit Commitments, (a) a percentage, the numerator of which is such Lender's Revolving Credit Commitment and the denominator of which is the aggregate Revolving Credit Commitments then in effect or (b) if the Revolving Credit Commitments have been terminated, as to any Lender at any time, a percentage, the numerator of which is such Lender's Revolving Credit Exposure and the denominator of which is the Revolving Credit Exposure of all Lenders at such time.

"Revolving Credit Commitment Period": the period from and including the date hereof to but not including the Revolving Credit Termination Date or such earlier date on which the Revolving Credit Commitments shall terminate as provided herein.

"Revolving Credit Exposure": as to any Revolving Credit Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Revolving Credit Loans made by such Lender then outstanding and (b) such Lender's L/C Obligations then outstanding.

"Revolving Credit Lender": any Lender having a Revolving Credit Commitment or Revolving Credit Exposure hereunder.

"Revolving Credit Loans": as defined in Section 2.1(a).

"Revolving Credit Note": as defined in subsection 2.2(e).

"Revolving Credit Termination Date": the third anniversary of the Closing Date, and any other date on which the Revolving Credit Commitments are terminated.

"Second Amendment": The Second Amendment, dated as of March 28, 2002, to the EPN Credit Agreement.

"Security Agreements": collectively, the Borrower Security Agreement and the Subsidiary Security Agreement.

"Security Documents": collectively, the Pledge Agreements and the Security Agreements.

"Sellers": collectively, El Paso Tennessee Pipeline Co, a Delaware corporation, and El Paso Field Services Holding Company, a Delaware corporation.

"Single Employer Plan": any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan.

"Solvent": with respect to any Person on a particular date, the condition that, on such date, (a) the fair value of the Property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's Property would constitute an unreasonably small amount of capital. In computing the amount of contingent liabilities at any time, such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Subsidiaries Guarantee": the Subsidiaries Guarantee made by the Subsidiary Guarantors in favor of the Administrative Agent, for the benefit of the Lenders, substantially in the form of Exhibit H hereto, as the same may be amended, supplemented or otherwise modified from time to time.

"Subsidiary": as to any Person (solely for purposes of this definition, the "Owning Person"), a corporation, partnership or other Person (solely for purposes of this definition, the "Owned Person") of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of the Owned Person are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Owning Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Subsidiary Guarantors": collectively, Intrastate, Pipeline GP Holding, EPGT Texas Pipeline, Hub Services, Warwink I, Warwink II, Warwink Gathering and Treating, Offshore Gathering and Transmission, Indian Basin GP, Indian Basin, EPN Gathering and Treating GP Holding, EPN Gathering and Treating, and each other Subsidiary of the Borrower which, from time to time, may become party to the Subsidiaries Guarantee.

"Subsidiary Pledge Agreement": the Pledge Agreement made by each of the Subsidiary Guarantors in favor of the Administrative Agent for the benefit of the Lenders, substantially in

the form of Exhibit J hereto, as the same may be amended, supplemented or otherwise modified from time to time.

"Subsidiary Security Agreement": the Security Agreement made by each of the Subsidiary Guarantors (including any security agreement executed and delivered pursuant to Section 8.17) in favor of the Administrative Agent for the benefit of the Lenders, substantially in the form of Exhibit I hereto, as the same may be amended, supplemented or otherwise modified from time to time.

"Term Loan" as defined in Section 2.1(b).

"Term Loan Commitment": as to any Term Loan Lender, such Term Loan Lender's aggregate Initial Term Loan Commitment and Additional Term Loan Commitment.

"Term Loan Lender": any Lender having a Term Loan Commitment hereunder and/or a Term Loan outstanding hereunder.

"Term Loan Maturity Date": the third anniversary of the Closing Date.

"Term Loan Percentage": as to any Term Loan Lender, (a) on the Closing Date, the percentage which such Term Loan Lender's Term Loan Commitment then outstanding constitutes of the aggregate Term Loan Commitments then outstanding or, (b) at any time after the Closing Date, the percentage which such Lender's Term Loans then outstanding constitutes of the aggregate Term Loans then outstanding.

"Term Note": as defined in Section 2.2(e).

"Termination Date": the later of (i) the Revolving Credit Termination Date and (ii) the Term Loan Maturity Date.

"Total Credit Percentage": as to any Lender at any time, the percentage of the aggregate Revolving Credit Commitments and aggregate Term Loan Commitments then constituted by such Lender's Revolving Credit Commitment and Term Loan Commitment (it being agreed that upon termination or expiration of the Revolving Credit Commitments, or, as to the Term Loan Commitments, after the Closing Date, the Total Credit Percentage of any Lenders shall be determined, (i) in the case of the termination or expiration of the Revolving Credit Commitments, by reference to the Revolving Credit Exposure of the Revolving Credit Lenders and such Lender's Revolving Credit Exposure; and (ii) as to the Term Loans, by reference to the aggregate principal amount of the Term Loans and if prior to the Additional Term Loan Borrowing Date, of the Term Loan Commitments of the Term Loan Lenders, and the aggregate principal amount of such Lender's Term Loans and if prior to the Additional Term Loan Borrowing Date, of its Term Loan Commitment).

"Tranche": the collective reference to Eurodollar Loans the Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Revolving Credit Loans shall originally have been made on the same day).

"Transaction": collectively, (i) the Acquisition, (ii) the Equity Contribution, (iii) the entering into of the Loan Documents and the incurrence of the Loans on the Closing Date and (iv) the payment of fees and expenses owing in connection with the foregoing.

"Transaction Documents": the Loan Documents and the Acquisition Documents.

"Transferee": any (i) Participant or (ii) assignee of this Agreement pursuant to Section 11.6(b).

"Type": as to any Loan, its nature as an Alternate Base Rate Loan or a Eurodollar Loan.

"Uniform Customs": the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, as the same may be amended from time to time.

"Warwink I": El Paso Energy Warwink I Company, L.L.C., a Delaware limited liability company.

"Warwink II": El Paso Energy Warwink II Company, L.L.C., a Delaware limited liability company.

"Warwink Gathering and Treating": Warwink Gathering and Treating Company, a Texas general partnership.

"Working Day": any Business Day on which dealings in foreign currencies and exchange between banks may be carried on in London, England.

Section 1.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Notes or any certificate or other document made or delivered pursuant hereto.

(b) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignments set forth herein), (iii) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and (iv) all references herein to Articles, Sections, Exhibits, Annexes and Schedules shall be construed to refer to Articles and Sections of, and Exhibits, Annexes and Schedules to, this Agreement.

(c) Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II
AMOUNT AND TERMS OF LOANS

Section 2.1 Loans and Commitments.

(a) Subject to the terms and conditions hereof, each Revolving Credit Lender severally agrees to make revolving credit loans (the "Revolving Credit Loans") to the Borrower from time to time during the Revolving Credit Commitment Period in an aggregate principal amount at any one time outstanding which, when added to such Lender's Revolving Credit Commitment Percentage of the then outstanding L/C Obligations, does not exceed the amount of such Lender's Revolving Credit Commitment, provided that no such Revolving Credit Loan shall be made if, after giving effect thereto, Section 2.4 would be contravened. During the Revolving Credit Commitment Period the Borrower may use the Revolving Credit Commitments by borrowing, prepaying the Revolving Credit Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof.

(b) Subject to the terms and conditions hereof, each Term Loan Lender severally agrees to make, (i) on the Closing Date, a term loan (the "Initial Term Loan") to the Borrower in an aggregate principal amount not to exceed its Initial Term Loan Commitment, and (ii) on a date occurring after the Closing Date but on or prior to the Additional Term Loan Borrowing Date, a term loan (the "Additional Term Loan") to the Borrower in an aggregate principal amount not to exceed its Additional Term Loan Commitment (Initial Term Loans and Additional Term Loans, collectively, the "Term Loans"). Once repaid, Term Loans may not be reborrowed.

(c) The Loans may from time to time be (i) Eurodollar Loans, (ii) Alternate Base Rate Loans or (iii) a combination thereof, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.3 and 4.2, provided that no Loan shall be made as a Eurodollar Loan after the day that is one month prior to the Revolving Credit Termination Date or Term Loan Maturity Date, as applicable.

Section 2.2 Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each (i) Revolving Credit Lender the then unpaid

principal amount of each Revolving Credit Loan on the Revolving Credit Termination Date, and (ii) Term Loan Lender the then unpaid principal amount of each Term Loan on the Term Loan Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof, whether such Loan is a Term Loan or a Revolving Credit Loan, and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section 2.2 shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Revolving Credit Loans or Term Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note substantially in the form of Exhibit A hereto (a "Revolving Credit Note"), or a promissory note substantially in the form of Exhibit B hereto (a "Term Note"), as applicable, payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns). Thereafter, the Loans evidenced by any such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 11.6) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section 2.3 Procedure for Borrowing.

(a) The Borrower may borrow under the Revolving Credit Commitments during the Revolving Credit Commitment Period on any Working Day, if all or any part of the requested Revolving Credit Loans are to be initially Eurodollar Loans, or on any Business Day, otherwise, provided that the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 10:00 A.M., New York City time, (a) three Working Days prior to the requested Borrowing Date, if all or any part of the requested Revolving Credit Loans are to be initially Eurodollar Loans, or (b) one Business Day prior to the requested Borrowing Date, otherwise), specifying (i) the amount to be borrowed, (ii) the requested Borrowing Date, (iii) whether the borrowing is to be of Eurodollar Loans, Alternate Base Rate Loans or a combination thereof, and (iv) if the borrowing is to be entirely or partly of Eurodollar Loans, the respective amounts of such Type of Revolving Credit Loan and the respective lengths of the initial Interest Periods therefor. Each borrowing under the

Revolving Credit Commitments shall be in an amount equal to (x) in the case of Alternate Base Rate Loans, $500,000 or a whole multiple thereof (or, if the then Available Revolving Credit Commitments are less than $500,000, such lesser amount) and (y) in the case of Eurodollar Loans, $1,000,000 or a whole multiple of $100,000 in excess thereof. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Revolving Credit Lender thereof. Each Revolving Credit Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the office of the Administrative Agent specified in Section 11.2 prior to 11:00 A.M., New York City time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Revolving Credit Lenders and in like funds as received by the Administrative Agent.

(b) The Borrower may borrow under the Initial Term Loan Commitments on the Closing Date, provided that the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 10:00 A.M., New York City time, on the Closing Date), specifying (i) the amount to be borrowed, (ii) that such Initial Term Loans shall be incurred on the Closing Date, and (iii) that such borrowing is to be of Alternate Base Rate Loans. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Term Loan Lender thereof. Each Term Loan Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the office of the Administrative Agent specified in Section 11.2 prior to 2:00 P.M., New York City time, on the Closing Date in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Term Loan Lenders and in like funds as received by the Administrative Agent.

(c) The Borrower may borrow under the Additional Term Loan Commitments on any date after the Closing Date but on or prior to the Additional Term Loan Borrowing Date, provided that the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 10:00 A.M., New York City time, (a) three Working Days prior to the requested Borrowing Date, if all or any part of the requested Additional Term Loans are to be initially Eurodollar Loans, or (b) one Business Day prior to the requested Borrowing Date, otherwise), specifying (i) the amount to be borrowed, (ii) the requested Borrowing Date, (iii) whether the borrowing is to be of Eurodollar Loans, Alternate Base Rate Loans or a combination thereof, and (iv) if the borrowing is to be entirely or partly of Eurodollar Loans, the respective amounts of such Type of Additional Term Loan and the respective lengths of the initial Interest Period therefor. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Term Loan Lender thereof. Each Term Loan Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the office of the Administrative Agent specified in Section 11.2 prior to 11:00 A.M., New York City time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower on the books of such office with the aggregate of the

amounts made available to the Administrative Agent by the Term Loan Lenders and in like funds as received by the Administrative Agent.

Section 2.4 Limitations on Loans. No requested Revolving Credit Loan shall be made if the aggregate Revolving Credit Exposure (after giving effect to such requested Revolving Credit Loan) would exceed the then aggregate Revolving Credit Commitments. No requested Term Loan shall be made, if the aggregate amount of the Term Loans outstanding (after giving effect to such requested Term Loan) would exceed the then aggregate Term Loan Commitments.

Section 2.5 Commitment Fee. The Borrower agrees to pay to the Administrative Agent the following:

(a) for the account of each Revolving Credit Lender a commitment fee for the period from and including the date hereof to the Revolving Credit Termination Date, computed at the rate per annum equal to 0.50% on the average daily amount of the Available Revolving Credit Commitment of such Lender, during the period for which payment is made, payable quarterly in arrears on each Quarterly Date, commencing on June 30, 2002, and on the Revolving Credit Termination Date or such earlier date as the Revolving Credit Commitments shall terminate as provided herein, commencing on the first of such dates to occur after the date hereof ; and

(b) for the account of each Term Loan Lender a commitment fee for the period from and including the date hereof to the Additional Term Loan Borrowing Date (or such earlier date as the aggregate Additional Term Loan Commitments shall be reduced to zero or terminated pursuant to the terms of this Agreement), computed at the rate per annum equal to 0.50% on the average daily amount of the Additional Term Loan Commitment of such Lender, during the period for which payment is made, payable in arrears on the Additional Term Loan Borrowing Date or such earlier date as the Additional Term Loan Commitments shall terminate pursuant to the terms of this Agreement.

Section 2.6 Termination or Reduction of Commitments.

(a) The Borrower shall have the right, upon not less than five Business Days' notice to the Administrative Agent, to terminate the Revolving Credit Commitments or, from time to time, to reduce the amount of the Revolving Credit Commitments, provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Credit Loans made on the effective date thereof, the aggregate principal amount of the Revolving Credit Loans then outstanding, when added to the then outstanding L/C Obligations, would exceed the Revolving Credit Commitments then in effect. Any such reduction shall be in an amount equal to $1,000,000 or a whole multiple thereof.

(b) Any reduction of Revolving Credit Commitments pursuant to subsection 2.6(a) or 4.1(d) shall reduce permanently the Revolving Credit Commitments then in effect.

(c) Any or all of the Initial Term Loan Commitments remaining unused shall automatically terminate at 5:00 p.m. (New York City time) on the Closing Date.

(d) Any or all of the Additional Term Loan Commitments remaining unused shall automatically terminate at 5:00 p.m. (New York City time) on the Additional Term Loan Borrowing Date or on such earlier date as any Additional Term Loans are funded.

ARTICLE III
LETTERS OF CREDIT

Section 3.1 Issuance of Letters of Credit.

(a) Subject to the terms and conditions hereof, the Issuing Bank, in reliance on the agreements of the other Revolving Credit Lenders set forth in subsection 3.3(a), agrees to issue letters of credit (the "Letters of Credit") for the account of the Borrower on any Business Day during the Revolving Credit Commitment Period in such form as may be approved from time to time by the Issuing Bank; provided that the Issuing Bank shall have no obligation to issue any Letter of Credit if, after giving effect to such issuance, (1) the L/C Obligations would exceed the L/C Commitment or (2) the Available Revolving Credit Commitment would be less than zero or (3) the aggregate Revolving Credit Exposure would exceed the then aggregate Revolving Credit Commitments.

