AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON , 1999

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
LEVIATHAN FINANCE CORPORATION
(Exact name of co-registrants as specified in its charter)

DELAWARE	1311	76-0396023
DELAWARE	1311	76-0605880
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

EL PASO ENERGY BUILDING
1001 LOUISIANA STREET, 26TH FLOOR
HOUSTON, TEXAS 77002
(713) 420-2131
(Address, including zip code, and telephone number including area code of registrants' principal executive offices)

GRANT E. SIMS
CHIEF EXECUTIVE OFFICER
EL PASO ENERGY BUILDING
1001 LOUISIANA STREET, 26TH FLOOR
HOUSTON, TEXAS 77002
(713) 420-2131
(Name, address, including zip code, and telephone number, including area code of agent for service)

Copy to:
J. VINCENT KENDRICK
AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P.
1900 PENNZOIL PLACE, SOUTH TOWER
711 LOUISIANA STREET
HOUSTON, TEXAS 77002
(713) 220-5800

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF THE SECURITIES TO THE PUBLIC: As soon as practicable following the effectiveness of this Registration Statement.

If any of the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER NEW NOTES	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE(1)
10 3/8% Series B Senior Subordinated Notes due 2009	$175,000,000	100%	$175,000,000	$48,650
Guarantees of Series B Senior Subordinated Notes(2)	--	--	--	(3)

(1) In accordance with Rule 457(f)(2), the registration fee is calculated based on book value, which has been computed as of June 14, 1999, of the outstanding 10 3/8% Series A Senior Subordinated Notes due 2009 to be canceled in the exchange transaction hereunder.
(2) Each of the subsidiaries of Leviathan Gas Pipeline Partners, L.P. that is listed on the Table of Additional Registrant Guarantors on the following page has guaranteed the notes being registered pursuant hereto.

(3) Pursuant to Rule 457(n), no separate fee is payable with respect to the guaranties of the notes being registered.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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TABLE OF ADDITIONAL REGISTRANT GUARANTORS

EXACT NAME OF REGISTRANT GUARANTOR	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION	IRS EMPLOYER IDENTIFICATION NUMBER	ADDRESS, INCLUDING ZIP CODE AND TELEPHONE NUMBER OF REGISTRANT GUARANTOR'S PRINCIPAL EXECUTIVE OFFICES
Delos Offshore Company, L.L.C.	Delaware	76-0543455	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
Ewing Bank Gathering Company, L.L.C.	Delaware	76-0391368	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
Flextrend Development Company, L.L.C.	Delaware	76-0470583	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
Green Canyon Pipe Line Company, L.L.C.	Delaware	76-0390827	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
Leviathan Oil Transport Systems, L.L.C.	Delaware	76-0439426	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
Manta Ray Gathering Company, L.L.C.	Delaware	76-0390825	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
Poseidon Pipeline Company, L.L.C.	Delaware	76-0464961	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
Sailfish Pipeline Company, L.L.C.	Delaware	76-0523106	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
Stingray Holding, L.L.C.	Delaware	76-0390830	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
Tarpon Transmission Company	Texas	75-1548949	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
Transco Hydrocarbons Company, L.L.C.	Delaware	76-0390837	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
Texam Offshore Gas Transmission, L.L.C.	Delaware	76-0390835	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
Transco Offshore Pipeline Company, L.L.C.	Delaware	76-0390832	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
VK Deepwater Gathering Company, L.L.C.	Delaware	76-0439425	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
VK-Main Pass Gathering Company, L.L.C.	Delaware	76-0439424	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131
Viosca Knoll Gathering Company	Delaware	76-0439596	El Paso Energy Building 1001 Louisiana Street, 26th Floor Houston, Texas 77002 (713) 420-2131

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES, AND WE ARE NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED JUNE 18, 1999

PRELIMINARY PROSPECTUS

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
LEVIATHAN FINANCE CORPORATION
$175,000,000

OFFER TO EXCHANGE ALL OUTSTANDING
10 3/8% SERIES A SENIOR SUBORDINATED NOTES DUE 2009

FOR

10 3/8% SERIES B SENIOR SUBORDINATED NOTES DUE 2009
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933

We are offering to exchange all of our outstanding 10 3/8% Series A Senior Subordinated Notes due 2009 for our registered 10 3/8% Series B Senior Subordinated Notes due 2009. The Series A notes were issued on May 27, 1999. The terms of the Series B notes are substantially identical to the terms of the Series A notes, except that we have registered the Series B notes with the Securities and Exchange Commission. Because we have registered the Series B notes, the Series B notes will not be subject to certain transfer restrictions and will not be entitled to registration rights. The Series A notes and Series B notes are collectively referred to in this prospectus as the "notes."

THE SERIES B NOTES:

- The Series B notes will mature on June 1, 2009.
- We will pay interest on the Series B notes semi-annually on June 1 and December 1 of each year beginning December 1, 1999 at the rate of 10 3/8% per annum.
- We may redeem the Series B notes at any time after June 1, 2004. Before June 1, 2002, we may redeem up to 33% of the notes with the proceeds of offerings of our equity. If we sell certain assets and do not reinvest the proceeds or repay senior indebtedness or if we experience specific kinds of changes of control, we must offer to purchase the notes.
- If we cannot make payments on the Series B notes when due, our guarantor subsidiaries, if any, must make them instead. Not all of our future subsidiaries will become guarantors of the notes.
- The Series B notes are unsecured obligations and subordinated to all of our and our guarantor subsidiaries' current indebtedness (other than trade payables) and future indebtedness (other than trade payables), unless the terms of that indebtedness expressly provide otherwise.

THE EXCHANGE OFFER:

- Subject to certain customary conditions, which we may waive, the exchange offer is not conditioned upon a minimum aggregate principal amount of Series A notes being tendered.
- Our offer to exchange Series A notes for Series B notes will be open until 5:00 p.m., New York City time, on , 1999, unless we extend the expiration date.
- You should also carefully review the procedures for tendering the Series A notes beginning on page 78 of this prospectus.
- You may withdraw your tenders of Series A notes at any time prior to the expiration of the exchange offer, unless we have already accepted your Series A notes for exchange.
- If you fail to tender your Series A notes, you will continue to hold unregistered securities and your ability to transfer them could be adversely affected.
- The exchange of Series A notes for Series B notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes.

YOU SHOULD CAREFULLY CONSIDER THE RISK FACTORS BEGINNING ON PAGE 13 OF THIS PROSPECTUS BEFORE PARTICIPATING IN THE EXCHANGE OFFER.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DATE OF THIS PROSPECTUS IS JUNE 18, 1999

LEVIATHAN MAP

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You may not transfer or resell the Series B notes except as permitted under the Securities Act of 1933 and applicable state securities laws.

The information contained in this prospectus was obtained from us and other sources believed by us to be reliable.

You should rely only on the information contained in this document or any supplement and any information incorporated by reference in this document or any supplement. We have not authorized anyone to provide you with any information that is different. If you receive any unauthorized information, you must not rely on it. You should disregard anything we said in an earlier document that is inconsistent with what is in our prospectus.

You should not assume that the information in this document or any supplement or the information incorporated by reference in this document or any supplement is current as of any date other than the date on the front page of this prospectus. This document is not an offer to sell nor is it seeking an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

NOTICE TO NEW HAMPSHIRE RESIDENTS: Neither the fact that a registration statement or an application for a license has been filed under RSA 421-B with the state of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the state of New Hampshire constitutes a finding by the secretary of state that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that any exemption or exception is available for a security or a transaction means that the Secretary of State of New Hampshire has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client, any representation inconsistent with the provisions of this paragraph.

FORWARD-LOOKING STATEMENTS

This prospectus includes and incorporates by reference forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies.

These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will," and similar terms and phrases, including references to assumptions. These statements are contained in the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and other sections of this prospectus and in the documents incorporated by reference in this prospectus.