(b) Each Letter of Credit shall:

(i) be denominated in Dollars and shall be either (A) a standby letter of credit issued to support obligations of the Borrower or any Subsidiary of the Borrower, contingent or otherwise, in connection with the working capital and business needs of the Borrower or such Subsidiary of the Borrower, as the case may be, in the ordinary course of business, or (B) a commercial letter of credit issued in respect of the purchase of goods or services by the Borrower or any Subsidiary of the Borrower in the ordinary course of business; and

(ii) expire no later than the earlier of (A) one year after the date of issuance or renewal thereof in accordance with the term of such Letter of Credit; provided that any Letter of Credit with an expiry date occurring one year after its issuance may be renewed for additional one-year periods and (B) five Business Days prior to the Revolving Credit Termination Date.

(c) Each Letter of Credit shall be subject to the Uniform Customs and, to the extent not inconsistent therewith, the laws of the State of New York.

(d) The Issuing Bank shall not at any time be obligated to issue any Letter of Credit hereunder if such issuance would conflict with, or cause the Issuing Bank or any L/C Participant to exceed any limits imposed by, any applicable Requirement of Law.

Section 3.2 Procedure for Issuance of Letters of Credit. The Borrower may from time to time request that the Issuing Bank issue a Letter of Credit by delivering to the Issuing Bank at its address for notices specified herein an Application therefor, completed to the satisfaction of the Issuing Bank, and such other certificates, documents and other papers and information as the Issuing Bank may reasonably request. Upon receipt of any Application, the Issuing Bank will process such Application and the certificates, documents and other papers and information

delivered to it in connection therewith in accordance with its customary procedures and shall promptly issue the Letter of Credit requested thereby (but in no event shall the Issuing Bank be required to issue any Letter of Credit earlier than three Business Days after its receipt of the Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed by the Issuing Bank and the Borrower. The Issuing Bank shall furnish a copy of such Letter of Credit to the Borrower promptly following the issuance thereof.

Section 3.3 Participations and Payments in Respect of the Letters of Credit.

(a) The Issuing Bank irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce the Issuing Bank to issue Letters of Credit hereunder, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from the Issuing Bank, on the terms and conditions hereinafter stated, for such L/C Participant's own account and risk an undivided interest equal to such L/C Participant's L/C Commitment Percentage in the Issuing Bank's obligations and rights under each Letter of Credit issued hereunder and the amount of each draft paid by the Issuing Bank thereunder.

(b) Each L/C Participant unconditionally and irrevocably agrees with the Issuing Bank that, if a draft is paid under any Letter of Credit for which the Issuing Bank is not reimbursed on the day of such payment in full by the Borrower in immediately available funds, such Revolving Credit Lender shall pay to the Issuing Bank upon demand at the Issuing Bank's address for notices specified herein an amount equal to such L/C Participant's L/C Commitment Percentage of the amount of such draft, or any part thereof, which is not so reimbursed. Each L/C Participant's obligation to make each such payment to the Issuing Bank, and the Issuing Bank's right to receive the same, are absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limiting the effect of the foregoing, the occurrence or continuance of a Default or Event of Default or the failure of any other L/C Participant to make any payment under this Section 3.3, and each L/C Participant further agrees that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each L/C Participant shall indemnify and hold harmless the Issuing Bank from and against any and all losses, liabilities (including, without limitation, liabilities for penalties), actions, suits, judgments, demands, costs and expenses (including reasonable attorneys' fees) resulting from any failure of such L/C Participant to provide, or from any delay in providing, the Issuing Bank with such L/C Participant's L/C Commitment Percentage of such payment in accordance with the provisions of this Section 3.3, but no L/C Participant shall be so liable for any such failure on the part of any other L/C Participant.

(c) If any amount required to be paid by any L/C Participant to the Issuing Bank pursuant to subsection 3.3(a) in respect of any unreimbursed portion of any payment made by the Issuing Bank under any Letter of Credit is paid to the Issuing Bank within two Business Days after the date such payment is due, such L/C Participant shall pay to the Issuing Bank on demand an amount equal to the product of (i) such amount, times (ii) the daily average Federal funds rate, as quoted by the Issuing Bank, during the period from and including the date such payment is required to the date on which such payment is immediately available to the Issuing Bank, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. If any such amount required to be paid by any L/C

Participant pursuant to subsection 3.3(a) is not in fact made available to the Issuing Bank by such L/C Participant within two Business Days after the date such payment is due, the Issuing Bank shall be entitled to recover from such L/C Participant, on demand, such amount with interest thereon calculated from such due date at the rate per annum applicable to Alternate Base Rate Loans hereunder. A certificate of the Issuing Bank submitted to any L/C Participant with respect to any amounts owing under this Section 3.3 shall be conclusive in the absence of manifest error.

(d) Whenever, at any time after the Issuing Bank has made payment under any Letter of Credit and has received from any L/C Participant its pro rata share of such payment in accordance with subsection 3.3(a), the Issuing Bank receives any payment related to such Letter of Credit (whether directly from the Borrower or otherwise, including proceeds of collateral applied thereto by the Issuing Bank), or any payment of interest on account thereof, the Issuing Bank will distribute to such L/C Participant its pro rata share thereof; provided, however, that in the event that any such payment received by the Issuing Bank shall be required to be returned by the Issuing Bank, such L/C Participant shall return to the Issuing Bank the portion thereof previously distributed by the Issuing Bank to it.

Section 3.4 Fees, Commissions and Other Charges.

(a) The Borrower shall pay to the Administrative Agent, for the account of the Issuing Bank, a fronting fee with respect to each Letter of Credit for the period from and including the date of issuance thereof to but not including the Expiry Date thereof, computed at the rate of 1/8 of 1% per annum on the average daily amount of the undrawn and unexpired amount of such Letter of Credit. Such fronting fee shall be payable quarterly in advance on the date of issuance of each Letter of Credit and on the Quarterly Dates thereafter, commencing on June 30, 2002. Such fee shall be nonrefundable.

(b) The Borrower shall pay to the Administrative Agent, for the account of the Issuing Bank and the L/C Participants, a letter of credit commission with respect to each Letter of Credit for the period from and including the date of issuance thereof to but not including the Expiry Date thereof, computed at the rate of the then Applicable Margin for Eurodollar Loans per annum on the average daily amount of the undrawn and unexpired amount of such Letter of Credit. Such commission shall be payable to the L/C Participants to be shared ratably among them in accordance with their respective L/C Commitment Percentages. Such commission shall be payable quarterly in advance on the date of issuance of each Letter of Credit and on the Quarterly Dates thereafter, commencing on June 30, 2002. Such fee shall be nonrefundable.

(c) In addition to the foregoing fees and commissions, the Borrower shall pay or reimburse the Issuing Bank for such normal and customary costs and expenses as are incurred or charged by the Issuing Bank in issuing, effecting payment under, amending or otherwise administering any Letter of Credit.

(d) The Administrative Agent shall, promptly following its receipt thereof, distribute to the Issuing Bank and the L/C Participants all fees and commissions received by the Administrative Agent for their respective accounts pursuant to this Section 3.4.

(e) The fees and commissions described in the preceding paragraphs (a) and (b) shall be based on a 360 day year. If any amounts in the preceding paragraphs (a) and (b) shall be payable on a day that is not a Working Day, such amount shall be extended to the next succeeding Working Day unless the result of such extension would be to carry such amount into another calendar month in which event such amount shall be payable on the immediately preceding Working Day.

Section 3.5 Reimbursement Obligation of the Borrower.

(a) The Borrower agrees to reimburse the Issuing Bank on each date on which the Issuing Bank notifies the Borrower of the date and amount of a draft presented under any Letter of Credit and paid by the Issuing Bank for the amount of (i) such draft so paid and (ii) any taxes, fees, charges or other costs or expenses incurred by the Issuing Bank in connection with such payment. Each such payment shall be made to the Issuing Bank at its address for notices specified herein in lawful money of the United States of America and in immediately available funds.

(b) Unless otherwise notified by the Borrower, each drawing under a Letter of Credit shall constitute a request by the Borrower to the Administrative Agent for a borrowing pursuant to Section 2.3 of Revolving Credit Loans which are Alternate Base Rate Loans in the amount of such drawing, subject to satisfaction of the conditions set forth in Section 6.2. The Borrowing Date with respect to such borrowing shall be the date of such drawing.

(c) Interest shall be payable on any and all amounts remaining unpaid by the Borrower under this Section 3.5 from the date such amounts become payable (whether at stated maturity, by acceleration or otherwise) until payment in full at the rate which would be payable on any outstanding Alternate Base Rate Loans which were then overdue.

Section 3.6 Obligations Absolute.

(a) The Borrower's obligations under this Article III shall be absolute and unconditional under any and all circumstances and irrespective of any set-off, counterclaim or defense to payment which the Borrower may have or have had against the Issuing Bank or any beneficiary of any Letter of Credit.

(b) The Borrower also agrees with the Issuing Bank that the Issuing Bank shall not be responsible for, and the Borrower's Reimbursement Obligations under subsection 3.5(a) shall not be affected by, among other things, (i) the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or (ii) any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or (iii) any claims whatsoever of the Borrower against any beneficiary of any Letter of Credit or any such transferee.

(c) The Issuing Bank shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions caused by the Issuing Bank's gross negligence or willful misconduct.

(d) The Borrower agrees that any action taken or omitted by the Issuing Bank under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence of willful misconduct and in accordance with the standards of care specified in the Uniform Commercial Code of the State of New York, shall be binding on the Borrower and shall not result in any liability of the Issuing Bank to the Borrower.

Section 3.7 Letter of Credit Payments. If any draft shall be presented for payment under any Letter of Credit, the Issuing Bank shall promptly notify the Borrower of the date and amount thereof. The responsibility of the Issuing Bank to the Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are in conformity with such Letter of Credit.

Section 3.8 Applications. To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Article III, the provisions of this Article III shall apply.

ARTICLE IV
GENERAL PROVISIONS FOR LOANS

Section 4.1 Optional and Mandatory Prepayments.

(a) The Borrower may on the last day of any Interest Period with respect thereto, in the case of Eurodollar Loans, or at any time and from time to time, in the case of Alternate Base Rate Loans, prepay the Revolving Credit Loans, the Term Loans, or both, in whole or in part, without premium or penalty, upon at least four Business Days' irrevocable notice to the Administrative Agent, specifying (i) the date and amount of prepayment, (ii) whether the prepayment is of Eurodollar Loans, Alternate Base Rate Loans or a combination thereof, and, if of a combination thereof, the amount allocable to each, and (iii) whether the prepayment is of Revolving Credit Loans, Term Loans, or a combination thereof, and, if of a combination thereof, the amount allocable to each. Upon receipt of any such notice the Administrative Agent shall promptly notify each Applicable Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, with accrued interest to such date on the amount prepaid in the case of prepayment of the Term Loans. Partial prepayments (x) of Revolving Credit Loans shall be in an aggregate principal amount of $1,000,000 or a whole multiple thereof, and (y) of Term Loans shall be in an aggregate principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof.

(b) If on any date (including any date on which a certificate of a Responsible Officer of the Borrower is delivered pursuant to subsection 7.2(b)) the sum of the aggregate Revolving Credit Exposure then outstanding exceeds the then aggregate Revolving Credit Commitments, then, without notice or demand, the Borrower shall promptly prepay the Revolving Credit Loans in an amount equal to such excess.

(c) (i) At any time the Borrower or any Subsidiary of the Borrower shall receive Net Proceeds from a Recovery Event (excluding a Channel Recovery Event) or Asset

Sale then, unless a Reinvestment Notice shall be delivered in respect thereof, the Borrower shall repay the Loans within 5 Business Days after the date such proceeds were received in an amount equal to 100% of such Net Proceeds as provided in Section 4.1(d), provided, that notwithstanding the foregoing, on each Reinvestment Prepayment Date, the Borrower shall repay the Loans within 5 Business Days after such date in an amount equal to the Reinvestment Prepayment Amount with respect to the relevant Recovery Event or Asset Sale as provided in Section 4.1(d).

(ii) At any time after the Closing Date that EPN or any of its Restricted Subsidiaries shall receive Net Proceeds from any issuance or sale of Equity Interests or debt securities issued pursuant to existing or future EPN indentures by EPN or any of its Restricted Subsidiaries, the Borrower shall repay the Loans within 5 Business Days after the date such proceeds were received in an amount equal to 100% of such Net Proceeds as provided in Section 4.1(d), provided, that the prepayment of the Loans shall not be required (x) so long as on the most recent Quarterly Date the Leverage Ratio for the Calculation Period ending on such date was less than 4.00:1.00 or (y) as provided in Section 4.1(e).

(iii) At any time the General Partner, the Limited Partner, the Borrower or any Subsidiary of the Borrower shall receive Net Proceeds from any Purchase Price Adjustment, the Borrower shall repay the Loans within 5 Business Days after the date such proceeds were received in an amount equal to 100% of such Net Proceeds as provided in Section 4.1(d).

(d) (i) Amounts of any prepayments made in accordance with Section 4.1(b) or (c) shall be applied (A) first, toward the repayment of Term Loans then outstanding and (B) second, to the extent in excess thereof, as a permanent reduction to the Revolving Credit Commitments in accordance with Section 2.6(b), and (C) third, after payment in full of the Revolving Credit Loans and Reimbursement Obligations outstanding, as Cover for the L/C Obligations in an amount of such remaining excess.

(ii) The application of any prepayment pursuant to subsection 4.1(b) or (c) shall be made first to Alternate Base Rate Loans and second to Eurodollar Loans within a Class of Loans. Each prepayment of the Loans under subsection 4.1(b) or (c) (other than Revolving Credit Loans that are Alternate Base Rate Loans) shall be accompanied by accrued interest to the date of such prepayment on the amount prepaid.

(e) For purposes of Section 4.1(c)(ii), Net Proceeds of any of the following issuances of Equity Interests by EPN or any of its Restricted Subsidiaries shall not be required to be applied in prepayment of the Loans:

(i) issuances in connection with the Equity Contribution;

(ii) issuances upon the exercise of any options or warrants to purchase equity or debt securities of EPN or its Restricted Subsidiaries;

(iii) issuances to the management of (A) EPN or (B) its Restricted Subsidiaries;

(iv) issuances made in connection with an acquisition, whether such issuance is of securities issued directly to the seller or such issuance is issued to the public and the cash is used in full to pay the purchase price for such acquisition;

(v) issuances to (A) Affiliates of EPN (provided, that for purposes of this Section 4.1(e), such issuances, other than issuances to Restricted Subsidiaries of EPN, shall not exceed in the aggregate $20,000,000) or its Restricted Subsidiaries or (B) EPN or its Restricted Subsidiaries; or

(vi) issuances and sales of equity securities by EPN, from time to time, through Brinson Patrick Securities Corporation, or such other sales manager, on a best efforts basis pursuant to such sales manager's DOCS Financing Program, or such other similar program.