These forward-looking statements involve risks and uncertainties that may cause our actual future activities and results of operations to be materially different from those suggested or described in this prospectus. These risks include the risks that are identified in this prospectus, which are primarily listed in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections. These risks are also specifically described in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future or otherwise. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities Exchange Commission under the Securities Exchange Act of 1934. You may read and copy any reports, statements or other information filed by us at the SEC's public reference room at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings with the SEC are also available to the public from commercial document retrieval services and at the SEC's web site at http://www.sec.gov.

We most recently have filed with the SEC the following documents:

- Annual Report on Form 10-K for the year ended December 31, 1998;

- Quarterly Report on Form 10-Q for the quarter ended March 31, 1999;

- Proxy Statement dated February 8, 1999 for Special Meeting of Unitholders held on March 5, 1999;

- Form 8-K dated June 11, 1999; and

- Schedule 13D dated June 1, 1999.

You may request a copy of any of these filings, at no cost, by writing or telephoning us at the following address or phone number:

Leviathan Gas Pipeline Partners, L.P.
El Paso Energy Building
1001 Louisiana Street
Houston, Texas 77002
(713) 420-2131
Attention: Investor Relations

PROSPECTUS SUMMARY

This prospectus summary highlights some basic information from this prospectus to help you understand the Series B notes. It likely does not contain all the information that is important to you. You should carefully read this prospectus to understand fully the terms of the Series B notes, as well as the tax and other considerations that are important to you in making your investment decision. You should pay special attention to the "Risk Factors" section beginning on page 13 of this prospectus to determine whether an investment in the Series B notes is appropriate for you. For purposes of this prospectus, unless the context otherwise indicates, when we refer to "us," "we," "our," "ours," "Leviathan" or the "partnership," we are describing ourselves, Leviathan Gas Pipeline Partners, L.P., together with our subsidiaries, including Leviathan Finance Corporation. In this prospectus, the term "Series A notes" refers to the 10 3/8% Series A Senior Subordinated Notes due 2009 that were issued on May 27, 1999. The term "Series B notes" refers to the 10 3/8% Series B Senior Subordinated Notes due 2009 that will be issued in the exchange offer. The term "notes" refers to the Series A notes and the Series B notes collectively.

THE EXCHANGE OFFER

On May 27, 1999, we completed the private offering of $175.0 million of 10 3/8% Series A Senior Subordinated Notes due 2009. We entered into a registration rights agreement with the initial purchasers in the private offering of the Series A notes in which we agreed, among other things, to deliver to you this prospectus and to complete this exchange offer within 180 days of the original issuance of the Series A notes. You are entitled to exchange in this exchange offer Series A notes that you hold for registered Series B notes with substantially identical terms. You should read the discussion under the headings "Summary of the Terms of the Series B Notes" beginning on page 9 and "Description of Notes" beginning on page 84 for further information regarding the Series B notes.

We believe that the Series B notes that will be issued in this exchange offer may be resold by you without compliance with the registration and prospectus delivery provisions of the Securities Act, subject to certain conditions. You should read the discussion under the headings "Summary of the Terms of the Exchange Offer" beginning on page 6 and "The Exchange Offer" beginning on page 75 for further information regarding this exchange offer and resale of the Series B notes.

THE COMPANY

We are Leviathan Gas Pipeline Partners, L.P., a Delaware master limited partnership which commenced operations in 1989 (through a predecessor company) and is listed on the New York Stock Exchange (NYSE: LEV). We are a provider of integrated energy services, including natural gas and oil gathering, transportation, midstream and other related services in the Gulf of Mexico. Either directly or through joint ventures, we own interests in nine pipeline systems, which extend approximately 1,500 miles and have a design capacity of 6.8 Bcf of natural gas and 400.0 Mbbls of oil per day. We also own interests in multi-purpose platforms; production handling, dehydration and other energy-related infrastructure facilities; as well as oil and natural gas properties. During 1998, on a pro forma basis after giving effect to the offering of the notes and the transactions described under the caption "The Transactions" in this prospectus, we had total revenues of $95.7 million and consolidated cash flow of $68.8 million, which includes non-recurring reductions estimated to total approximately $13.3 million associated with the termination of a compensation plan ($4.5 million) and curtailment of oil and natural gas production at our Viosca Knoll Block 817 (estimated to be $8.8 million). Excluding such reductions, consolidated cash flow would have been $82.1 million. During the three months ended March 31, 1999, on a pro forma basis, we had total revenues of $26.7 million and consolidated cash flow of $19.4 million.

Leviathan Gas Pipeline Company, our sole general partner, is a wholly owned indirect subsidiary of El Paso Energy Corporation (NYSE: EPG). El Paso Energy is a diversified energy holding company engaged, through its subsidiaries, in the interstate and intrastate transportation, gathering and processing of natural gas; the marketing of natural gas, power and other energy-related commodities; power generation;

and the development and operation of energy infrastructure facilities worldwide. In 1998, El Paso Energy paid approximately $422.0 million to acquire an effective 27.3% interest in us, including all of the general partner interests. In addition, in June 1999, El Paso Energy contributed to us a 49.0% interest in Viosca Knoll Gathering Company in exchange for $19.9 million in cash and $59.8 million in common units. The Viosca Knoll transaction increased El Paso Energy's effective ownership interest in us to 34.5% and is consistent with El Paso Energy's strategy to use us as its primary growth vehicle for future offshore gathering and transportation activities in the Gulf.

We have substantial assets in the Gulf, offshore Louisiana, Mississippi and Texas, which we believe are well-situated to maintain a stable base of operations and to provide growth opportunities by successfully competing for new production in our areas of service, especially those assets in the Deepwater (water depths greater than 1,500 feet), Flextrend (water depths of 600 to 1,500 feet) and subsalt regions. Either directly or through joint ventures, we own interests in:

- eight existing and one planned natural gas pipeline systems;

- an oil pipeline system;

- six strategically-located, multi-purpose platforms;

- production handling and dehydration facilities;

- four producing oil and natural gas properties; and

- a non-producing oil and natural gas property.

In addition to our wholly owned assets and operations, we conduct a large portion of our business through joint ventures/strategic alliances, which we believe are ideally suited for Deepwater operations. We use joint ventures to reduce our capital requirements and risk exposure to individual projects, as well as to develop strategic relationships, realize synergies resulting from combining resources, and benefit from the assets, experience and resources of our partners. Generally, our partners are integrated or very large independent energy companies with substantial interests, operations and assets in the Gulf, including Coastal/ANR, KN Energy/NGPL, Marathon, Shell and Texaco.

Through our strategically-located network of wholly owned and joint venture pipelines and other facilities and businesses, we believe we provide customers with an efficient and cost effective midstream alternative. Today, we offer some customers a unique single point of contact through which they may access a wide range of integrated or independent midstream services, including gathering, transportation, production handling, dehydration and other services. We also provide producers operating in certain Deepwater and Flextrend areas with relatively low-cost access to numerous onshore long-haul pipelines and, accordingly, multiple end-use markets. Additionally, our specialized Deepwater experience and expertise allows us to provide economic operational solutions to producers' other offshore needs.

We plan to focus our Gulf operations on the high profit potential Deepwater, Flextrend and subsalt regions. Our pipeline and infrastructure network currently extends from the shoreline, through the Flextrend and up to and, in some areas, into the Deepwater. The location of some of our facilities in relation to properties currently being developed, as well as to the onshore long-haul pipelines which producers need in order to access the most attractive markets, should provide us with an economic advantage over some of our competitors. We believe more extensive Deepwater operations will permit us to enhance our financial stability and growth for many reasons, including the substantial reserves associated with Deepwater fields and the large capital commitments and longer-term view required by producers developing these regions. Accordingly, we believe that Deepwater projects are less sensitive to near-term hydrocarbon price cycles.

We formed Leviathan Finance Corporation for the sole purpose of co-issuing the notes described in this prospectus. Leviathan Finance has no material assets or operations.

INDUSTRY OVERVIEW

We believe that development and exploration activity in the Gulf will continue and that the Gulf will continue to be one of the most prolific producing regions in the U.S. Today, the Gulf accounts for approximately 20.3% and 25.6% of total U.S. production of oil and natural gas, respectively. Oil production from the Gulf is expected to increase from 1.3 MMbbls/d in 1998 to 1.8 MMbbls/d in 2003, according to industry sources. Production of natural gas is also expected to increase from 14.0 Bcf/d in 1998 to 16.6 Bcf/d in 2003. The principal source of this production growth is expected to be the Flextrend and Deepwater. Recent developments in oil and natural gas exploration and production techniques, such as 3-D seismic analysis, horizontal drilling, remote subsea completions via satellite templates and sea floor wellheads, and non-stationary surface production facilities, have substantially reduced finding, development and production costs, allowing operators to move into the Deepwater regions of the Gulf. By year-end 2003, production from deeper water fields is projected to account for 54.6% and 24.0% of the Gulf's oil and natural gas production, respectively, up from 35.6% and 13.4% in 1998, respectively.

We have pipelines, platforms and other infrastructure facilities strategically positioned throughout a large portion of the Flextrend area of the Gulf, offshore Louisiana and Mississippi and extending out to and, in some cases, into the Deepwater. Because of their location in relation to the way in which oil and natural gas development has occurred in the Gulf, we expect these assets to contribute significantly to the development of natural gas and oil in surrounding areas of the Flextrend and Deepwater. Historically, development of nascent Gulf regions has started with large pipelines positioned in a north/south direction connecting new, significant discoveries to existing shoreward infrastructure. Then, additional infrastructure has expanded laterally in an east/west direction to access reserves between the north/south pipelines. As additional infrastructure continues to be developed, previously uneconomic or less economic discoveries often become economic or more economic by sharing common facilities and the related costs. Along with the advances in exploration and development technology, we expect this process of lateral expansion, which has been continually repeated in the Gulf, to result in a continued and more complete development of the Flextrend and a more accelerated development of the Deepwater. Numerous major Deepwater discoveries have been announced by Unocal, Shell and other integrated or very large independent energy companies in recent years and such reserves are currently being developed. Recently, Unocal announced that its Mad Dog prospect, located offshore Louisiana in 6,700 feet of water and estimated to contain 400.0 MMbbls to 800.0 MMbbls of oil, could be the largest field ever discovered in the Gulf.

BUSINESS STRATEGY

Our business objective is to maintain and enhance our position as a provider of integrated energy services, to continue to enhance the quality of our cash flow, earnings and other financial results of operations and to provide additional growth opportunities by pursuing the following strategies:

- focus on high potential Deepwater operations, leveraging our existing assets and Deepwater knowledge and expertise;

- provide independent, multiple market access for the Deepwater, Flextrend and subsalt regions of the Gulf;

- offer a single source alternative for a complete range of midstream services;

- diversify our portfolio with respect to geography, projects, customers and services;

- share capital costs and risks through joint ventures/strategic alliances, principally with partners with substantial financial resources and strategic interests, assets and operations in the Gulf, especially in the Deepwater, Flextrend and subsalt regions;

- design new infrastructure projects based on long-term commitments of dedicated production and/or fixed payments, with the ability to expand capacity and service in the future to capture potential growth opportunities; and

- selectively invest in oil and natural gas properties associated with infrastructure opportunities.

RECENT DEVELOPMENTS

ALLEGHENY OIL PIPELINE

We are currently constructing the Allegheny oil pipeline, a 100% owned crude oil pipeline which is 14 inches in diameter and 40 miles in length and which will connect the Allegheny Field in the Green Canyon area of the Gulf with the Poseidon oil pipeline at Ship Shoal Block 332. This new pipeline, which will have a daily capacity of more than 80.0 Mbbls/d, is scheduled to begin operating in October 1999. We estimate the construction costs for the Allegheny oil pipeline to total approximately $29.0 million, $12.3 million of which has been incurred prior to the offering of the Series A notes.

THE TRANSACTIONS

LEVIATHAN CREDIT FACILITY

Concurrently with the closing of the offering of the Series A notes, we amended our $375.0 million revolving credit facility to, among other things, extend the maturity from December 1999 to May 2002. As of June 1, 1999, we had $250.0 million outstanding under the revolving credit facility bearing interest at an average floating rate of 7.5% per annum. See "Description of Other Indebtedness -- Leviathan Credit Facility."

VIOSCA KNOLL TRANSACTION

Unitholders attending (in person or by proxy) our March 5, 1999 meeting overwhelmingly approved the Viosca Knoll transaction discussed in this prospectus. On June 1, 1999, after the closing of the offering of the Series A notes, we closed our acquisition of an additional 49.0% interest in Viosca Knoll Gathering Company from a subsidiary of El Paso Energy, which resulted in us owning 99.0% of Viosca Knoll with an option to purchase the remaining 1.0%. We paid El Paso Energy $79.7 million for the 49.0% interest, comprised of $19.9 million in cash and $59.8 million in common units.

Following the closing of the Viosca Knoll transaction, El Paso Energy's effective ownership interest in us is 34.5%. In addition, at the closing of the Viosca Knoll transaction, El Paso Energy contributed approximately $33.4 million in cash to Viosca Knoll, which equalled 50.0% of the principal amount outstanding under Viosca Knoll's credit facility, and we thereafter repaid and terminated that credit facility.

STRUCTURE AND MANAGEMENT OF LEVIATHAN

Leviathan Gas Pipeline Company, our sole general partner and an indirect wholly owned subsidiary of El Paso Energy, manages our activities and conducts our business. We and the general partner utilize the employees of, and management services provided by, El Paso Energy and its affiliates under our management agreement. The following chart depicts the ownership structure of Leviathan and certain of its affiliates after giving effect to the transactions described in this prospectus.

[CHART]

	OWNERSHIP
- -Green Canyon	100.0%
- -Tarpon	100.0%
- -Viosca Knoll	100.0%(3)
- -Stingray	50.0%
- -HIOS	40.0%
- -East Breaks	40.0%
- -UTOS	33.3%
- -Manta Ray Offshore	25.7%
- -Nautilus	25.7%
- -Poseidon	36.0%

	OWNERSHIP
- -Viosca Knoll Block 817	100.0%
- -East Cameron Block 373	100.0%
- -Ship Shoal Block 332	100.0%
- -South Timbalier Block 292	100.0%
- -Ship Shoal Block 331	100.0%
- -Garden Banks Block 72	50.0%
- -West Cameron Dehy	50.0%

	OWNERSHIP
- -Viosca Knoll Block 817	100.0%
- -Ewing Bank 958 Unit	100.0%
- -Garden Banks Block 72	50.0%
- -Garden Banks Block 117	50.0%
- -West Delta Block 35	38.0%

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(1) Leviathan Gas Pipeline Company, an indirect wholly owned subsidiary of El Paso Energy, is our general partner. El Paso Energy's 34.5% effective interest in Leviathan includes a 1.0% general partner interest, a 32.5% limited partner interest comprised of approximately 9.0 million common units, and a 1.0% nonmanaging interest in substantially all of Leviathan's subsidiaries. The interest acquired in connection with the Viosca Knoll transaction is held by other El Paso Energy subsidiaries.

(2) Leviathan Finance, not shown in this ownership structure chart, was formed for the sole purpose of co-issuing the notes described herein. Leviathan Finance has no material assets or operations.

(3) Assumes the acquisition of an additional 1.0% interest from El Paso Energy in connection with the Viosca Knoll transaction through the exercise of the option to acquire the remaining 1.0% after June 1, 2000.