Section 4.2 Conversion and Continuation Options.

(a) The Borrower may elect from time to time to convert Eurodollar Loans to Alternate Base Rate Loans by giving the Administrative Agent at least two Business Days' prior irrevocable notice of such election, provided that any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert Alternate Base Rate Loans to Eurodollar Loans by giving the Administrative Agent at least three Working Days' prior irrevocable notice of such election. Any such notice of conversion to Eurodollar Loans shall specify the length of the initial Interest Period or Interest Periods therefor. Upon receipt of any such notice the Administrative Agent shall promptly notify each Applicable Lender thereof. All or any part of outstanding Eurodollar Loans and Alternate Base Rate Loans may be converted as provided herein, provided that (i) no Loan may be converted into a Eurodollar Loan when any Default or Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined that such a conversion is not appropriate, (ii) any such conversion may only be made if, after giving effect thereto, Section 4.3 shall not have been contravened and (iii) no Loan may be converted into a Eurodollar Loan after the date that is one month prior to the Revolving Credit Termination Date or Term Loan Maturity Date, as applicable.

(b) Any Eurodollar Loans may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurodollar Loan may be continued as such (i) when any Default or Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined that such a continuation is not appropriate, (ii) if, after giving effect thereto, Section 4.3 would be contravened or (iii) after the date that is one month prior to the Revolving Credit Termination Date or the Term Loan Maturity Date, as applicable, and provided, further, that if the Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Loans shall be automatically converted to Alternate Base Rate Loans on the last day of such then expiring Interest Period.

Section 4.3 Minimum Amounts of Tranches. All borrowings, conversions and continuations of Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, (a) the aggregate principal amount of the Loans comprising each Tranche shall be equal to $2,000,000 or a whole multiple of $500,000 in excess thereof, and (b) the number of Tranches then outstanding shall not exceed eight.

Section 4.4 Interest Rates and Payment Dates.

(a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each Alternate Base Rate Loan shall bear interest at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin.

(c) If all or a portion of (i) the principal amount of any Loan, (ii) any interest payable thereon or (iii) any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum which is the higher of (A) the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section 4.4 plus 2% and (B) the Alternate Base Rate plus 1%, in each case from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(d) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (c) of this Section 4.4 shall be payable from time to time on demand.

Section 4.5 Computation of Interest and Fees.

(a) Except as otherwise provided in Section 3.4(e), interest on Alternate Base Rate Loans, commitment fees and interest on overdue interest, commitment fees and other amounts payable hereunder shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. Interest on Eurodollar Loans shall be calculated on the basis of a 360-day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the Alternate Base Rate or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to subsection 4.4(a).

Section 4.6 Inability to Determine Interest Rate. If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Required Lenders that the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as Alternate Base Rate Loans, (y) any Loans that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be converted to or continued as Alternate Base Rate Loans and (z) any outstanding Eurodollar Loans shall be converted, on the first day of such Interest Period, to Alternate Base Rate Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrower have the right to convert Loans to Eurodollar Loans.

Section 4.7 Pro Rata Treatment and Payments.

(a) Each borrowing by the Borrower from the Revolving Credit Lenders hereunder, each payment by the Borrower on account of any commitment fee payable pursuant to Section 2.5(a) hereunder and any reduction of the Revolving Credit Commitments of the Lenders shall be made pro rata according to the respective Revolving Credit Commitment Percentages of the Revolving Credit Lenders. Each payment of the Borrower on account of any commitment fee payable pursuant to Section 2.5(b) shall be made pro rata according to the respective Term Loan Percentages of the Term Loan Lenders. On the Closing Date in the case of the Initial Term Loans, and after the Closing Date but on or prior to the Additional Term Loan Borrowing Date, in the case of the Additional Term Loans, the borrowing by the Borrower from the Term Loan Lenders hereunder shall be made pro rata according to the respective Term Loan Percentages of the Term Loan Lenders. Each payment (including each prepayment) by the Borrower on account of principal of and interest on the (i) Term Loans shall be made pro rata according to the respective outstanding principal amounts of the Term Loans then held by the Term Loan Lenders, or (ii) Revolving Credit Loans shall be made pro rata according to the respective outstanding principal amounts of the Revolving Credit Loans then held by the Revolving Credit Lenders. All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without set off or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Administrative Agent's office specified in Section 11.2, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to the Applicable Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the

Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension and with respect to payments of fees, such fees accruing during such extension shall be payable on the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Working Day, the maturity thereof shall be extended to the next succeeding Working Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Working Day.

(b) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a Borrowing Date that such Lender will not make the amount that would constitute its Applicable Commitment Percentage of the borrowing on such date available to the Administrative Agent, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such Borrowing Date, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is made available to the Administrative Agent on a date after such Borrowing Date, such Lender shall pay to the Administrative Agent on demand an amount equal to the product of (i) the daily average Federal Funds Effective Rate during such period, times (ii) the amount of such Lender's Applicable Commitment Percentage of such borrowing, times (iii) a fraction the numerator of which is the number of days that elapse from and including such Borrowing Date to the date on which such Lender's Applicable Commitment Percentage of such borrowing shall have become immediately available to the Administrative Agent and the denominator of which is 360. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this Section 4.7 shall be conclusive in the absence of manifest error. If such Lender's Applicable Commitment Percentage of such borrowing is not in fact made available to the Administrative Agent by such Lender within three Business Days of such Borrowing Date, the Administrative Agent shall be entitled to recover such amount with interest thereon at the rate per annum applicable to Alternate Base Rate Loans hereunder, on demand, from the Borrower.

Section 4.8 Illegality. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for any Lender to make or maintain Eurodollar Loans as contemplated by this Agreement, (a) the commitment of such Lender hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert Alternate Base Rate Loans to Eurodollar Loans shall forthwith be cancelled and (b) such Lender's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to Alternate Base Rate Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Section 4.11.

Section 4.9 Requirements of Law.

(a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive

(whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any Note, any Letter of Credit, any Application or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for taxes covered by Section 4.10 and changes in the rate of tax on the overall net income of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the Eurodollar Rate hereunder; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount which such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or issuing or participating in the Letters of Credit or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this Section 4.9, it shall promptly notify the Borrower, through the Administrative Agent, of the event by reason of which it has become so entitled. A certificate as to any additional amounts payable pursuant to this Section 4.9 submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of all amounts payable hereunder.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof does or shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder or under any Letter of Credit to a level below that which such Lender or such corporation could have achieved but for such change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction.

Section 4.10 Taxes.

(a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding, in the case of the Administrative Agent and each Lender, net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent or such Lender, as the case may be, as a result of a present or former connection between the jurisdiction of the government or taxing authority imposing such tax and the Administrative Agent or such Lender (excluding a connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement) or any political subdivision or taxing authority thereof or therein (all such non-excluded taxes, levies, imposts, duties, charges, fees, deductions and withholdings being hereinafter called "Taxes"). If any Taxes are required to be withheld from any amounts payable to the Administrative Agent or any Lender hereunder, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement. Whenever any Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure. The agreements in this Section 4.10 shall survive the termination of this Agreement and the payment of all amounts payable hereunder.

(b) Each Lender that is not incorporated under the laws of the United States of America or a state thereof shall:

(i) deliver to the Borrower and the Administrative Agent (A) two duly completed copies of United States Internal Revenue Service Form W8-ECI or W8-BEN, or successor applicable form, as the case may be, and (B) an Internal Revenue Service Form W-8 or W-9, or successor applicable form, as the case may be;

(ii) deliver to the Borrower and the Administrative Agent two further copies of any such form or certification on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Borrower; and

(iii) obtain such extensions of time for filing and complete such forms or certifications as may reasonably be requested by the Borrower or the Administrative Agent;

unless in any such case an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises the Borrower and the Administrative Agent. Such Lender shall certify (i) in the case of a Form W8-ECI or W8-BEN, that it is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes and (ii) in the case of a Form W-8 or W-9, that it is entitled to an exemption from United States backup withholding tax. Each Person that shall become a Lender or a Participant pursuant to Section 11.6 shall, upon the effectiveness of the related transfer, be required to provide all of the forms and statements required pursuant to this Section 4.10, provided that in the case of a Participant such Participant shall furnish all such required forms and statements to the Lender from which the related participation shall have been purchased.

Section 4.11 Indemnity. The Borrower agrees to indemnify each Lender and to hold each Lender harmless from any loss or expense which such Lender may sustain or incur as a consequence of (a) default by the Borrower in payment when due of the principal amount of or interest on any Eurodollar Loan, (b) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (c) default by the Borrower in making any prepayment after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (d) the making of a prepayment of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto, including, without limitation, in each case, any such loss or expense arising from the reemployment of funds obtained by it or from fees payable to terminate the deposits from which such funds were obtained. This covenant shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

Section 4.12 Lenders Obligation to Mitigate. Each Lender agrees that, as promptly as practicable after it becomes aware that it has been or will be affected by the occurrence of an event or the existence of a condition described under Section 4.8 or subsection 4.9(a) or 4.10(a), it will, to the extent not inconsistent with such Lender's internal policies, use its best efforts (a) to provide written notice to the Borrower describing such condition and the anticipated effect thereof and (b) to make, fund or maintain the affected Eurodollar Loans of such Lender through another lending office of such Lender if as a result thereof the additional moneys which would otherwise be required to be paid in respect of such Loans pursuant to Section 4.8 or subsection 4.9(a) or 4.10(a) would be materially reduced or the illegality or other adverse circumstances which would otherwise require such payment pursuant to Section 4.8 or subsection 4.9(a) or 4.10(a) would cease to exist and if, as determined by such Lender, in its sole discretion, the making, funding or maintaining of such Loans through such other lending office would not otherwise adversely affect such Loans or such Lender. The Borrower hereby agrees to pay all reasonable expenses incurred by any Lender in utilizing another lending office of such Lender pursuant to this Section 4.12.

Section 4.13 Certain Permitted Transactions. Notwithstanding any provision in the Loan Documents and without increasing the obligations of the Lenders under Articles II and III

of this Agreement, the Borrower shall have the right to effect a reorganization (the "Reorganization Transactions") of the Subsidiaries acquired in the Acquisition as follows:

(a) The Borrower and its Subsidiaries shall be permitted to convert Warwink I, Warwink II and Offshore Gathering & Transmission from limited liability companies into limited partnerships, with the Borrower owning a 99% limited partnership interest in each converted Subsidiary and EPN Gathering and Treating owning the 1% general partnership interest thereof.

(b) The Borrower shall also be permitted to effect the merger of Indian Basin GP with and into EPN Gathering and Treating, such that EPN Gathering and Treating will be the survivor of such merger.

(c) The Borrower shall be permitted to contribute those assets referred to as the "Waha" and "Carlsbad" assets to EPN Gathering and Treating.

The Borrower and its Subsidiaries intend that during and after the consummation of the Reorganization Transactions, the Security Documents shall continue to be effective to create in favor of the Administrative Agent, for the ratable benefit of the Lenders, a legal, valid enforceable, and first perfected security interest in the Collateral covered thereby prior to the Reorganization Transactions that is affected by the Reorganization Transactions (as the nature of such Collateral may change pursuant to the Reorganization Transactions). The Loan Parties and the Administrative Agent shall enter into such amendments to the Security Documents or other instruments that are necessary to reflect the Reorganization Transactions and effect or continue such perfected security interests in such Collateral.

Section 4.14 Acquisition; Disposition. If the Borrower or any of its Subsidiaries acquires any Acquired Business or makes any sale or disposition of any assets or property having a value in excess of $5,000,000 pursuant to subsection 8.6(b) during any Calculation Period, Consolidated EBITDA, Consolidated Tangible Net Worth, Consolidated Interest Expense, and Consolidated Total Indebtedness for such Calculation Period will be determined on a pro forma basis as if such Acquired Business was acquired or such assets or property was sold or disposed of on the first day thereof. Such pro forma adjustments will be subject to delivery to the Administrative Agent of a certificate of a Responsible Officer of the Borrower. Such certificate may be delivered at any time after the last day of the first fiscal quarter of the Borrower to end after the related acquisition date with respect to any Acquired Business or the related disposition date with respect to any such sale or disposition. Each such certificate shall be accompanied by supporting information and calculations with respect to each such Acquired Business, sale or disposition and such other information as any Lender, through the Administrative Agent, may reasonably request For purposes of determining satisfaction of Section 6.2(d), effect shall be given on the date of determination to pro forma adjustments as described in this Section 4.14 with respect to any Acquired Business that has been acquired as of such date.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and issue or participate in the Letters of Credit, the Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

Section 5.1 Financial Condition. (a) The unaudited pro forma combined balance sheet of the Borrower and its Subsidiaries as of the Closing Date and the unaudited pro forma combined income statements of the assets acquired by the Borrower and its Subsidiaries pursuant to the Acquisition (together with the data needed to calculate Consolidated EBITDA) for each of the years ended December 31, 2000 and December 31, 2001, respectively, copies of which have been heretofore been furnished to the Administrative Agent and each Lender, present fairly on an actual basis, with respect to the balance sheet, the financial position of the Borrower and its Subsidiaries on the Closing Date and on a historical basis, with respect to the income statements, the financial position of the assets acquired by the Borrower and its Subsidiaries pursuant to the Acquisition, for the periods covered thereby, and are based on good faith assumptions believed by the management of the Borrower to be reasonable at the time made.

(b) The Projections delivered to the Administrative Agent and the Lenders prior to the Closing Date have been prepared in good faith and are based on reasonable assumptions on the Closing Date, and there are no statements or conclusions in the Projections which are based upon or include information known to the Borrower on the Closing Date to be misleading in any material respect or which fail to take into account material information known to the Borrower on the Closing Date regarding the matters reported therein. On the Closing Date, Borrower believes that the Projections are reasonable; it being recognized by the Administrative Agent and the Lenders, however, that projections as to future events are not to be viewed as facts and that the actual results during the period or periods covered by the Projections may differ from the projected results and such differences may be material.

Section 5.2 No Change. Since December 31, 2001 (but for this purpose, assuming that the Transaction had occurred immediately prior thereto), (a) there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect and (b) no dividends or other distributions have been declared, paid or made upon the Equity Interests of the Borrower except as permitted by Section 8.7, nor has any of the Equity Interests of the Borrower been redeemed, retired, purchased or otherwise acquired for value by the Borrower or any of its Subsidiaries.

Section 5.3 Existence; Compliance with Law. Each of the Borrower and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation, limited partnership, or limited liability company, as the case may be, and, where applicable, in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification and (d) is in compliance with all Requirements of Law

except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.4 Power; Authorization; Enforceable Obligations.