SUMMARY OF THE TERMS OF THE EXCHANGE OFFER

SECURITIES TO BE EXCHANGED.....	On May 27, 1999, we issued $175.0 million aggregate principal amount of Series A notes to the initial purchasers in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). The terms of the Series B notes and the Series A notes are substantially the same in all material respects, except that the Series B notes will be freely transferable by the holders except as otherwise provided in this prospectus. See "Description of Notes" beginning on page 84 of this prospectus.
THE EXCHANGE OFFER.....	We are offering to exchange up to $175.0 million principal amount of the Series B notes for up to $175.0 million principal amount of the Series A notes. As of the date of this prospectus, Series A notes representing $175.0 million aggregate principal amount are outstanding. The Series B notes will evidence the same debt as the Series A notes, and the Series A notes and the Series B notes will be governed by the same indenture. The Series B notes are described in detail under the heading "Description of Notes" beginning on page 84 of this prospectus.
RESALE.....	We believe that you will be able to freely transfer the Series B notes without registration or any prospectus delivery requirement; however, certain broker-dealers and certain of our affiliates may be required to deliver copies of this prospectus if they resell any Series B notes.
EXPIRATION DATE.....	The exchange offer will expire at 5:00 p.m., New York City time, , 1999 or a later date and time if we extend it (the "Expiration Date").
WITHDRAWAL.....	You may withdraw the tender of any Series A notes pursuant to the exchange offer at any time prior to the Expiration Date. We will return, as promptly as practicable after the expiration or termination of the exchange offer, any Series A notes not accepted for exchange for any reason without expense to you.
INTEREST ON THE SERIES B NOTES AND THE SERIES A NOTES.....	Interest on the Series B notes will accrue from the date of the original issuance of the Series A notes or from the date of the last payment of interest on the Series A notes, whichever is later. No additional interest will be paid on Series A notes tendered and accepted for exchange.
CONDITIONS TO THE EXCHANGE OFFER.....	The exchange offer is subject to certain customary conditions, certain of which may be waived by us. See "The Exchange Offer -- Conditions of the Exchange Offer" beginning on page 81 of this prospectus.

PROCEDURES FOR TENDERING SERIES A NOTES.....	If you wish to accept the exchange offer, you must complete, sign and date the accompanying letter of transmittal in accordance with the instructions in the letter of transmittal, and deliver the letter of transmittal, along with the Series A notes and any other required documentation, to the exchange agent. By executing the letter of transmittal, you will represent to us that, among other things: - any Series B notes you receive will be acquired in the ordinary course of business, - you have no arrangement with any person to participate in the distribution of the Series B notes, and - you are not an affiliate of ours or, if you are an affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable. If you hold your Series A notes through the Depository Trust Company ("DTC") and wish to participate in the exchange offer, you may do so through the DTC's Automated Tender Offer Program. By participating in the exchange offer, you will agree to be bound by the letter of transmittal as though you had executed such letter of transmittal. We will accept for exchange any and all Series A notes which are properly tendered (and not withdrawn) in the exchange offer prior to the Expiration Date. The Series B notes issued pursuant to the exchange offer will be delivered promptly following the Expiration Date. See "The Exchange Offer -- Acceptance of Series A Notes for Exchange" beginning on page 77 of this prospectus.
EFFECT OF NOT TENDERING....	Series A notes that are not tendered or that are tendered but not accepted will, following the completion of the exchange offer, continue to be subject to the existing restrictions upon transfer thereof. We will have no further obligation to provide for the registration under the Securities Act of such Series A notes.
SPECIAL PROCEDURES FOR BENEFICIAL OWNERS.....	If you are a beneficial owner whose Series A notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and wish to tender such Series A notes in the exchange offer, please contact the registered holder as soon as possible and instruct them to tender on your behalf and comply with our instructions set forth elsewhere in this prospectus.
GUARANTEED DELIVERY PROCEDURES.....	If you wish to tender your Series A notes, you may, in certain instances, do so according to the guaranteed delivery procedures set forth elsewhere in this prospectus under "The Exchange Offer -- Procedures for Tendering Series A Notes -- Guaranteed Delivery" beginning on page 79 of this prospectus.
REGISTRATION RIGHTS AGREEMENT.....	We sold the Series A notes on May 27, 1999, to the initial purchasers in a private placement in reliance on Rule 144A and Regulation S under the Securities Act. In connection with the sale, we entered into a registration rights agreement with the initial purchasers which grants

	the holders of the Series A notes certain exchange and registration rights. This exchange offer satisfies those rights, which terminate upon consummation of the exchange offer. You will not be entitled to any exchange or registration rights with respect to the Series B notes. For additional information see "Series A Notes Registration Rights" beginning on page 127 of this prospectus.
CERTAIN FEDERAL INCOME TAX CONSIDERATIONS.....	We believe the exchange of Series A notes for Series B notes pursuant to the exchange offer will not constitute a sale or an exchange for federal income tax purposes. See "Certain United States Federal Income Tax Considerations" beginning on page 136 of this prospectus.
USE OF PROCEEDS.....	We will not receive any proceeds from the exchange of notes pursuant to the exchange offer.
EXCHANGE AGENT.....	We have appointed Chase Bank of Texas, N.A. as the exchange agent for the exchange offer (the "Exchange Agent"). The mailing address and telephone number of the Exchange Agent are Chase Bank of Texas, N.A., Corporate Trust Operations, Attn: Frank Ivins, P.O. Box 2320, Dallas, Texas 75221-2320, telephone 1-800-275-2048. See "The Exchange Offer -- Exchange Agent" beginning on page 83 of this prospectus.

SUMMARY OF THE TERMS OF THE SERIES B NOTES

The form and terms of the Series B notes are substantially the same as the form and terms of the Series A notes, except that the Series B notes are registered under the Securities Act. As a result, the Series B notes will not bear legends restricting their transfer and will not contain the registration rights and liquidated damages provisions contained in the Series A notes.

THE ISSUERS.....	Leviathan Gas Pipeline Partners, L.P. and Leviathan Finance Corporation.
SECURITIES OFFERED.....	$175.0 million aggregate principal amount of 10 3/8% Series B Senior Subordinated Notes due 2009.
MATURITY DATE.....	June 1, 2009.
INTEREST PAYMENT DATES.....	June 1 and December 1 of each year, beginning December 1, 1999.
OPTIONAL REDEMPTION.....	On or after June 1, 2004, we may redeem some or all of the notes at any time at the redemption prices listed in the section "Description of Notes -- Optional Redemption" on page 88 of this prospectus. Before June 1, 2002, we may redeem up to 33% of the original principal amount of the notes with the proceeds of equity offerings by us at the price listed in the section "Description of Notes -- Optional Redemption" on page 88 of this prospectus, provided that at least 67% of the original issue remains outstanding.
MANDATORY OFFER TO REPURCHASE.....	If we sell certain assets and do not reinvest the proceeds or repay senior indebtedness or if we experience specific kinds of changes of control, we must offer to repurchase the notes at the prices listed in the section "Description of Notes -- Repurchase at the Option of Holders" on page 89 of this prospectus.
SUBSIDIARY GUARANTEES.....	Each of our existing subsidiaries will guarantee the Series B notes initially and so long as such subsidiary guarantees our senior debt. Not all of our future subsidiaries will have to become a guarantor. If we cannot make payments on the Series B notes when they are due, the guarantor subsidiaries, if any, must make them instead. See "Description of Notes -- The Guarantees" on page 87 of this prospectus.
RANKING.....	These notes and subsidiary guarantees are senior subordinated indebtedness. They rank behind all of our and our guarantor subsidiaries' current and future indebtedness (other than trade payables and certain other liabilities), except indebtedness that expressly provides that it is not senior to these notes and the subsidiary guarantees. See "Description of Notes -- Subordination" on page 86 of this prospectus. Assuming we had completed the exchange offering of the Series B notes on June 1, 1999, the Series B notes and the subsidiary guarantees: - would have been subordinated to $250.0 million of senior indebtedness; - would have ranked equally with all other liabilities and trade debt of Leviathan or any subsidiary which is a subsidiary guarantor; and

- would have ranked senior to all junior subordinated indebtedness, of which there was none.

CERTAIN COVENANTS.....	We will issue the Series B notes, and we issued the Series A notes, under an indenture with Chase Bank of Texas, National Association, as trustee. The indenture will, among other things, restrict our ability and the ability of our subsidiaries to: - borrow money; - pay distributions or dividends on equity or purchase equity; - make investments; - use assets as security in other transactions; - enter into sale and lease-back transactions; - sell certain assets or merge with or into other companies; - engage in transactions with affiliates; and - engage in unrelated businesses. For more details, see the heading "Description of Notes -- Certain Covenants" on page 92 of this prospectus.
REGISTERED EXCHANGE OFFER AND REGISTRATION RIGHTS....	We have agreed to: - file a registration statement within 60 days after the closing date of the offering of the Series A notes for an offer to exchange those notes for debt securities with identical terms (except for transfer restrictions); - use our best efforts to cause the registration statement to become effective within 150 days after the closing date of the offering of the Series A notes; and - complete the registered exchange offer within 180 days after the closing date of the offering of the Series A notes. Under certain circumstances, we may be required to file a shelf registration statement for the notes registering the resale of the notes. If we do not comply with our obligations under the registration rights agreement, we will be required to pay liquidated damages.

RISK FACTORS

You should carefully consider the discussion of risks beginning on page 13 and the other information included in this prospectus prior to exchanging your Series A notes for Series B notes.

SUMMARY HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL DATA

The historical financial data for each of the three years ended December 31, 1996, 1997 and 1998, and as of December 31, 1997 and 1998 was derived from our consolidated financial statements and notes thereto included elsewhere in this prospectus. The historical financial data as of December 31, 1996 has been derived from our historical consolidated financial statements (not included herein). The historical financial data for each of the three months ended March 31, 1998 and 1999 and as of March 31, 1999 was derived from our unaudited consolidated financial statements and notes thereto included elsewhere in this prospectus. The historical financial data as of March 31, 1998 has been derived from our unaudited historical consolidated financial statements (not included herein). We believe that all material adjustments, consisting only of normal recurring adjustments necessary for the fair presentation of our interim results, have been included. Results of operations for any interim period are not necessarily indicative of the results of operations for the entire year due to the seasonal nature of our business. The unaudited pro forma consolidated financial data reflects (1) the issuance of the notes, (2) the consummation of the Viosca Knoll transaction, (3) the repayment and cancellation of Viosca Knoll's credit facility, (4) the reduction of our revolving credit facility and (5) the payment of transaction costs. The unaudited pro forma consolidated financial data is based on the assumptions described in the notes to the unaudited pro forma consolidated financial statements located on pages F-3 through F-10 and is not necessarily indicative of the results of operations that may be achieved in the future. You should read this information along with "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 30, "Business" beginning on page 41 and the consolidated financial statements and notes thereto listed on pages F-1 and F-2.

	YEAR ENDED DECEMBER 31,			PRO FORMA YEAR ENDED DECEMBER 31,	THREE MONTHS ENDED MARCH 31,		PRO FORMA THREE MONTHS ENDED MARCH 31,
	1996	1997	1998	1998	1998	1999	1999
	(IN THOUSANDS, EXCEPT RATIOS)			(UNAUDITED)	(UNAUDITED)		(UNAUDITED)
STATEMENT OF OPERATIONS:							
Oil and natural gas sales	$ 47,068	$ 58,106	$ 31,411	$ 31,939	$ 9,135	$ 6,805	$ 6,824
Gathering, transportation and platform services	24,005	17,329	17,320	46,126	3,260	4,373	11,715
Equity in earnings	20,434	29,327	26,724	17,611	5,319	10,701	8,185
Total revenue	91,507	104,762	75,455	95,676	17,714	21,879	26,724
Operating expenses	9,068	11,352	11,369	14,246	2,837	2,594	2,823
Depreciation, depletion and amortization	31,731	46,289	29,267	34,558	7,867	6,719	7,991
Impairment, abandonment and other	--	21,222	(1,131)	(1,131)	--	--	--
General and administrative expenses and management fee	8,540	14,661	16,189	16,343	4,950	3,130	3,171
Total operating costs	49,339	93,524	55,694	64,016	15,654	12,443	13,985
Operating income	42,168	11,238	19,761	31,660	2,060	9,436	12,739
Interest income and other	1,710	1,475	771	821	84	103	119
Interest and other financing costs	(5,560)	(14,169)	(20,242)	(32,579)	(3,722)	(6,102)	(9,190)
Minority interest in (income) loss	(427)	7	(15)	(236)	13	(37)	(101)
Income (loss) before income taxes	37,891	(1,449)	275	(334)	(1,565)	3,400	3,567
Income tax benefit	801	311	471	471	141	99	99
Net income (loss)	$ 38,692	$ (1,138)	$ 746	$ 137	$ (1,424)	$ 3,499	$ 3,666

	YEAR ENDED DECEMBER 31,			PRO FORMA YEAR ENDED DECEMBER 31,	THREE MONTHS ENDED MARCH 31,		PRO FORMA THREE MONTHS ENDED MARCH 31,
	1996	1997	1998	1998	1998	1999	1999
	(IN THOUSANDS, EXCEPT RATIOS)			(UNAUDITED)	(UNAUDITED)		(UNAUDITED)
OTHER FINANCIAL DATA:							
Consolidated cash flow(1)	$ 91,998	$ 77,846	$ 52,804	$ 68,807(4)	$ 11,043	$ 15,647	$ 19,404
Fixed charges(2)	$ 17,470	$ 15,890	$ 21,308	$ 33,645	$ 4,175	$ 6,541	$ 9,629
Fixed charge coverage ratio(3)	5.3x	4.9x	2.5x	2.0x	2.7x	2.4x	2.0x
BALANCE SHEET DATA (AT END OF PERIOD):							
Total assets	$453,526	$409,842	$442,726	(5)	$410,800	$443,240	$570,641
Total debt	227,000	238,000	338,000	(5)	251,000	355,000	418,594
Partners' capital	192,023	143,966	82,896	(5)	127,897	70,924	132,828

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(1) For purposes of the above presentation, "consolidated cash flow" has been calculated in accordance with the Indenture. For the exact definition of this term, see "Description of Notes -- Certain Definitions" on page 111 of this prospectus. As defined, generally, "consolidated cash flow" means Leviathan's consolidated net income, plus (1) cash distributions to Leviathan and its restricted subsidiaries from persons other than its restricted subsidiaries, (2) extraordinary losses, (3) income tax expense, (4) interest and other financing costs, to the extent deducted and calculated in consolidated net income, (5) depreciation, depletion and amortization and (6) other non-cash expenses, to the extent deducted and calculated in consolidated net income, less (7) extraordinary non-cash items that increase Leviathan's consolidated net income and (8) earnings attributable to persons other than its restricted subsidiaries. Consolidated cash flow should not be considered in isolation or as a substitute for net income, cash flow or other income or cash flow data prepared in accordance with generally accepted accounting principles or as a measure of our profitability or liquidity.

(2) "Fixed charges" consist of interest costs (whether expensed or capitalized), amortization of debt issue costs and certain pre-tax preferred stock dividend requirements of Leviathan and any restricted subsidiary.

(3) "Fixed charge coverage ratio" is calculated as "consolidated cash flow" divided by "fixed charges."

(4) Consolidated cash flow on a pro forma basis for the year ended December 31, 1998 excluding estimated non-recurring reductions totaling approximately $13.3 million would have been $82.1 million. The non-recurring reductions include (1) approximately $4.5 million of compensation expense related to grants under our Unit Appreciation Plan, which was terminated in October 1998 and replaced with a compensation plan that is not expected to require the incurrence of similar compensation expenses, and (2) approximately $8.8 million related to lower production from our interest in Viosca Knoll Block 817, a producing property which we elected to curtail during 1998 due to downstream pipeline capacity constraints which were alleviated in late 1998 as a result of the expansion of the Viosca Knoll system. Consolidated cash flow should not be considered in isolation or as a substitute for net income, cash flow or other income or cash flow data prepared in accordance with generally accepted accounting principles or as a measure of our profitability or liquidity.