(a) The Borrower has the power and authority, and the legal right, to make, deliver and perform this Agreement, the Notes and the other Loan Documents to which it is a party and to borrow hereunder and has taken all necessary action to authorize the borrowings on the terms and conditions of this Agreement and the Notes and to authorize the execution, delivery and performance of this Agreement, the Notes and the other Loan Documents to which it is a party. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or the Notes or the Applications. This Agreement has been, and each Note and the Applications will be, duly executed and delivered on behalf of the Borrower. This Agreement constitutes, and each Note and each other Loan Document to which the Borrower is a party when executed and delivered will constitute, a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(b) Each of the Subsidiary Guarantors has the power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and has taken all necessary action to authorize the execution, delivery and performance of the Loan Documents to which it is a party. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of the Loan Documents to which such Subsidiary Guarantor is a party. Each of the Loan Documents to which such Subsidiary Guarantor is a party will be duly executed and delivered on behalf of such Subsidiary Guarantor. Each Loan Document to which such Subsidiary Guarantor is a party will, when executed and delivered, constitute a legal, valid and binding obligation of such Subsidiary Guarantor enforceable against such Subsidiary Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

Section 5.5 No Legal Bar. The execution, delivery and performance of this Agreement, the Notes and the other Loan Documents, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or Contractual Obligation of any Loan Party, or, to the best knowledge of the Borrower, any Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower, and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any such Requirement of Law or Contractual Obligation.

Section 5.6 No Material Litigation. Except as set forth on Schedule 5.6, no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its Subsidiaries, or, to the best knowledge of the Borrower, any Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower, or against any of its or their respective properties or revenues (a) with respect to this Agreement, the Notes or any of the other Loan Documents or any of the transactions contemplated hereby or thereby, or (b) which could reasonably be expected to have a Material Adverse Effect.

Section 5.7 No Default. As of the Closing Date, all Contractual Obligations of any Loan Party are in full force and effect except in any respect which could not reasonably be expected to have a Material Adverse Effect. No Loan Party, and, to the best knowledge of the Borrower, no Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower, is in default under or with respect to any of its Contractual Obligations in any respect which could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

Section 5.8 Ownership of Property; Liens. Each of the Borrower and its Subsidiaries has good record and marketable title in fee simple to, or a valid leasehold interest in, all its real property necessary for its operations as then conducted, and good title to, or a valid leasehold interest in, all its other property, and none of such property necessary for its operations as then conducted is subject to any Lien except as permitted by Section 8.3.

Section 5.9 Intellectual Property. The Borrower and each of its Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, technology, know-how and processes necessary for the conduct of its business as currently conducted except for those the failure to own or license which could not have a Material Adverse Effect (the "Intellectual Property"). No claim has been asserted and is pending by any Person challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property, nor does the Borrower know of any valid basis for any such claim. The use of such Intellectual Property by the Borrower and its Subsidiaries does not infringe on the rights of any Person, except for such claims and infringements that, in the aggregate, do not have a Material Adverse Effect.

Section 5.10 No Burdensome Restrictions. The Borrower, in good faith, does not believe any Requirement of Law or Contractual Obligation of the Borrower or any of its Subsidiaries could reasonably be expected to have a Material Adverse Effect.

Section 5.11 Taxes. Each of the Borrower and its Subsidiaries has filed or caused to be filed all tax returns which, to the knowledge of the Borrower, are required to be filed and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower or its Subsidiaries, as the case may be); no tax Lien has been filed, and, to the knowledge of the Borrower, no claim is being asserted, with respect to any such tax, fee or other charge.

Section 5.12 Federal Regulations. No part of the proceeds of any Loans will be used for "purchasing" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect or for any purpose which violates the provisions of the Regulations of such Board of Governors. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-1 referred to in said Regulation U.

Section 5.13 ERISA. No Loan Party has or is a party to, or has any matured or contingent obligations under, any Plans.

Section 5.14 Investment Company Act; Other Regulations. The Borrower is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. The Borrower is not subject to regulation under any Federal or State statute or regulation which limits its ability to incur Indebtedness.

Section 5.15 Subsidiaries. The Persons set forth on Schedule 5.15 constitute all of the Subsidiaries of the Borrower as of the Closing Date (both before and after the Reorganization Transactions as indicated in such Schedule), and the percentage of the Equity Interests owned by the Borrower in each such Person as of such date (both before and after the Reorganization Transactions as indicated in such Schedule). As of the Closing Date, there are no Joint Ventures.

Section 5.16 Purpose of Loans, Letters of Credit. All proceeds of the Initial Term Loans shall be used on the Closing Date to finance a portion of the Acquisition and to pay related fees and expenses. All proceeds of the Additional Term Loans shall be used to repay the Indian Basin Indebtedness. The proceeds of the Revolving Credit Loans shall be used by the Borrower for working capital purposes and other general corporate purposes, and shall not be used to finance the Acquisition or to pay fees and expenses in connection therewith other than to finance any Purchase Price Adjustment payable to the Sellers reasonably satisfactory to the Administrative Agent. The Letters of Credit shall be used for the purposes described in subsection 3.1(b).

Section 5.17 Environmental Matters. Except as set forth on Schedule 5.17:

(a) To the best knowledge of the Borrower, the Properties do not contain, and have not previously contained, any Materials of Environmental Concern in amounts or concentrations which (i) constitute or constituted a violation of, or (ii) give rise to liability under, any Environmental Law, except in either case insofar as such violation or liability, or any aggregation thereof, could not reasonably be expected to result in the payment of a Material Environmental Amount.

(b) To the best knowledge of the Borrower, the Properties and all operations at the Properties are in compliance, and have in the period commencing six months prior to the date hereof been in compliance, in all material respects with all applicable Environmental Laws, and there is no contamination at, under or about the Properties or violation of any Environmental

Law with respect to the Properties or the business operated by the Borrower or any of its Subsidiaries or any Joint Venture (the "Business") which could materially interfere with the continued operation of any material Property or which could reasonably be expected to have a Material Adverse Effect.

(c) Neither the Borrower nor any of its Subsidiaries nor, to the best knowledge of the Borrower, any Joint Venture has received any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Properties or the Business, nor does the Borrower have knowledge or reason to believe that any such notice will be received or is being threatened except insofar as such notice or threatened notice, or any aggregation thereof, does not involve a matter or matters that is or could reasonably be expected to result in the payment of a Material Environmental Amount.

(d) To the best knowledge of the Borrower, Materials of Environmental Concern have not been transported or disposed of from the Properties in violation of, or in a manner or to a location which could reasonably be expected to give rise to liability under, any Environmental Law, nor have any Materials of Environmental Concern been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could reasonably be expected to give rise to liability under, any applicable Environmental Law except insofar as any such violation or liability referred to in this paragraph, or any aggregation thereof, could not reasonably be expected to result in the payment of a Material Environmental Amount.

(e) No judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Borrower, threatened, under any Environmental Law to which the Borrower or any Subsidiary, or, to the best knowledge of the Borrower, any Joint Venture, is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business except insofar as such proceeding, action, decree, order or other requirement, or any aggregation thereof, could not reasonably be expected to result in the payment of a Material Environmental Amount.

(f) To the best knowledge of the Borrower, there has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of the Borrower or any Subsidiary or any Joint Venture, in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws except insofar as any such violation or liability referred to in this paragraph, or any aggregation thereof, could not reasonably be expected to result in the payment of a Material Environmental Amount.

(g) There are no Liens arising under or pursuant to any Environmental Laws on any of the real properties or properties owned or leased by any Loan Party, and no government actions have been taken or are in process which could subject any of such properties to such Liens and no Loan Party would be required to place any notice or restriction relating to the presence of Hazardous Materials at any properties owned by it in any deed to such properties.

(h) There have been no environmental investigations, studies, audits, tests, reviews or other analyses conducted by or which are in the possession of any Loan Party in relation to any properties or facility now or previously owned or leased by any Loan Party which have not been made available to the Lenders.

Section 5.18 Accuracy and Completeness of Information. The factual statements contained in the financial statements (other than financial projections) referred to in Section 5.1, the Loan Documents, the Confidential Information Memorandum dated March 2002 and any other certificates or documents furnished or to be furnished (but only, with respect to documents furnished after the Closing Date, documents provided pursuant to subsection 7.2(d)) to the Administrative Agent or the Lenders from time to time in connection with this Agreement, taken as a whole, do not and will not, to the knowledge of the Borrower, as of the date when made, contain any untrue statement of a material fact or omit to state a material fact (other than omissions that pertain to matters of a general economic nature, matters generally known to the Administrative Agent or matters of public knowledge that generally affect any of the industry segments included in the Business of the Borrower, its Subsidiaries or any Joint Venture) necessary in order to make the statements contained therein not misleading in light of the circumstances in which the same were made, such knowledge qualification being given only with respect to factual statements made by Persons other than the Borrower, and all financial projections contained in any such document or certificate have been prepared in good faith based upon assumptions believed by the Borrower to be reasonable.

Section 5.19 Security Documents. The Pledge Agreements are each effective to create in favor of the Administrative Agent, for the ratable benefit of the Lenders, a legal, valid and enforceable security interest in the respective Interests described therein and proceeds thereof, and the Pledge Agreements each constitute a fully perfected first Lien on, and security interest in, all right, title and interest of the General Partner, the Limited Partner, the Borrower or the Subsidiary Guarantors, as applicable, in such Interests and Pledged Certificates described therein and in proceeds thereof superior in right to any other Person (subject to the Liens permitted pursuant to Section 8.3). Each Security Agreement is effective to create in favor of the Administrative Agent, for the ratable benefit of the Lenders, a legal, valid and enforceable security interest in the respective collateral described therein and proceeds thereof, and the Security Agreements constitute fully perfected, first priority Liens on, and security interests in (subject to the Liens permitted pursuant to Section 8.3), all right, title and interest of the Borrower and the Subsidiary Guarantors in such collateral and the proceeds thereof superior in right to any other Person other than Liens permitted hereby.

Section 5.20 Solvency. After giving effect to the Transaction, the Borrower and its Subsidiaries, on a consolidated basis, are Solvent.

Section 5.21 Transaction. At the time of the consummation thereof, the Transaction has been consummated in all material respects in accordance with the terms of the respective Transaction Documents and all applicable laws. All actions taken by any Loan Party pursuant to or in furtherance of the Transaction have been taken in all material respects in compliance with the respective Transaction Documents and all applicable laws.

Section 5.22 Insurance. Schedule 5.22 sets forth a true and complete description of all insurance maintained by the Borrower and its Subsidiaries as of the Closing Date (after giving effect to the Transaction), with the amounts insured (and any deductibles) set forth therein.

ARTICLE VI
CONDITIONS PRECEDENT

Section 6.1 Conditions to Initial Extensions of Credit. The agreement of each Lender to make the initial extension of credit requested to be made by it is subject to the satisfaction, immediately prior to or concurrently with the making of such extension of credit on the Closing Date, of the following conditions precedent:

(a) Loan Documents. The Administrative Agent shall have received (i) this Agreement, executed and delivered by a duly authorized officer of the Borrower, (ii) for the account of each Lender which requests the same, a Revolving Credit Note and/or a Term Note, as applicable, executed and delivered by a duly authorized officer of the Borrower, and (iii) each of the Guarantees and Security Documents, executed and delivered by a duly authorized officer of each Loan Party thereto and satisfactory in form to the Administrative Agent.

(b) Related Agreements. The Administrative Agent shall have received true and correct copies, certified as to authenticity by the Borrower, of the Partnership Agreement, the certificate of limited partnership of the Borrower, the limited liability company agreement, limited partnership agreement, or other equivalent governance documents, as the case may be, of each Subsidiary of the Borrower, the General Partner and the Limited Partner, and such other documents or instruments as may be reasonably requested by the Administrative Agent.

(c) Borrowing Certificate. The Administrative Agent shall have received a certificate of the Borrower, dated the Closing Date, substantially in the form of Exhibit K, with appropriate insertions and attachments, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President of the Borrower and the Secretary or any Assistant Secretary of the Borrower.

(d) Partnership Proceedings of the Borrower. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Managing Members of the General Partner authorizing on behalf of the Borrower (i) the execution, delivery and performance of this Agreement and the other Loan Documents to which the Borrower is a party, (ii) the borrowings contemplated hereunder and (iii) the granting by the Borrower of the Liens created pursuant to the Security Documents to which it is a party, certified by the Secretary or an Assistant Secretary of the General Partner on behalf of the Borrower as of the Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded (except in connection with the Reorganization Transactions).

(e) Borrowers Incumbency Certificate. The Administrative Agent shall have received a certificate of the Borrower, dated the Closing Date, as to the incumbency and

signature of the officers of the Borrower executing any Loan Document, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of the Borrower.

(f) Corporate Proceedings of the Borrower Partners. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of both the Managing Members of the General Partner and the general partner of the Limited Partner authorizing (i) the execution, delivery and performance of the Loan Documents to which the General Partner or the Limited Partner, as applicable, is a party and (ii) the granting by the General Partner or the Limited Partner, as applicable, of the Liens created pursuant to the Security Documents to which it is a party, certified by the Secretary or an Assistant Secretary of the General Partner or the Limited Partner, as applicable, as of the Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded (except in connection with the Reorganization Transactions).

(g) Borrower Partners Incumbency Certificates. The Administrative Agent shall have received both a certificate of each of the Borrower Partners, dated the Closing Date, as to the incumbency and signature of the officers of the General Partner or the Limited Partner, as applicable, executing any Loan Document, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of the General Partner or the Limited Partner, as applicable.

(h) Proceedings of Subsidiaries. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Managing Member(s), the Board of Directors, or the Managing Members of the General Partner, as applicable, of each Subsidiary of the Borrower which is a party to a Loan Document authorizing (i) the execution, delivery and performance of the Loan Documents to which it is a party and (ii) the granting by it of the Liens created pursuant to the Security Documents to which it is a party, certified by the Secretary or an Assistant Secretary of such Subsidiary as of the Closing Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded (except in connection with the Reorganization Transactions).

(i) Subsidiary Incumbency Certificates. The Administrative Agent shall have received a certificate of each Subsidiary of the Borrower which is a Loan Party, dated the Closing Date, as to the incumbency and signature of the officers of such Subsidiary executing any Loan Document, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of each such Subsidiary.

(j) Corporate Documents. The Administrative Agent shall have received true and complete copies of the certificate of formation, certificate of limited partnership or

equivalent document, as the case may be, of the General Partner, the Limited Partner, and each Subsidiary of the Borrower, certified as of the Closing Date as complete and correct copies thereof by the Secretary or an Assistant Secretary of such Subsidiary.

(k) Consummation of the Transaction. (i) There shall have been delivered to the Administrative Agent true and correct copies of the Acquisition Documents. The Acquisition Documents shall be in form and substance reasonably satisfactory to the Administrative Agent and shall not have been amended in any material respect without the consent of the Administrative Agent. All of the conditions precedent to the consummation of the Acquisition as set forth in the Acquisition Documents shall have been satisfied (and not waived, unless consented to by the Administrative Agent) to the reasonable satisfaction of the Administrative Agent. The Acquisition shall, substantially contemporaneously with the funding of the Initial Term Loans under the Term Loan Facility, be consummated in accordance with the terms and conditions of the Acquisition Documents and all applicable laws. In addition, all assets acquired by the Borrower and its Subsidiaries pursuant to the Acquisition shall be free and clear from any Liens.