(5) This information is not included in this table as it is not required.

RISK FACTORS

You should carefully consider the following factors in evaluating whether or not you should participate in the exchange offer.

This prospectus includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934 including, in particular, the statements about our plans, strategies and prospects under the headings "Prospectus Summary," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business." Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that we will achieve such plans, intentions or expectations. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this prospectus are set forth below and elsewhere in this prospectus. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the following cautionary statements.

RISKS RELATED TO THE EXCHANGE OFFER

FAILURE TO EXCHANGE SERIES A NOTES -- IF YOU DO NOT PROPERLY TENDER YOUR SERIES A NOTES, YOU WILL CONTINUE TO HOLD UNREGISTERED SERIES A NOTES AND YOUR ABILITY TO TRANSFER SERIES A NOTES WILL BE ADVERSELY AFFECTED.

We will only issue Series B notes in exchange for Series A notes that are timely received by the Exchange Agent together with all required documents, including a properly completed and signed letter of transmittal. Therefore, you should allow sufficient time to ensure timely delivery of the Series A notes and you should carefully follow the instructions on how to tender your Series A notes. Neither we nor the Exchange Agent are required to tell you of any defects or irregularities with respect to your tender of the Series A notes. If you do not tender your Series A notes or if we do not accept your Series A notes because you did not tender your Series A notes properly, then, after we consummate the exchange offer, you may continue to hold Series A notes that are subject to the existing transfer restrictions. In addition, if you tender your Series A notes for the purpose of participating in a distribution of the Series B notes, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the Series B notes. If you are a broker-dealer that receives Series B notes for your own account in exchange for Series A notes that you acquired as a result of market-making activities or any other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale of such Series B notes. After the exchange offer is consummated, if you continue to hold any Series A notes, you may have difficulty selling them because there will be less Series A notes outstanding.

THE MARKET VALUE OF THE SERIES B NOTES COULD BE MATERIALLY ADVERSELY AFFECTED IF ONLY A LIMITED NUMBER OF SERIES B NOTES ARE AVAILABLE FOR TRADING.

To the extent that a large amount of the Series A notes are not tendered or are tendered and not accepted in the exchange offer, the trading market for the Series B notes could be materially adversely affected. Generally, a limited amount, or "float," of a security could result in less demand to purchase such security and, as a result, could result in lower prices for such security. We cannot assure you that a sufficient number of Series A notes will be exchanged for Series B notes so that this does not occur.

RISKS RELATED TO OUR FINANCIAL STRUCTURE AND THE NOTES

OUR SUBSTANTIAL INDEBTEDNESS COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION AND PREVENT US FROM FULFILLING OUR OBLIGATIONS UNDER THE NOTES.

We have a significant amount of indebtedness and the ability to incur more indebtedness. The following chart presents some of our important credit statistics at and for the three months ended March 31, 1999 on a pro forma basis assuming we had completed the offering of the Series A notes and

the transactions described under "The Transactions" as of the date or at the beginning of the period specified:

	PRO FORMA AT MARCH 31, 1999 (IN MILLIONS)
Total assets	$570.6
Total indebtedness	418.6
Total partners' capital	132.8
Ratio of indebtedness to partners' capital	3.2x

	PRO FORMA THREE MONTHS ENDED MARCH 31, 1999
Fixed charge coverage ratio(1)	2.0x

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(1) As defined on page 12 of this prospectus.

Concurrently with the closing of the offering of the Series A notes, we amended our $375.0 million revolving credit facility to, among other things, extend the maturity from December 1999 to May 2002. As of June 1, 1999, under our $375.0 million revolving credit facility, as amended (which is collateralized by a pledge of the stock of our subsidiaries and supported by guarantees of our subsidiaries), we had $250.0 million outstanding and would have been permitted to borrow up to an additional $77.9 million, all of which would have been senior to the notes. Our substantial indebtedness could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the notes;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to fund future working capital, capital expenditures and other general partnership requirements, future acquisition, construction or development activities, or to otherwise fully realize the value of our assets and opportunities because of the need to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness or to comply with any restrictive terms of our indebtedness;
- limit our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate; and
- place us at a competitive disadvantage as compared to our competitors that have less debt.

YOUR RIGHT TO RECEIVE PAYMENTS ON THE NOTES IS UNSECURED AND CONTRACTUALLY SUBORDINATED TO OUR EXISTING INDEBTEDNESS AND, POSSIBLY, ANY ADDITIONAL INDEBTEDNESS WE INCUR. FURTHER, THE GUARANTEES OF THE NOTES ARE JUNIOR TO ALL THE GUARANTORS' EXISTING INDEBTEDNESS AND POSSIBLY TO ALL THEIR FUTURE BORROWINGS.

The notes and the subsidiary guarantees rank behind all of our and the subsidiary guarantors' existing indebtedness (other than trade payables and certain other indebtedness) and all additional indebtedness (other than trade payables) we incur unless, and to the extent, that additional indebtedness expressly provides that it ranks equal with, or junior in right of payment to, the notes and the guarantees. Assuming we had completed the exchange offering of the Series B notes on June 1, 1999, the notes would have been subordinated to $250.0 million of senior indebtedness under our revolving credit facility (which is collateralized by a pledge of all the stock of our subsidiaries and supported by guarantees of our subsidiaries) and the guarantees would have been structurally subordinated to an aggregate $207.9 million of senior indebtedness under the joint venture credit facilities. In addition, our revolving credit facility, as amended, and the aggregated joint venture credit facilities could have provided for up to approximately $77.9 million and $67.4 million, respectively, of additional borrowings.

In addition, all payments on the notes and the guarantees will be blocked in the event of a payment default on our significant senior indebtedness and may be blocked for up to 179 consecutive days in the event of certain non-payment defaults on our significant senior indebtedness.

In the event of a bankruptcy, liquidation, reorganization or similar proceeding relating to us, any subsidiary guarantors or our property, our assets or the assets of the subsidiary guarantors would be available to pay obligators under the notes only after all payments had been made on our or the guarantors' senior indebtedness. Our creditors and the subsidiary guarantors' creditors holding claims which are not subordinated to any applicable senior indebtedness will in all likelihood be entitled to payments before all of our or the subsidiary guarantors' senior indebtedness has been paid in full. Therefore, holders of the notes will participate with trade creditors and all other holders of our and the guarantors' unsubordinated indebtedness in the assets remaining after we and the guarantors have paid all of the senior indebtedness. However, because the note indenture requires that amounts otherwise payable to holders of the notes in a bankruptcy, liquidation, reorganization or similar proceeding be paid to holders of senior indebtedness instead, holders of the notes may receive less, ratably, than holders of trade payables and other creditors in any such proceeding. In any of these cases, we and the subsidiary guarantors may not have sufficient funds to pay all of our creditors and, therefore, holders of notes would receive less, ratably, than the holders of senior indebtedness.

In addition, the notes are effectively subordinated to the claims of all creditors, including trade creditors and tort claimants, of our subsidiaries that are not guarantors. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the business of a subsidiary that is not a guarantor, creditors of such subsidiary will generally have the right to be paid in full before any distribution is made to us or the holders of the notes.

OUR INDEBTEDNESS MAY RESTRICT OUR ABILITY TO OPERATE.

Under the terms of our revolving credit facility, we have pledged to lenders our interest in substantially all of our assets, and we must comply with various affirmative and negative covenants. Among other things, these covenants limit our ability to:

- incur additional indebtedness;

- make payments in respect of or redeem or acquire any debt or equity issued by us;

- sell assets;

- make loans or investments;

- acquire or be acquired by other companies; and

- amend certain contractual arrangements.

The restrictions under the credit agreement may prevent us from engaging in certain transactions which might otherwise be considered beneficial to us. Our credit agreement also requires us to make mandatory repayments under certain circumstances, including when we sell certain assets or fail to achieve or maintain certain financial targets.

If we incur additional indebtedness in the future, it would be under our existing credit agreement or under arrangements which, we believe, would have terms and conditions at least as restrictive as those contained in our existing credit agreement. Failure to comply with the terms and conditions of any existing or future indebtedness would constitute an event of default. If an event of default occurs, the lenders will have the right to foreclose upon the collateral, if any, securing that indebtedness. After such a foreclosure and payment in full of any senior indebtedness, we might not be able to repay in full our indebtedness, including the notes.

FEDERAL AND STATE STATUTES WOULD ALLOW COURTS, UNDER SPECIFIC CIRCUMSTANCES, TO SUBORDINATE FURTHER OR VOID THE NOTES AND THE GUARANTEES AND REQUIRE NOTEHOLDERS TO RETURN PAYMENTS RECEIVED FROM US.

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a court could further subordinate or void the notes and the guarantees if, at the time we issue the notes and the guarantees, certain facts, circumstances and conditions exist, including that:

- we received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness; or

- we were insolvent or rendered insolvent by reason of such incurrence; or

- we were engaged in a business or transaction for which our remaining assets constituted unreasonably small capital; or

- we intended to incur, or believed that we would incur, indebtedness we could not repay at its maturity.

In such a circumstance, a court could require you to return to us or pay to our other creditors amounts we paid to you. This would entitle other creditors to be paid in full before any payment could be made on the notes. We may not have sufficient assets after the payment to other creditors. The guarantees issued by our subsidiaries could be challenged on the same grounds as the notes. In addition, a creditor may avoid a guarantee based on the level of benefits received by a guarantor compared to the amount of the subsidiary guarantee. The indenture contains a savings clause, which generally limits the obligations of each guarantor to the maximum amount which is not a fraudulent conveyance. If a subsidiary guarantee is avoided, or limited as a fraudulent conveyance or held unenforceable for any other reason, you would not have any claim against the guarantors and would be only creditors of Leviathan and any guarantor whose subsidiary guarantee was not avoided or held unenforceable. In such event, your claims against a guarantor would be subject to the prior payment of all liabilities (including trade payables) of such guarantor. There can be no assurance that, after providing for all prior claims, there would be sufficient assets to satisfy your claims relating to any avoided portions of any of the subsidiary guarantees.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, we would be considered insolvent if:

- the sum of our indebtedness, including contingent liabilities, were greater than the fair value or fair saleable value of all of our assets;

- if the present fair value or fair saleable value of our assets were less than the amount that would be required to pay our probable liability on our existing indebtedness, including contingent liabilities, as it becomes absolute and mature; or

- we could not pay our indebtedness as it becomes due.

There is a risk of a preferential transfer if:

- a subsidiary guarantor declares bankruptcy or its creditors force it to declare bankruptcy within 90 days (or in certain cases, one year) after the issuance of the guarantee; or

- a subsidiary guarantee was made in contemplation of insolvency.

The subsidiary guarantee could be avoided by a court as a preferential transfer. In addition, a court could require you to return any payments made on the notes during the 90-day (or one-year) period.

WE MAY NOT BE ABLE TO REPURCHASE NOTES UPON A CHANGE OF CONTROL.

Upon a change of control, we will be required to repay the amounts outstanding under our revolving credit facility and to offer to repurchase the outstanding notes at 101% of the principal amount, plus accrued and unpaid interest to the date of repurchase. We cannot assure you that we will have sufficient

funds available or that we will be permitted by our other debt instruments to fulfill these obligations upon the occurrence of a change of control.

NO PRIOR MARKET FOR THE SERIES B NOTES -- YOU CANNOT BE SURE THAT AN ACTIVE TRADING MARKET WILL DEVELOP FOR THE SERIES B NOTES.

The Series B notes are a new issue of securities with no established trading market and will not be listed on any securities exchange. The liquidity of the trading market in the Series B notes, and the market price quoted for the Series B notes, may be adversely affected by changes in the overall market for high yield securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, you cannot be sure that an active trading market will develop for the Series B notes.

RISKS RELATED TO OUR LEGAL STRUCTURE

THE INTERRUPTION OF DISTRIBUTIONS TO US FROM OUR SUBSIDIARIES AND JOINT VENTURES MAY AFFECT OUR ABILITY TO MAKE PAYMENTS ON THE NOTES.

Leviathan, a co-issuer of the notes, is a holding company. As such, our primary assets are the capital stock and other equity interests in our subsidiaries and joint ventures. Consequently, our ability to fund our commitments (including payments on the notes) depends upon the earnings and cash flow of our subsidiaries and joint ventures and the distribution of that cash to us. Distributions from our joint ventures are subject to the discretion of their respective management committees. In addition, several of our joint ventures have credit arrangements that contain various restrictive covenants. Among other things, those covenants limit or restrict such joint ventures' ability to make distributions to us under certain circumstances. Further, the joint venture charter documents typically vest in their management committees sole discretion regarding distributions. We cannot assure you that our joint ventures will continue to make distributions to us at current levels or at all.

Moreover, pursuant to some of the joint venture credit arrangements, we have agreed to return a limited amount of the distributions made to us by the applicable joint venture if certain conditions exist. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources -- Sources of Cash" beginning on page 34.

WE CANNOT CAUSE OUR JOINT VENTURES TO TAKE OR NOT TO TAKE CERTAIN ACTIONS UNLESS SOME OR ALL OF OUR PARTNERS AGREE.

Due to the nature of joint ventures, each partner (including Leviathan) in each of our joint ventures has made substantial contributions and other commitments to that joint venture and, accordingly, has required that the relevant charter documents contain certain features designed to provide each partner with the opportunity to protect its investment in that joint venture, as well as any other assets which may be substantially dependent on or otherwise affected by the activities of that joint venture. These protective features include a corporate governance structure which requires at least a majority in interest vote to authorize many basic activities and requires a greater voting interest (sometimes up to 100%) to authorize more significant activities. Depending on the particular joint venture, these more significant activities might involve large expenditures or contractual commitments, the construction or acquisition of assets, borrowing money, transactions with affiliates of a partner, litigation and/or transactions not in the ordinary course of business, among others. Thus, without the concurrence of partners with enough voting interests, we cannot cause any of our joint ventures to take or not to take certain actions, even though such actions may be in the best interest of the particular joint venture or Leviathan.

WE DO NOT HAVE THE SAME FLEXIBILITY AS OTHER TYPES OF ORGANIZATIONS TO ACCUMULATE CASH AND EQUITY TO PROTECT AGAINST ILLIQUIDITY IN THE FUTURE.

Unlike a corporation, our partnership agreement requires us to make quarterly distributions to our unitholders of all available cash reduced by any amounts reserved for commitments and contingencies,

including capital and operating costs and debt service requirements. Although our payment obligations to our unitholders are subordinate to our payment obligations to you, the value of our units will decrease in direct correlation with decreases in the amount we distribute per unit. Accordingly, if we experience a liquidity problem in the future, we may not be able to issue equity to recapitalize.

OUR TAX TREATMENT DEPENDS ON OUR PARTNERSHIP STATUS.

We believe that under current law and regulations we and our subsidiaries which are limited liability companies will be classified as partnerships for federal income tax purposes. However, we have not requested, and will not request, any ruling from the IRS with respect to our or our subsidiaries' respective classifications as partnerships for federal income tax purposes or any other matter affecting us or our subsidiaries. Accordingly, the IRS may adopt positions that differ from our conclusions expressed herein. It may be necessary to resort to administrative or court proceedings in an effort to sustain some or all of our conclusions, and some or all of such conclusions ultimately may not be sustained. We will bear the costs of any such contest with the IRS. Except as specifically noted, this discussion assumes that we and our subsidiaries are treated as partnerships for federal income tax purposes.