(ii) (A) The Equity Contribution shall have been paid or otherwise effected in form and in substance satisfactory to the Administrative Agent and (B) the proceeds of the cash portion of the Equity Contribution shall have been used to make payments owing in connection with the Transaction, and the remaining portion of the Equity Contribution shall have been effected in connection with the Transaction, substantially contemporaneously with the use of the proceeds of the Initial Term Loans incurred on the Closing Date for such purpose. The Equity Contribution shall have been consummated in accordance with all applicable laws.

(l) Consents, Licenses and Approvals. The Administrative Agent shall have received, with a counterpart for each Lender, a certificate of a Responsible Officer of the Borrower (i) attaching copies of all consents, authorizations and filings referred to in Section 5.4, and (ii) stating that such consents, licenses and filings are in full force and effect, and each such consent, authorization and filing shall be in form and substance satisfactory to the Administrative Agent.

(m) Fees. The Administrative Agent and each Lender shall have received the fees to be received on or before the Closing Date as separately agreed to between each of them and the Borrower.

(n) Legal Opinions. The Administrative Agent shall have received, with a counterpart for each Lender, the executed legal opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P., counsel to the Borrower and the other Loan Parties, addressed to the Administrative Agent and each Lender in form and substance reasonably satisfactory to the Administrative Agent.

(o) Pledged Stock; Stock Powers. The Administrative Agent shall have received the certificates, if any, representing the limited partnership interests, limited liability company interests and general partnership interests pledged pursuant to each of the Pledge Agreements, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof.

(p) Lien Searches. The Administrative Agent shall have received lien searches reflecting no prior Liens on the Collateral.

(q) Actions to Perfect Liens. The Administrative Agent shall have received evidence in form and substance satisfactory to it that all filings, recordings, registrations and other actions, including, without limitation, the filing of duly completed financing statements on form UCC-1 and amendments to financing statements on form UCC-3, necessary or, in the opinion of the Administrative Agent, desirable to perfect the Liens created by the Security Documents shall have been completed (subject only to filings thereof to be completed within 10 days of the Closing Date).

(r) Insurance.

(i) The Administrative Agent shall have received evidence in form and substance satisfactory to it that all of the requirements of Section 7.5 shall have been satisfied.

(ii) The Lenders shall be satisfied with, the amount, coverage and carriers of the insurance carried by the Borrower and its Subsidiaries (as set forth in Schedule 5.22).

(s) Good Standing Certificates. The Administrative Agent shall have received copies of certificates dated as of a recent date from the Secretary of State or other appropriate authority of such jurisdiction, evidencing the good standing of the Borrower and each other Loan Party in each state where the ownership, lease or operation of property or the conduct of business requires it to qualify as a foreign corporation, partnership or limited liability company, as the case may be.

(t) Litigation, Etc. Except as set forth on Schedule 5.6, no suit, action, investigation, inquiry or other proceeding (including, without limitation, the enactment or promulgation of a statute or rule) by or before any arbitrator or any Governmental Authority shall be pending and no preliminary or permanent injunction, order, or judgment by a state or federal court shall have been entered (i) in connection with any Loan Document or any of the transactions contemplated hereby or thereby or (ii) which, in any such case could reasonably be expected to have a Material Adverse Effect.

(u) Consents. All material governmental and third party approvals (or arrangements satisfactory to the Lenders in lieu of such approvals) necessary or advisable in connection with the Transaction or the financings or other transactions contemplated hereby and by the other Loan Documents and the continuing operations of the Borrower and its Subsidiaries shall have been obtained and be in full force and effect, and all material applicable waiting periods shall have expired without any action being taken by any competent authority which restrains, prevents, or imposes materially adverse conditions upon, the consummation of the Transaction or the financings or other transactions contemplated hereby. No judgment, order, injunction or other restraint prohibiting or imposing materially adverse conditions upon, or making economically unfeasible, the consummation of the Transaction or the transactions contemplated by the Transaction shall have been entered.

(v) Material Adverse Effect. No event which has or could have a Material Adverse Effect shall have occurred.

(w) Financial Statements. The Administrative Agent shall have received, with a counterpart for each Lender, complete copies of the financial statements and Projections described in Section 5.1.

(x) Subsidiaries. Except MIAGS, each of the Loan Parties shall be a wholly-owned, indirect subsidiary of EPN.

(y) Leverage Ratio. (i) On the Closing Date (and immediately after giving effect to the Transaction and the related financings), the Leverage Ratio for the year ended December 31, 2001 (calculated as if the Borrower or its Subsidiaries had acquired the assets acquired pursuant to the Acquisition on the first day of such period) shall be no greater than 5.50:1.00 and (ii) the Administrative Agent shall have received a certificate of the Borrower's chief financial officer certifying (and showing the calculations therefor in reasonable detail) as to such Leverage Ratio on the Closing Date (it being understood that any pro forma adjustments from the actual Consolidated EBITDA for the year ended December 31, 2001 of the assets acquired pursuant to the Acquisition shall be reasonably satisfactory to the Administrative Agent).

(z) Second Amendment. The Administrative Agent shall have received a copy of the Second Amendment, executed and delivered by a duly authorized officer of EPN, El Paso Energy Partners Finance Corporation, JPMorgan and the Required Lenders (as such term is defined in the EPN Credit Agreement).

(aa) Additional Matters. All corporate, company, partnership and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement and the other Loan Documents shall be reasonably satisfactory in form and substance to the Lenders, and the Lenders shall have received such other documents and legal opinions in respect of any aspect or consequence of the transactions contemplated hereby or thereby as any of them shall reasonably request.

Section 6.2 Conditions to Each Extension of Credit. The agreement of each Lender to make any extension of credit (including the renewal or extension of a Letter of Credit and its Additional Term Loan) requested to be made by it on any date (including, without limitation, its initial extension of credit) is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by the Borrower and the other Loan Parties in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of such date as if made on and as of such date (unless such representations and warranties are stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extensions of credit requested to be made on such date.

(c) Additional Matters. The Administrative Agent shall have received such other documents and legal opinions in respect of any aspect or consequence of the transactions contemplated hereby or by the other Loan Documents as it shall reasonably request.

(d) At the time of and immediately after giving effect to such extension of credit, the ratio of (X) Consolidated Total Indebtedness at such date to (Y) the Consolidated EBITDA for the most recent Calculation Period together with the period from the last day of the most recent Calculation Period to the date of such extension of credit shall not exceed the appropriate ratio for such date set forth in the table in Section 8.1(b).Each borrowing by the Borrower hereunder, and each issuance or renewal or extension of a Letter of Credit hereunder, shall constitute a representation and warranty by the Borrower as of the date of such extension of credit or such conversion that the conditions contained in this Section 6.2 have been satisfied; provided that with respect to paragraph (d) above, such representation and warranty shall be made by the Borrower in good faith based upon assumptions believed by the Borrower to be reasonable.

ARTICLE VII
AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as any Commitment remains in effect, or any Obligation remains outstanding and unpaid, the Borrower shall and (except in the case of delivery of financial information, reports and notices) shall cause each of its Subsidiaries to:

Section 7.1 Financial Statements. Furnish to the Administrative Agent, with copies for the Lenders:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower (beginning with the fiscal year ending December 31, 2002), a copy of the consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related consolidated statements of income and retained earnings and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by PricewaterhouseCoopers LLP or other independent certified public accountants of nationally recognized standing;

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, the unaudited consolidated and consolidating balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated and consolidating statements of income and retained earnings and of cash flows of the Borrower and its consolidated Subsidiaries for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects when considered in relation to the consolidated and consolidating financial statements of the Borrower and its consolidated Subsidiaries (subject to normal year-end audit adjustments);

(c) as soon as possible, but in any event not later than 60 days after the Closing Date, financial statements satisfying the requirements of the Securities and Exchange Commission under Item 7 of Form 8-K;

(d) concurrently with the delivery of the financial statements for any fiscal year described in paragraph (a) or (c) of this Section 7.1, the unaudited consolidating balance sheets of the Borrower and its consolidated Subsidiaries as at the end of such fiscal year and the related unaudited consolidating statements of income and retained earnings and of cash flows of the Borrower and its consolidated Subsidiaries for such fiscal year, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects when considered in relation to the consolidating financial statements of the Borrower and its consolidated Subsidiaries;

(e) as soon as available, but in any event within 120 days after the end of each fiscal year of each material Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower, a copy of the audited balance sheet of such Joint Venture, as at the end of such year and the related unaudited statements of income and retained earnings and of cash flows of such Joint Venture, for such year, setting forth in each case in a comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by independent certified public accountants of nationally recognized standing; and

(f) concurrently with the delivery of the financial statements referred to in subsection 7.1(b), the unaudited balance sheet of each Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower, as at the end of each such quarter of such Joint Venture, and the related unaudited consolidated statements of income and retained earnings and of cash flows of such Joint Venture, for such month and the portion of the fiscal year through the end of such month, setting forth in each case in comparative form the figures for the previous year, in each case received by the Borrower or any of its Subsidiaries during such fiscal quarter;

all such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and (except for the financial statements of any Joint Venture) in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by such accountants or officer, as the case may be, and disclosed therein and, with respect to unaudited interim financial statements, for the absence of footnotes and year-end adjustments).

Section 7.2 Certificates; Other Information. Furnish to the Administrative Agent, with copies for the Lenders:

(a) concurrently with the delivery of the financial statements referred to in subsections 7.1(a) and (c), a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default relating to accounting issues, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in subsections 7.1(a) through (c), a certificate of a Responsible Officer of the Borrower, (i) stating that, to the best of such Officer's knowledge, the Borrower and its Subsidiaries during such period have observed or performed all of their respective covenants and other agreements, and satisfied every condition, contained in this Agreement and in the other Loan Documents to be observed, performed or satisfied by them, and that such Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate, and (ii) setting forth in reasonable detail the calculation of the covenants set forth in Section 8.1 for the Calculation Period ending on the last day of such fiscal quarter;

(c) not later than thirty days after the beginning of each fiscal year of the Borrower, a copy of the projections by the Borrower of the operating budget and cash flow budget of the Borrower for such fiscal year, such projections to be accompanied by a certificate of a Responsible Officer to the effect that such projections have been prepared on the basis of sound financial planning practice and that such Officer has no reason to believe they are incorrect or misleading in any material respect;

(d) within five days after the same are sent, copies of all financial statements and reports which the Borrower sends to the holders of its Equity Interests, and within five days after the same are filed, copies of all financial statements and reports, if any, which the Borrower may make to, or file with, the Securities and Exchange Commission or any successor or analogous Governmental Authority;

(e) upon the request of any Lender, and to the extent the same have been received by the Borrower or any of its Subsidiaries, a copy of the projections by each Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower, as the case may be, of the operating budget and cash flow budget of such Joint Venture for the succeeding fiscal year;

(f) upon the request of any Lender, and to the extent the same have been received by the Borrower or any of its Subsidiaries, within thirty days of the end of each of the quarterly periods of each fiscal year of each Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower, a list of all shippers that have used such Joint Venture during such quarterly period and the volumes and revenues attributable to each such shipper;

(g) upon the request of any Lender, and to the extent the same have been received by the Borrower or any of its Subsidiaries, copies of all compliance certificates delivered by each Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower, pursuant to any credit agreement to which such Joint Venture is a party;

(h) upon the request of any Lender, within five days after the same are received by the Borrower, a copy of any FERC Form 2 for any Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower;

(i) concurrently with the delivery of the financial statements referred to in subsections 7.1(a) and (c), a certificate signed by the President, Chief Executive Officer, Chief Operating Officer or Chief Financial Officer of the Borrower in the form of Exhibit M hereto.

Further, if requested by the Required Lenders (by notice to the Administrative Agent, which will give notice of such request to the Borrower and each Lender), the Borrower shall permit and cooperate with an environmental and safety review made in connection with the operations of Borrower's properties once during each fiscal year of the Borrower, by independent environmental consultants chosen by the Borrower and acceptable to the Required Lenders, which review shall, if requested by such Lender or Lenders, be arranged and supervised by environmental legal counsel for the Lenders, all at the Borrower's cost and expense. The consultant shall render a verbal or written report, as specified by the Lenders, based upon such review, at the Borrower's cost and expense;

(j) concurrently with the delivery of the financial statements referred to in subsections 7.1(a) and (b), a throughput report setting forth the throughputs of each pipeline owned by the Borrower or any Subsidiary of the Borrower; and

(k) promptly, such additional financial and other information concerning any Loan Party or any Joint Venture as any Lender may from time to time reasonably request.

Section 7.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower or its Subsidiaries, as the case may be, and except where the failure to so pay, discharge or satisfy such obligations could not reasonably be expected to have a Material Adverse Effect.

Section 7.4 Conduct of Business and Maintenance of Existence. Continue to engage in business of the same general type as now conducted by it and preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business; comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 7.5 Maintenance of Property; Insurance. Keep all property useful and necessary in its business in good working order and condition; maintain with financially sound and reputable insurance companies insurance on all its property and its business in at least such amounts and against at least such risks (but including in any event fire, casualty, public liability, environmental liability and product liability) as are usually insured against in the same general area by companies engaged in the same or a similar business; and furnish to each Lender, upon written request, full information as to the insurance carried. Upon demand by any Lender (by notice to the Administrative Agent, which shall give notice of such demand to the Borrower and each Lender) any insurance policies covering Collateral shall be endorsed to provide that such policies may not be cancelled or reduced or affected in any material manner for any reason without 15 days prior notice to the Lenders. The Borrower shall, and shall cause each of its Subsidiaries to, at all times maintain liability and other insurance in accordance with and in the amounts set forth on Schedule 5.22, which insurance shall be by financially sound and reputable insurers.

Section 7.6 Inspection of Property; Books and Records; Discussions. Keep proper books of records and accounts in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities; and permit representatives of any Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and to discuss the business, operations, properties and financial and other condition of the Borrower and its Subsidiaries with officers and employees of the Borrower and its Subsidiaries and with its independent certified public accountants.

Section 7.7 Notices. Promptly give notice to the Administrative Agent and each Lender of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Contractual Obligation of the Borrower or any of its Subsidiaries or (ii) litigation, investigation or proceeding which may exist at any time between the Borrower or any of its Subsidiaries and any Governmental Authority, which in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding affecting the Borrower or any of its Subsidiaries in which the amount involved is $1,000,000 or more and not covered by insurance or in which injunctive or similar relief is sought;

(d) the following events, as soon as possible and in any event within 30 days after the Borrower knows or has reason to know thereof: (i) the occurrence or expected occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the terminating, Reorganization or Insolvency of, any Plan; and

(e) any development or event which could reasonably be expected to have a Material Adverse Effect or cause the incurrence of an environmental liability in excess of the Material Environmental Amount.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Borrower proposes to take with respect thereto.

Section 7.8 Environmental Laws.

(a) Comply with, and ensure compliance by all tenants and subtenants, if any, with, all applicable Environmental Laws and obtain and comply with and maintain, and ensure that all tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws

except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws except to the extent that the same are being contested in good faith by appropriate proceedings and the pendency of such proceedings could not reasonably be expected to have a Material Adverse Effect; and

(c) Defend, indemnify and hold harmless the Administrative Agent and the Lenders, and their respective employees, agents, officers and directors, from and against any and all claims, demands, penalties, fines, liabilities, settlements and damages, and reasonable costs and expenses, of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Borrower, any of its Subsidiaries or the Properties, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, REGARDLESS OF WHETHER OR NOT SUCH INDEMNIFIED LIABILITIES ARE IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF THE PARTY SEEKING INDEMNIFICATION THEREFORE; provided that the Borrower shall have no obligation hereunder to the extent that any of the foregoing arise out of the gross negligence or willful misconduct of the party seeking indemnification therefor. The agreements in this paragraph shall survive repayment of all amounts payable hereunder.

Section 7.9 Maintenance of Liens of the Security Documents. Promptly, upon the request of the Administrative Agent, at the Borrower's expense, execute, acknowledge and deliver, or cause the execution, acknowledgement and delivery of, and thereafter register, file or record, or cause to be registered, filed or recorded, in an appropriate governmental office, any document or instrument supplemental to or confirmatory of the Security Documents or otherwise deemed by the Administrative Agent necessary or desirable for the continued validity, perfection and priority of the Liens on the collateral covered thereby.

Section 7.10 Pledge of After-Acquired Property.

(a) With respect to any right, title or interest of any Loan Party in any Equity Interests or other property of a type subject to the Security Documents and acquired after the Closing Date, promptly grant or cause to be granted to the Administrative Agent, for the benefit of the Lenders, a first Lien of record on all such Equity Interests and property (other than such Equity Interests and property subject to (i) prior Liens in existence at the time of acquisition thereof and not created in anticipation of such acquisition, in which case the Lien of the Lenders shall be of such priority as is permitted by such prior Lien and (ii) other Liens that are expressly permitted by this Agreement), upon terms substantially the same as those set forth in the Security Documents, and satisfy the conditions with respect thereto set forth in Section 6.1. The Borrower, at its own expense, shall execute, acknowledge and deliver, or cause its Subsidiaries (other than MIAGS) to execute, acknowledge and deliver, and thereafter register, file or record,

or cause its Subsidiaries (other than MIAGS) to register, file or record, in an appropriate governmental office, any document or instrument deemed by the Administrative Agent to be necessary or desirable for the creation and perfection of the foregoing Liens and deliver Uniform Commercial Code searches in jurisdictions requested by the Administrative Agent with respect to such Equity Interests and other property and legal opinions requested by the Administrative Agent and shall pay, or cause to be paid, all taxes and fees related to such registration, filing or recording.

(b) With respect to any new Subsidiary created or acquired after the Closing Date by the Borrower, promptly cause such Subsidiary to execute and deliver to the Administrative Agent the Subsidiary Guarantee, and, if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to such Subsidiary and the Subsidiary Guarantee, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

(c) Notwithstanding anything to the contrary in any Loan Document, neither the Borrower nor any Subsidiary of the Borrower shall be obligated to (i) pledge under the Loan Documents any of its Equity Interest in any Joint Venture if such pledge is prohibited by any Contractual Obligation or (ii) pledge under the Loan Documents any of its real property except to the extent of any fixtures as and to the extent specified in the Security Agreements.

(d) Notwithstanding anything to the contrary in any Loan Document, if the Borrower or any Subsidiary of the Borrower has pledged its interest in any Joint Venture and the Borrower or such Subsidiary desires to make a contribution of or investment with such interest to or in a second Joint Venture in accordance with subsection 8.8(f), the Lien held by the Lenders upon such interest shall terminate as long as the interest held by the Borrower or such Subsidiary in the second Joint Venture shall be subject to a Lien under the Loan Documents in accordance with subsection 8.8(f) unless otherwise agreed by the Required Lenders.

Section 7.11 Use of Proceeds. The Borrower will use the proceeds of the Loans only as provided in Section 5.16.

Section 7.12 Ownership of Subsidiaries. The Borrower and its Subsidiaries shall directly or indirectly own 100% of the Equity Interest of each of their Subsidiaries other than MIAGS. The Borrower and its Subsidiaries shall directly or indirectly own 83% of the Equity Interest of MIAGS.

Section 7.13 Joint Venture Charters. Deliver to the Administrative Agent (a) any Joint Venture Charters of each Joint Venture any of the interests in which is owned by a Subsidiary of the Borrower, (b) each credit agreement to which any Joint Venture any of the interests in which is owed by a Subsidiary of the Borrower is a party, in any case with all exhibits, schedules and disclosure letters referred to therein or delivered pursuant thereto, if any, and all amendments relating thereto, waivers relating thereto, and other side letters or agreements affecting the terms thereof.

ARTICLE VIII
NEGATIVE COVENANTS

The Borrower hereby agrees that, so long as any Commitment remains in effect, or any Obligation remains outstanding and unpaid, the Borrower shall not, and (except with respect to Section 8.1) shall not permit any of its Subsidiaries to, directly or indirectly:

Section 8.1 Financial Condition Covenants.

(a) Interest Coverage Ratio. Permit for any Calculation Period ending on or after June 30, 2002, the ratio of (i) Consolidated EBITDA for such period to (ii) Consolidated Interest Expense for such period to be less than 2.5 to 1.0; or

(b) Leverage Ratio. Permit, on the last day of any fiscal quarter of the Borrower, the ratio of (x) Consolidated Total Indebtedness at such date to (y) the Consolidated EBITDA for the Calculation Period ending on such date to exceed the ratio set forth opposite the period including such date below:

Period	Ratio
Closing Date through and including December 31, 2002:	5.50:1.00
Thereafter, through and including June 30, 2003	5.00:1.00
Thereafter, through and including December 31, 2003:	4.50:1.00
Thereafter until the Termination Date:	4.00:1.00

Section 8.2 Limitation on Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness of the Borrower and its Subsidiaries under the Loan Documents;

(b) Indebtedness of the Borrower to any Subsidiary of the Borrower (other than MIAGS), and of any Subsidiary to the Borrower or any other Subsidiary of the Borrower (other than MIAGS);

(c) Indebtedness permitted pursuant to Sections 8.3 and 8.8;

(d) Indebtedness incurred pursuant to any Hedge Agreement to the extent permitted by Section 8.22;

(e) other unsecured Indebtedness of the Borrower in an aggregate principal amount not to exceed $5,000,000 outstanding at any time; and

(f) the Indian Basin Indebtedness, so long as such Indebtedness continues to be Indebtedness of Indian Basin only and El Paso (or any other lender thereunder) has no recourse against the Borrower or its other Subsidiaries, and in any case only until (and including) the Additional Term Loan Borrowing Date.

Section 8.3 Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for:

(a) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 60 days or which are being contested in good faith by appropriate proceedings;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation and deposits securing liability to insurance carriers under insurance or self-insurance arrangements;

(d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or such Subsidiary;

(f) Liens created pursuant to construction, operating, maintenance agreements, space lease agreements, Joint Venture Charters and related documents (to the extent requiring a Lien on the equity interest of the Borrower or its Subsidiary, as the case may be, in the applicable Joint Venture is required thereunder), division orders, contracts for sale, transportation or exchange of oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements and other similar agreements, in each case having ordinary and customary terms and entered into in the ordinary course of business by the Borrower and its Subsidiaries;

(g) additional Liens securing Indebtedness and other obligations not to exceed $500,000 at any one pursuant to the time outstanding; and

(h) Liens created Loan Documents.

This Section 8.3 shall not restrict the ability of any Joint Venture to create, incur, assume or suffer to exist any Lien on any of its property.

Section 8.4 Limitation on Guarantee Obligations. Create, incur, assume or suffer to exist any Guarantee Obligation except:

(a) Guarantee Obligations created pursuant to the Loan Documents;

(b) Guarantee Obligations of the Borrower or any Subsidiary of the Borrower (other than MIAGS) incurred after the Closing Date in an aggregate amount not to exceed $1,000,000 at any one time outstanding; and

(c) Guarantee Obligations constituting performance guarantees provided in the ordinary course of business by the Borrower and its Subsidiaries supporting obligations of the Borrower and/or its Subsidiaries (other than MIAGS) which obligations have been incurred in the ordinary course of business (including in connection with the operation, construction or acquisition of pipelines, platforms and related facilities).

Section 8.5 Limitations on Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or make any material change in its present method of conducting business, except:

(a) any Subsidiary may be merged or consolidated with or into the Borrower (as long as the Borrower is the surviving entity) or any one or more Subsidiaries of the Borrower which is a Subsidiary Guarantor;

(b) any Subsidiary of the Borrower may sell, lease, transfer or otherwise dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or any other Subsidiary of the Borrower (other than MIAGS); and

(c) solely to effect any transaction permitted by subsection 8.6(b).

The transactions permitted under this Section 8.5 shall be permitted notwithstanding anything to the contrary in subsection 4(j) of each of the Borrower Pledge Agreement, the Subsidiary Pledge Agreement and the Parent Pledge Agreement.

Section 8.6 Limitation on Sale of Assets. Convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets (including, without limitation, receivables and leasehold interests), whether now owned or hereafter acquired, except:

(a) as permitted by Section 8.5;

(b) as long as no Default or Event of Default has occurred and is continuing or would result therefrom, the Borrower and the Subsidiaries of the Borrower may sell or otherwise

dispose of property in any fiscal year having an aggregate value not in excess of 5% of Consolidated Tangible Net Worth calculated on the last day of the prior fiscal quarter;

(c) any sale or other disposition to the Borrower or any Subsidiary Guarantor; and

(d) as permitted by Section 8.8.

The transactions permitted under this Section 8.6 shall be permitted notwithstanding anything to the contrary in subsection 4(j) of each of the Borrower Pledge Agreement, the Subsidiary Pledge Agreement and the Parent Pledge Agreement.

Section 8.7 Limitation on Dividends. Declare or pay any dividend or distribution on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Equity Interest of the Borrower or any warrants or options to purchase any such Equity Interest, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of the Borrower or any Subsidiary of the Borrower (such declarations, payments, setting apart, purchases, redemptions, defeasances, retirements, acquisitions and distributions being herein called "Restricted Payments"), except that as long as (x) no Default or Event of Default has occurred and is continuing or would result therefrom and (y) the Leverage Ratio as of the last day of the most recently ended Calculation Period is equal to or less than 4.00:1.00 and such Calculation Period ended on or after June 30, 2002, the Borrower may make Restricted Payments during the fiscal quarter immediately following such most recently ended Calculation Period consisting of cash distributions in an amount not to exceed 75% of Consolidated EBITDA for the fiscal quarter ending on the immediately preceding Quarterly Date.

Section 8.8 Limitation on Investments, Loans and Advances. Make any advance, loan, extension of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of or any assets constituting a business unit of, or make any other investment in, any Person, except:

(a) extensions of trade credit in the ordinary course of business;

(b) investments in Cash Equivalents;

(c) capital contributions, loans or other investments made by the Borrower to any Subsidiary of the Borrower which is a Subsidiary Guarantor and by any Subsidiary of the Borrower to the Borrower or any Subsidiary of the Borrower which is a Subsidiary Guarantor;

(d) capital contributions, loans or other investments by Subsidiaries of the Borrower or any Joint Venture to or in the Borrower or any Subsidiary of the Borrower which is a Subsidiary Guarantor, provided that no Default or Event of Default shall have occurred and be continuing, or would occur as a result of such investment;

(e) so long as the Leverage Ratio as of the last day of the most recently ended Calculation Period is equal to or less than 4.00:1.00, other non-hostile acquisitions of equity

securities of, or assets constituting a business unit of, any Person (an "Acquired Business"), provided that (i) immediately prior to and after giving effect to any such acquisition, no Default or Event of Default shall have occurred or be continuing (whether under Section 8.17 or otherwise), (ii) such acquisition is consummated in accordance with applicable law, (iii) if such acquisition is of equity securities of a Person, such Person becomes a Subsidiary Guarantor and the Borrower otherwise complies with Section 8.17, (iv) the Borrower shall be in pro forma compliance with the covenants set forth in Section 8.1 after giving effect to such acquisition and (v) the Acquired Business shall not be subject to any material liabilities which would be expressly prohibited by this Agreement after such acquisition;

(f) the contribution by the Borrower or any Subsidiary of the Borrower of the equity interests owned by it in a Joint Venture to another Joint Venture or the investment by the Borrower or any Subsidiary of the Borrower in another Joint Venture to the extent made with equity interests in a Joint Venture owned by it as long as (i) the Borrower or such Subsidiary receives in exchange equity interests in such transferee Joint Venture and (ii) unless otherwise agreed by the Required Lenders, if the transferred equity interests are subject to a Lien under the Loan Documents, the equity interests received in exchange become subject to a Lien under the Loan Documents;

(g) capital contributions or other investments made by the Borrower or its Subsidiaries pursuant to the Acquisition; and

(h) capital contributions, loans or other investments, in addition to those otherwise permitted by subsections 8.8(a) through (g), in an aggregate amount not to exceed (i) $10,000,000 so long as (before and after giving effect to such capital contributions, loans or other investments) the Leverage Ratio as of the last day of the most recently ended Calculation Period is less than or equal to 4.00:1.00, or (ii) $1,000,000 otherwise, during any fiscal year of the Borrower beginning with the fiscal year commencing on January 1, 2002. For the avoidance of doubt, any fluctuation of the Leverage Ratio above 4.00:1.00 during a given fiscal year in which aggregate investments complying with this subsection 8.8(h) have previously exceeded $1,000,000 shall result in no further investments being permitted pursuant to this subsection 8.8(h) until the Leverage Ratio as of the last day of the most recently ended Calculation Period falls to or below 4.00:1.00 but shall not independently result in non-compliance with this exception.

Section 8.9 Limitation on Modifications of Certain Agreements.

(a) Make any optional payment or prepayment on, redemption of or purchase of, or voluntarily defease, or directly or indirectly voluntarily or optionally purchase, redeem, retire or otherwise acquire, any Indebtedness or Guarantee Obligations (other than the Loans), except for such actions relating to the prepayment of the Indian Basin Indebtedness, (b) amend, modify or change, or consent or agree to any amendment, modification or change to, any of the terms of any Indebtedness or Guarantee Obligations (other than any such amendment, modification or change which would extend the maturity or reduce the amount of any payment of principal thereof or which would reduce the rate or extend the date for payment of interest thereon), except to the extent the same could not reasonably be expected to have a Material Adverse Effect or the same are accomplished to allow for prepayment of the Indian Basin

Indebtedness, (c) amend, modify or change, or consent to any amendment, modification or change to, any of the terms of the Partnership Agreement, the Borrower's certificate of limited partnership or any Joint Venture Charter, except to the extent the same could not reasonably be expected to have a Material Adverse Effect, or (d) waive or otherwise relinquish any of its rights or causes of action arising out of the Partnership Agreement, the Borrower's certificate of limited partnership or any Joint Venture Charter, except to the extent the same could not reasonably be expected to have a Material Adverse Effect. Notwithstanding any provision contained in this Section 8.9, the Borrower and its Subsidiaries shall have the absolute right to amend any Joint Venture Charter to the extent necessary or reasonably appropriate to evidence the substitution, replacement or other changes of partners, members or owners in any Joint Venture not in violation of Section 8.19 or Section 8.21

Section 8.10 Limitation on Transactions with Affiliates. Subject to the rights set forth in Section 8.13, enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate unless such transaction is (a) otherwise permitted under this Agreement, and (b) upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary of the Borrower, as the case may be, than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate.

Section 8.11 Limitation on Sales and Leasebacks. Enter into any arrangement with any Person providing for the leasing by the Borrower or any Subsidiary of the Borrower of real or personal property which has been or is to be sold or transferred by the Borrower or such Subsidiary of the Borrower to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Borrower or such Subsidiary of the Borrower.

Section 8.12 Limitation on Changes in Fiscal Year. Permit the fiscal year of the Borrower to end on a day other than December 31.

Section 8.13 Limitation on Lines of Business. Enter into any business, either directly or through any Subsidiary or Joint Venture, except for (a) gathering, transporting (by barge, pipeline, ship, truck or other modes of hydrocarbon transportation), terminalling, storing, acquiring, processing, dehydrating, fractionating and otherwise handling hydrocarbons, including, without limitation, constructing pipeline, platform, dehydration, processing and other energy-related facilities, and activities or services reasonably related or ancillary thereto and (b) other businesses as long as the consolidated total assets principally relating to such other businesses do not exceed 3% of the consolidated total assets of the Borrower and its Subsidiaries at any time.

Section 8.14 Governing Documents. Permit the amendment or modification of the limited liability company agreement, limited partnership agreement, or equivalent governance document, or certificate of limited partnership, certificate of formation, or equivalent formation document, as the case may be, of any Subsidiary of the Borrower if such amendment could reasonably be expected to have a Material Adverse Effect, or would authorize or issue any Equity Interests not authorized or issued on the Closing Date, except to the extent such

authorization or issuance would have the same substantive effect as any transaction permitted by Section 8.5 or 8.6.

Section 8.15 Compliance with ERISA.

(a) Terminate any Plan so as to result in any material liability to PBGC, (b) engage in any "prohibited transaction" (as defined in Section 4975 of the Code) involving any Plan which could result in a material liability for an excise tax or civil penalty in connection therewith, (c) incur or suffer to exist any material "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived involving any Plan, or (d) allow or suffer to exist any event or condition, which presents a material risk of incurring a material liability to PBGC by reason of termination of any such Plan.

Section 8.16 Limitation on Restrictions Affecting Subsidiaries. Enter into, or suffer to exist, any agreement with any Person, other than the Lenders pursuant hereto or which exist on the Closing Date, which prohibits or limits the ability of any Subsidiary of the Borrower to (a) pay dividends or make other distributions or pay any Indebtedness owed to the Borrower or any Subsidiary of the Borrower, (b) make loans or advances to or make other investments in the Borrower or any Subsidiary of the Borrower, (c) transfer any of its properties or assets to the Borrower or any Subsidiary of the Borrower, (d) create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired.

Section 8.17 Creation of Subsidiaries. Create or acquire any new Subsidiary of the Borrower or any of its Subsidiaries, unless, immediately upon the creation or acquisition of any such Subsidiary, (a) such Subsidiary shall become party to the Subsidiaries Guarantee as a Subsidiary Guarantor pursuant to an addendum thereto or other documentation in form and substance reasonably satisfactory to the Administrative Agent, (b) such Subsidiary shall become party to the Subsidiary Security Agreement as a grantor pursuant to an addendum thereto or other documentation in form and substance reasonably satisfactory to the Administrative Agent, and all actions required to perfect the Liens granted thereby, all filings required thereunder and all consents necessitated thereby shall have been taken, made or obtained, (c) all Equity Interests issued by such Subsidiary shall have been pledged to the Administrative Agent pursuant to an addendum or amendment to the Borrower Pledge Agreement, the Subsidiary Pledge Agreement or other documentation in form and substance satisfactory to the Administrative Agent, (d) all corporate, company, partnership or other proceedings, and all documents, instruments and other legal matters in connection with the creation of such Subsidiary and the transactions contemplated by this Section 8.17 shall be reasonably satisfactory in form and substance to the Administrative Agent, and the Administrative Agent shall have received such other documents and legal opinions in respect of any aspect or consequence of such creation or such transactions as it shall reasonably request and (e) no Default or Event of Default shall have occurred and be continuing after giving effect thereto.

Section 8.18 Hazardous Materials. Except to the extent that the same could not reasonably be expected to have a Material Adverse Effect, permit the manufacture, storage, transmission or presence of any Hazardous Materials over or upon any of its properties except in accordance with all applicable Requirements of Law or release, discharge or otherwise dispose of any Hazardous Materials on any of its properties except that the Borrower and its Subsidiaries

may treat, store and transport petroleum, its derivatives, by-products and other hydrocarbons, hydrogen sulfide and sulfur dioxide in the ordinary course of their business.

Section 8.19 Holding Companies. Notwithstanding any other provisions of this Agreement and the other Loan Documents, permit any Subsidiary of the Borrower which is a general partner in or owner of a general partnership interest in a Joint Venture to incur or suffer to exist any obligations or indebtedness of any kind, whether contingent or fixed (excluding any contingent liability of such Subsidiary to creditors of such Joint Venture arising solely as a result of its status as a general partner or owner of such Joint Venture) or create or suffer to exist any Liens, in each case except to the extent any such obligations, indebtedness or Liens arise under or pursuant to the Joint Venture Charter for such Joint Venture as in effect on the date of acquisition or formation of such Joint Venture, or the Loan Documents or are otherwise permitted by the Loan Documents; or permit any Subsidiary of the Borrower which is a general partner in or owner of a general partnership interest in a Joint Venture to acquire any property or asset after the Closing Date (or, if later, the date of acquisition or formation of such Joint Venture) except for distributions made to it by such Joint Venture; or permit any Subsidiary of the Borrower which is a general partner in or owner of a general partnership interest in a Joint Venture to engage in any business or activity other than holding the general partnership interest in (or other ownership interest) such Joint Venture held by it on the Closing Date (or, if later, the date of formation of such Joint Venture).

Section 8.20 No Voluntary Termination of Joint Venture Charters. Permit any Subsidiary of the Borrower which is a partner in, or owner of any interest in, any Joint Venture to voluntarily terminate any Joint Venture Charter and liquidate such Joint Venture to the extent permitted thereunder.

Section 8.21 Actions by Joint Ventures. (a) Consent or agree to or acquiesce in any Joint Venture the interests in which are owned by a Subsidiary of the Borrower adversely changing its policy of making distributions of available cash to partners, or (b) so long as any interest therein is owned by a Subsidiary of the Borrower, consent or agree to or acquiesce in any Joint Venture's taking any actions that could reasonably be expected to have a Material Adverse Effect.

Section 8.22 Hedging Transactions. Enter into any interest rate, cross-currency, commodity, equity or other security, swap, collar or similar hedging agreement or purchase any option to purchase or sell or to cap any interest rate, cross-currency, commodity, equity or other security, in any such case, other than to hedge risk exposures in the operation of its business, ownership of assets or the management of its liabilities.

ARTICLE IX
EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Loan or any Reimbursement Obligation which is not funded by a Loan when due in accordance with the

terms thereof or hereof; or the Borrower shall fail to pay any interest on any Loan, or any other amount payable hereunder, within five days after any such interest or other amount becomes due in accordance with the terms thereof or hereof; or

(b) Any representation or warranty made or deemed made by the Borrower or any other Loan Party herein or in any other Loan Document or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) The Borrower shall default in the observance or performance of any agreement contained in Article VIII (other than subsection 8.1(a)) or in Section 7.11; or any Loan Party shall default in the observance or performance of any agreement contained in Section 5(g), (h), (i), or (n) of the Borrower Security Agreement, Section 5(h), (i), (j), or (o) of the Subsidiary Security Agreement, or Section 5(b) of the Borrower Pledge Agreement, the Subsidiary Pledge Agreement or the Parent Pledge Agreement; or the Borrower shall default in the observance or performance of any agreement contained in subsection 8.1(a) and such default shall continue uncured for a period of 15 days; or

(d) The Borrower or any other Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Section), and such default shall continue unremedied for a period of 30 days after receipt of written notice thereof from the Administrative Agent or any Lender; or

(e) (i) Any Loan Party or any Subsidiary of the Borrower shall (A) default in any payment of principal of or interest on any Indebtedness (other than the Loans) or in the payment of any Guarantee Obligation, beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Indebtedness or Guarantee Obligation was created; or (B) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or Guarantee Obligation or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Guarantee Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or such Guarantee Obligation to become payable; provided, however, that the aggregate principal amount of Indebtedness and Guarantee Obligations with respect to which such defaults shall have occurred shall equal or exceed $1,000,000; or

(ii) Regarding Indebtedness and Guarantee Obligations of EPN, the holder or holders of any such Indebtedness or beneficiary or beneficiaries of any such Guarantee Obligation shall cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or such Guarantee Obligation to become payable; provided, however, that the aggregate principal amount of Indebtedness and Guarantee Obligations of EPN with respect to which such action shall have occurred shall equal or exceed $5,000,000.

(f) (i) Any Loan Party or EPN shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or any Loan Party or EPN shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any Loan Party or EPN any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against any Loan Party or EPN any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) any Loan Party or EPN shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) any Loan Party or EPN shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) (i) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Borrower or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) the Borrower or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could have a Material Adverse Effect; or

(h) One or more judgments or decrees shall be entered against the Borrower or any of its Subsidiaries involving in the aggregate a liability (not paid or fully covered by insurance) of $1,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; or

(i) If at any time the Borrower or any Subsidiary of the Borrower shall become liable for remediation and/or environmental compliance expenses and/or fines, penalties or other charges which, in the aggregate, are in excess of the Material Environmental Amount for any Loan Party and the Subsidiaries of the Borrower; or

(j) For any reason (other than any act on the part of the Administrative Agent or the Lenders) any Security Document or any Guarantee ceases to be in full force and effect or any party thereto (other than the Administrative Agent or the Lenders) shall so assert in writing or the Lien intended to be created by any Security Document ceases to be or is not a valid and perfected Lien having the priority contemplated thereby; or

(k) (i) The Borrower shall cease to own, directly or indirectly, legally and beneficially (A) all of the Equity Interest in each Subsidiary of the Borrower (whether becoming a Subsidiary of the Borrower before, on or after the Closing Date) other than MIAGS, and (B) 83% of the Equity Interest in MIAGS; or (ii) EPN shall cease to own, directly or indirectly, legally and beneficially all of the Equity Interests of the Borrower; or

(l) The Consolidated EBITDA shown in the financial statements delivered pursuant to Section 7.1(c) varies from the Consolidated EBITDA shown in the financial statements and Projections delivered pursuant to Section 6.1(w) and such variation has had or could reasonably be expected to have a Material Adverse Effect; or

(m) Any Person that owns an equity interest in any Joint Venture shall exercise its rights and remedies (other than dilution of the equity interests owned by the Borrower and its Subsidiaries in any Joint Venture pursuant to contractual dilution provisions existing with respect to the Joint Ventures) with respect to its Lien on any equity interest in such Joint Venture the equity interest in which has been pledged to such Person; provided that in the case of clause (ii), the amount of claims secured by such Lien shall equal or exceed $1,000,000 and such claim shall not have been vacated, discharged, stayed or bonded pending appeal within 30 days from the entry thereof;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) above with respect to the Borrower, automatically the Commitments shall immediately terminate and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement (including, without limitation, all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) and the Loans shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement (including, without limitation, all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) and the Loans to be due and payable forthwith, whereupon the same shall immediately become due and payable. If any L/C Obligations shall remain outstanding at the time of an acceleration pursuant to the preceding sentence, the Borrower shall at such time Cover the full amount of such outstanding L/C Obligations. The Borrower shall execute and deliver to the Administrative Agent, for the account of the Issuing Bank and the Lenders, such further documents and instruments as the

Administrative Agent may request to evidence the creation and perfection of the within security interest in such cash collateral account. Except as expressly provided above in this Section, presentment, demand, protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind are hereby expressly waived.

ARTICLE X
THE ADMINISTRATIVE AGENT

Section 10.1 Appointment. Each Lender hereby irrevocably designates and appoints JPMorgan Chase Bank as the Administrative Agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes JPMorgan Chase Bank, as the Administrative Agent for such Lender, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

Section 10.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

Section 10.3 Exculpatory Provisions. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of the Borrower to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower.

Section 10.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other

document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

Section 10.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

Section 10.6 Non-Reliance on Administrative Agent and Other Lenders. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness

of the Borrower which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

Section 10.7 Indemnification. The Lenders agree to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Total Credit Percentages in effect on the date on which indemnification is sought under this Section, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. The agreements in this Section 10.7 shall survive the payment of the Loans and all other amounts payable hereunder.

Section 10.8 Administrative Agent in Its Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though the Administrative Agent were not the Administrative Agent hereunder and under the other Loan Documents. With respect to its Loans made or renewed by it and any Note issued to it and with respect to the Letters of Credit, the Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not the Administrative Agent. The terms "Lender," "Lenders," `Revolving Credit Lenders," "Term Loan Lenders," and similar terms shall include the Administrative Agent in its individual capacity.

Section 10.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 10 days' written notice to the Lenders. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be approved by the Borrower, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

Section 10.10 Other Agents. None of the Lenders identified on the cover page or the preamble of this Agreement as a "co-syndication agent" or a "co-documentation agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other

than those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders so identified as a "co-syndication agent" or a "co-documentation agent" shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders so identified in deciding to enter into this Agreement or in taking or not taking any action hereunder.

ARTICLE XI
MISCELLANEOUS

Section 11.1 Amendments and Waivers. Neither this Agreement or any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 11.1. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (a) enter into with the Borrower or any other applicable Loan Party written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Borrower or any other Loan Party hereunder or thereunder or (b) waive in writing, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) reduce the amount or extend the scheduled date of maturity of any Loan, or reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Lender's Commitment, in each case without the consent of each Lender affected thereby, or (ii) amend, modify or waive any provision of this Section 11.1 or reduce the percentage specified in the definition of Required Lenders, or consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents (except in a transaction permitted by Section 8.5), in each case without the written consent of all the Lenders, or (iii) amend, modify or waive any provision of Article X without the written consent of the then Administrative Agent, or (iv) release the Lenders' Liens on all or substantially all of the Collateral under the Security Documents without the consent of each Lender or (v) except to the extent relating to the sale or other disposition of any Subsidiary of the Borrower as otherwise permitted by this Agreement or any other transaction permitted by this Agreement, release any Guarantee. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Borrower, the Lenders, and the Administrative Agent. In the case of any waiver, the Borrower, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and any other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Section 11.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or three days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of the Borrower and the Administrative

Agent, and as set forth in Schedule I or Schedule II in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto and any future Lenders:

The Borrower:	EPN Holding Company, L.P. 4 Greenway Plaza, Suite 654 PO Box 4503 Houston, Texas 77210 Attention: Chief Financial Officer Telecopy: (832) 676-1671
with a copy (which shall not constitute notice) to:	Akin, Gump, Strauss, Hauer & Feld, L.L.P. 711 Louisiana, Suite 1900 Houston, Texas 77002 Telecopy: (713) 236-0822 Attention: J. Vincent Kendrick, Esq.
The Administrative Agent:	JPMorgan Chase Bank One Chase Manhattan Plaza 8th Floor New York, New York 10081 Attention: Tonya Mitchell Telecopy: (212) 552-5777

provided that any notice, request or demand to or upon the Administrative Agent shall not be effective until received, provided, further, that the failure by the Administrative Agent or any Lender to provide a copy to the Borrower's counsel shall not cause any notice to the Borrower to be ineffective.

Section 11.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 11.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement.

Section 11.5 Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and

administration of the transactions contemplated hereby and thereby, including, without limitation, the fees and disbursements of counsel to the Administrative Agent, (b) to pay or reimburse each Lender and the Administrative Agent for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including, without limitation, the fees and disbursements of counsel to the Administrative Agent and to the several Lenders, (c) to pay, indemnify, and hold each Lender and the Administrative Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents, and (d) to pay, indemnify, and hold each Lender, the Administrative Agent, the Co-Syndication Agents, the Co-Documentation Agents, and their Affiliates, and their respective directors, officers, employees, agents and advisors (each such person being called an "Indemnified Party") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments and suits, and reasonable costs, expenses or disbursements, of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement and the other Loan Documents, the use of the proceeds of the Loans, including the use and reliance on electronic, telecommunications or other information or transmission systems in connection with the Loan Documents (all the foregoing in this clause (d), collectively, the "indemnified liabilities"), REGARDLESS OF WHETHER OR NOT SUCH INDEMNIFIED LIABILITIES ARE IN ANY WAY OR TO ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY AN INDEMNIFIED PARTY, provided, that the Borrower shall have no obligation hereunder to an Indemnified Party with respect to indemnified liabilities arising from (i) the gross negligence or willful misconduct of such Indemnified Party or (ii) legal proceedings commenced against an Indemnified Party by any security holder or creditor thereof arising out of and based upon rights afforded any such security holder or creditor solely in its capacity as such. The agreements in this Section shall survive repayment of the Loans and all other amounts payable hereunder.

Section 11.6 Successors and Assigns; Participations; Purchasing Lenders.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, provided that no consent of the Borrower shall be required for an assignment to an assignee that is a Lender immediately prior to giving effect to such assignment, an Affiliate of such a Lender, or, if an Event of Default has occurred and is continuing, any other assignee; and

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment to an assignee that is a Lender immediately prior to giving effect to such assignment.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided, that this clause 11.6(b)(ii)(B) shall not be construed to prohibit assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $2,500; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 4.9, 4.10, 4.11 and 11.5 to the extent relating to matters during the time it was a Lender). Any assignment or transfer by a Lender of rights or obligations

under this Agreement that does not comply with this Section 11.6 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section to the extent complying with Section 11.6(c) or otherwise as void and of no force and effect.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and L/C Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Issuing Bank and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption, give notice of such Assignment and Assumption to the Borrower, and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of the Borrower, the Administrative Agent or the Issuing Bank, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement or any other Loan Document, and no Lender shall be entitled to create in favor of any Participant any right to vote on, consent to or approve any matter relating to any Loan Document; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clause (i), (ii) or (iv) of the proviso to Section 11.1 that directly affects such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.9, 4.10 and 4.11 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.5

as though it were a Lender, provided such Participant agrees to be subject to Section 11.7 as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 4.9, 4.10 or 4.11 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 4.10 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 4.10(b) as though it were a Lender.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 11.7 Adjustments; Set-off.

(a) If any Lender (a "benefitted Lender") shall at any time receive any payment of all or part of its Loans or the Reimbursement Obligations owing to it, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Article IX(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans of the same type or the Reimbursement Obligations owing to it, as the case may be, or interest thereon, such benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loan or the Reimbursement Obligations owing to it, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefitted Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

Section 11.8 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

Section 11.9 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 11.10 Integration. This Agreement and the other Loan Documents represent the agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

Section 11.11 Usury Savings Clause. It is the intention of the parties hereto to comply with applicable usury laws (now or hereafter enacted); accordingly, notwithstanding any provision to the contrary in this Agreement, any of the other Loan Documents or any other document related hereto, in no event shall this Agreement or any such other document require the payment or permit the collection of interest in excess of the maximum amount permitted by such laws. If from any circumstances whatsoever, fulfillment of any provision of this Agreement or of any other document pertaining hereto or thereto, shall involve transcending the limit of validity prescribed by applicable law for the collection or charging of interest, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstances the Administrative Agent and the Lenders shall ever receive anything of value as interest or deemed interest by applicable law under this Agreement, any of the other Loan Documents or any other document pertaining hereto or otherwise an amount that would exceed the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing hereunder or on account of any other indebtedness of the Borrower, and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of such indebtedness, such excess shall be refunded to the Borrower. In determining whether or not the interest paid or payable with respect to any indebtedness of the Borrower to the Administrative Agent and the Lenders, under any specified contingency, exceeds the Highest Lawful Rate (as hereinafter defined), the Borrower, the Administrative Agent and the Lenders shall, to the maximum extent permitted by applicable law, (a) characterize any non-principal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effects thereof, (c) amortize, prorate, allocate and spread the total amount of interest throughout the full term of such indebtedness so that interest thereon does not exceed the maximum amount permitted by applicable law, and/or (d) allocate interest between portions of such indebtedness, to the end that no such portion shall bear interest at a rate greater than that permitted by applicable law.

To the extent that Article 5069-1D.001 et seq., as amended, of the Texas Revised Civil Statutes is relevant to the Administrative Agent and the Lenders for the purpose of determining

the Highest Lawful Rate, the Administrative Agent and the Lenders hereby elect to determine the applicable rate ceiling under such Article by the indicated (weekly) rate ceiling from time to time in effect. Nothing set forth in this Section 11.11 is intended to or shall limit the effect or operation of Section 11.12. In no event shall Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts) apply to this Agreement or the Notes.

For purposes of this Section 11.11, "Highest Lawful Rate" shall mean the maximum rate of nonusurious interest that may be contracted for, charged, taken, reserved or received hereunder under laws applicable to the Administrative Agent and the Lenders.

Section 11.12 GOVERNING LAW. THIS AGREEMENT AND THE NOTES AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 11.13 Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address set forth in Section 11.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary or punitive damages (including, without limitation, damages arising from the use of electronic, telecommunications or other information transmissions systems in connection with the Loan Documents).

Section 11.14 Acknowledgements. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower or any other Loan Party arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent and Lenders, on one hand, and the Borrower and the other Loan Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture exists among the Lenders or among the Borrower and the other Loan Parties and the Lenders.

Section 11.15 Confidentiality. Each of the Administrative Agent and each Lender agrees that it will hold in confidence, any information provided to such Person pursuant to this Agreement; provided, that nothing in this Section 11.15 shall be deemed to prevent the disclosure by the Administrative Agent or any Lender of any such information (a) to any employee, officer, director, accountant, attorney or consultant of such Person, or any examiner or other Governmental Authority, (b) that has been or is made public by EPEPC, EPN or any of its Subsidiaries or Affiliates or by any third party without breach of this Agreement or that otherwise becomes generally available to the public other than as a result of a disclosure in violation of this Section 11.15, (c) that is or becomes available to any such Person from a third party on a non-confidential basis, (d) that is required to be disclosed by any Requirement of Law, including to any bank examiners or regulatory authorities, (e) that is required to be disclosed by any court, agency, arbitrator or legislative body, (f) to any Transferee or proposed Transferee, or (g) to any rating agency to the extent required in connection with any rating to be assigned to such Lender.

Section 11.16 WAIVERS OF JURY TRIAL. THE BORROWER, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR THE NOTES OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

Section 11.17 Releases.

(a) At such time as the Loans, the Reimbursement Obligations and any other obligations under this Agreement shall have been paid in full, the Commitments have been terminated and no Letters of Credit shall be outstanding, the Collateral shall be released from the Liens created by the Loan Documents, and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Loan Party thereunder and under the other Loan Documents shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the respective Loan Parties. At the request and expense of any Loan Party following any such termination, the Administrative Agent shall deliver to such Loan Party any Collateral held by the Administrative Agent under the Security Documents, and execute and deliver to such Loan Party such documents as such Loan Party shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by any Loan Party in a transaction permitted by this Agreement, then the Lenders authorize the Administrative Agent, at the request and expense of such Loan Party, to execute and deliver to

such Loan Party all releases or other documents reasonably necessary or desirable for the release of the Liens created by the applicable Security Documents on such Collateral. At the request and sole expense of the Borrower, the Lenders authorize the Administrative Agent to release a Loan Party from its obligations under the applicable Security Document in the event that all the Equity Interests of such Loan Party shall be sold, transferred or otherwise disposed of in a transaction permitted by this Agreement, provided that the Borrower shall have delivered to the Administrative Agent, at least five Business Days prior to the date of the proposed release, a written request for release identifying the relevant Loan Party and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by the Borrower stating that such transaction is in compliance with this Agreement and the other Loan Documents.

Section 11.18 Limitation on Recourse of Lenders. The obligations created by this Agreement are obligations of the Borrower only, and not of EPN or any of the Subsidiaries of EPN (except the Borrower, its Subsidiaries, the Limited Partner and the General Partner). Each Lender agrees that except as otherwise specifically provided for hereafter, in the event of a Default in the payment of the Obligations by the Borrower or any of its Subsidiaries or any other Default hereunder, such Lender's sole recourse shall be against the Borrower and its Subsidiaries, the Limited Partner's and the General Partner's equity interest in the Borrower, any Collateral, any other assets of the Borrower and its Subsidiaries, any obligations of the Limited Partner or the General Partner under the Parent Guarantees or the Partnership Agreement or any other Loan Document to which such Person is now or hereafter a party. Nothing in this Section 11.18 shall be construed so as to prevent the Lenders or the Administrative Agent from commencing any action, suit or proceeding with respect to the Borrower or causing legal papers to be served upon the Limited Partner, the General Partner or EPN for purposes of obtaining jurisdiction over the Borrower. Notwithstanding the foregoing limitation of liability, however, the Lenders shall have recourse to and do not waive any rights to pursue EPN and any of its Subsidiaries in connection with:

(a) for their fraud, material misrepresentation, or gross negligence in connection with this Agreement or any other Loan Document;

(b) for willful actions of any such Person that hinder or interfere with the Administrative Agent's or Lenders' rights in Collateral or diminish the value thereof as set forth in the Loan Documents or otherwise;

(c) for any breaches of warranty of title;

(d) for the return of, or reimbursement for, (i) proceeds of insurance covering any property of the Borrower or its Subsidiaries or (ii) proceeds of the sale or condemnation of any property of the Borrower or its Subsidiaries, in either case, such proceeds that have been distributed in violation of Section 8.7;

(e) for the return of, or reimbursement for, all personal property taken from the Borrower and its Subsidiaries by or on behalf of any such Person in violation of Section 8.7; and

(f) for all court costs and all attorney's fees incurred by the Administrative Agent or the Lenders in enforcing the obligations set forth in this Section 11.18 against any such Person.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

THE BORROWER:

EPN HOLDING COMPANY, L.P.

By: EPN GP Holding, L.L.C.,
its General Partner

By: /s/ KEITH FORMAN

Vice President and
Chief Financial Officer

THE ADMINISTRATIVE AGENT AND THE LENDERS:

JPMORGAN CHASE BANK,
as Administrative Agent and as a Lender

By: /s/ STEVEN WOOD

Vice President

BANK ONE, NA (Main Office Chicago)

By: /s/ DIANNE L. RUSSELL

Director

WACHOVIA BANK, NATIONAL ASSOCIATION

By: /s/ PHILIP TRINDER

Vice President

FLEET NATIONAL BANK

By: /s/ DANIEL S. SCHOCHLING

Director

FORTIS CAPITAL CORP.

By: /s/ DARRELL W. HOLLEY

Managing Director

By: /s/ DEIRDRE SANBORN

Vice President

ARAB BANKING CORPORATION (B.S.C.)

By: /s/ ROBERT J. IVOSEVICH

Deputy General Manager

By: /s/ CHARLES F. AZZARA

Vice President

BANK OF AMERICA, N.A.

By: /s/ RONALD E. McKAIG

Managing Director

BANK OF SCOTLAND

By: /s/ JOSEPH FRATUS

Vice President

BAYERISCHE HYPO-UND VEREINSBANK AG (New York Branch)

By: /s/ SHANNON BATCHMAN

Director

By: /s/ MARIANNE WEINZINGER

Director

BNP PARIBAS

By: /s/ MARK A. COX

Director

By: /s/ GREG SMOTHERS

Vice President

CIBC INC.

By: /s/ NORA Q. CATIIS

Authorized Signatory

CITICORP NORTH AMERICA, INC.

By: /s/ MICHAEL NAPVEUX

Director

CREDIT SUISSE FIRST BOSTON CAYMAN ISLANDS BRANCH

By: /s/ PAUL L. COLON

Vice President

By: /s/ VANESSA GOMEZ

Associate

GOLDMAN SACHS CREDIT PARTNERS L.P.

By: /s/ ALBERT DOMBROWSKI

Vice President

ROYAL BANK OF CANADA

By: /s/ TOM J. OBERAIGNER

Senior Manager

SOUTHWEST BANK OF TEXAS, N.A.

By: /s/ W. BRYAN CHAPMAN

Vice President, Energy Lending

SUNTRUST BANK

By: /s/ JOSEPH M. McCREERY

Vice President

THE BANK OF NOVA SCOTIA

By: /s/ N. BELL

Assistant Agent

UBS AG, STAMFORD BRANCH

By: /s/ PATRICIA O'KICKI

Director
Banking Products Services

By: /s/ WILFRED V. SAINT

Associate Director
Banking Products Services, US

THE ROYAL BANK OF SCOTLAND plc, New York Branch

By: /s/ PATRICIA J. DUNDEE

Senior Vice President