If we were classified as an association taxable as a corporation for federal income tax purposes in any taxable year, our income, gains, losses, deductions and credits would be reflected on our tax return rather than being passed through to our partners, and we would be taxed at corporate rates. This would materially and adversely affect our ability to make payments on the notes.

For general discussion of the expected federal income tax consequences of acquiring, owning and disposing of the notes, see "Certain United States Federal Income Tax Considerations" beginning on page 136 of this prospectus.

RISKS RELATED TO OUR BUSINESS

OUR PERFORMANCE DEPENDS ON FACTORS OUT OF OUR CONTROL, INCLUDING THE RATES FOR, AND VOLUME OF, PRODUCTION THAT WE HANDLE.

Our ability to make payments on and to pay or refinance our indebtedness, including the notes, and to fund future working capital, capital expenditures and other general corporate requirements will depend on our ability to generate cash in the future. This, to a certain extent, is subject to economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Our future performance and, therefore, our ability to make payments to you on the notes will largely depend on the volume of, and rates for, the natural gas and oil handled by our pipelines, platforms and other infrastructure. Many factors outside of our control can affect these volumes and rates. The following factors, among others, affect the rates that our pipelines may charge:

- prices for the production handled;

- competition from other pipelines; and

- the maximum rates established by the Federal Energy Regulatory Commission for our regulated pipelines.

Any decrease in the rates charged or volumes handled by any of our pipelines and other facilities could reduce our available cash. Accordingly, we cannot assure you that we will be able to continue to generate enough cash flow to satisfy our existing commitments, including making interest and principal payments on our indebtedness.

Based on our current and anticipated level of operations and revenue growth, we believe our cash flow from operations, available cash and available borrowings under our revolving credit facility will be adequate to conduct our businesses as they currently exist. We cannot assure you, however, that these or other sources of capital will be available to us in amounts sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs, including the purchase, construction or other

acquisition of assets or businesses in the future. We may need to pay or refinance all or a portion of our indebtedness, including the notes, on or before maturity. We cannot assure you that we will be able to do that on commercially reasonable terms or at all.

OUR FUTURE PERFORMANCE DEPENDS ON SUCCESSFUL EXPLORATION AND DEVELOPMENT OF ADDITIONAL OIL AND NATURAL GAS RESERVES.

The natural gas and oil reserves available to our pipelines and other infrastructure from existing wells naturally decline over time. In order to offset this natural decline, our pipelines and other infrastructure must access additional reserves. This means that our long-term prospects depend upon the successful exploration and development of additional reserves by third parties in areas accessible to our pipelines and other infrastructure.

Finding and developing new natural gas and oil reserves from offshore properties is very expensive. The Flextrend and Deepwater areas, especially, will require large capital expenditures by third party producers for exploration, development drilling, installation of production facilities and pipeline extensions to reach the new wells.

Many economic and business factors out of our control can adversely affect the decision by any third party producer to explore for and develop new reserves. These factors include relatively low natural gas and oil prices, cost and availability of equipment, capital budget limitations or the lack of available capital. For example, because of the recent decline in hydrocarbon prices, the level of overall oil and natural gas activity in the Gulf has declined from recent years. If hydrocarbon prices remain low and capital spending by the energy industry continues to decrease or remains at low levels for prolonged periods, our results of operations and cash flow could suffer. Consequently, we cannot assure you that additional reserves will be discovered or developed in the near future, or that they exist at all.

PRICE AND VOLUME VOLATILITY IS SUBSTANTIALLY OUT OF OUR CONTROL AND IT COULD HAVE AN ADVERSE AFFECT ON OUR PRODUCTION BUSINESS.

Our business and, to a certain extent, our ability to repay our indebtedness will be substantially affected by our future production from our oil and natural gas properties. The level of success of our future production from such properties is largely dependent on factors out of our control, such as the volume of, and prices realized for, the natural gas and oil produced from our oil and natural gas properties. In 1998, oil and natural gas prices dramatically declined, and we cannot assure you that there will not be further declines in commodity prices. Based on 1998 production levels of our currently producing properties which are depleting assets, for every $0.10 decline in the average price for natural gas and every $1.00 decline in the average price for oil we actually realized, our cash flow from operations would be reduced by $1.1 million and $0.5 million, respectively.

WE WILL FACE COMPETITION FROM THIRD PARTIES TO HANDLE ANY NEW PRODUCTION.

Even if additional reserves exist in the areas accessed by our pipelines and are ultimately produced, we cannot assure you that any of these reserves will be gathered, transported, processed or otherwise handled by any of our pipelines and other infrastructure. We would compete with others for any such production on the basis of many factors, including:

- geographic proximity to the production;

- costs of connection;

- available capacity;

- rates; and

- access to onshore markets.

POTENTIAL FUTURE EXPANSIONS MAY SUBSTANTIALLY INCREASE THE LEVEL OF OUR INDEBTEDNESS AND MAY ADVERSELY AFFECT OUR BUSINESS, IF WE CANNOT EFFECTIVELY INTEGRATE THESE NEW OPERATIONS.

We intend to continue to construct, purchase and otherwise acquire assets (including entire businesses) that we believe will present opportunities to realize significant synergies, expand our role in the energy infrastructure business and/or increase our market position. This strategy may require substantial capital, and we may not be able to raise the necessary funds on satisfactory terms or at all.

We regularly engage in discussions with respect to potential acquisition and investment opportunities. If we consummate any future acquisitions, our capitalization and results of operations may change significantly and you will not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in determining the application of these funds.

We are currently considering some specific future acquisitions or investments, although we cannot assure you that we will be able to reach agreement with respect to any such opportunities. If consummated, any such acquisition would likely result in the incurrence of indebtedness and contingent liabilities and an increase in interest expense and amortization expenses related to goodwill and other intangible assets, which could have a material adverse effect upon our business.

Acquisitions and business expansions involve numerous risks, including difficulties in the assimilation of the operations, technologies, services and products of the acquired companies or business segments and the diversion of management's attention from other business concerns. For all of these reasons, if any such acquisitions or expansions occur, our business could be adversely affected.

FERC REGULATION AND A CHANGING REGULATORY ENVIRONMENT COULD AFFECT OUR CASH FLOW.

The Federal Energy Regulatory Commission extensively regulates certain of our pipelines. This regulation extends to such matters as:

- rate structures;

- rates of return on equity;

- the services that our regulated pipelines are permitted to perform;

- their ability to seek recovery of various categories of costs;

- the acquisition, construction and disposition of assets; and

- to an extent, the level of competition in the interstate pipeline industry.

Given the extent of this regulation, the extensive changes in FERC policy over the last several years, the evolving nature of regulation and the possibility for additional changes, we cannot assure you that the current regulatory regime will remain unchanged or of the effect any changes in that regime would have on our financial position, results of operations or cash flows.

Our regulated pipelines are over 20 years old. As a result, each such pipeline has depreciated significant portions of its initial capital expenditures. Unless those pipelines make additional capital expenditures, they could be fully depreciated within five years. This would reduce the rate base and increase the likelihood that FERC would reduce the approved rates for each of those pipelines.

OUR ACTUAL PROJECT COSTS COULD EXCEED OUR FORECAST, AND OUR CASH FLOW FROM PROJECTS MAY NOT BE IMMEDIATE.

Our forecast contemplates significant expenditures for the acquisition, construction and expansion of our pipelines and related infrastructure. Underwater operations, especially those in water depths in excess of 600 feet, are very expensive and involve much more uncertainty and risk than other operations. Further, if a problem occurs, the solution (if one exists) may be very expensive and time consuming. Accordingly, there is an increase in the frequency and amount of cost overruns related to underwater operations,

especially in depths in excess of 600 feet. We cannot assure you that we will be able to complete our projects at the costs currently estimated. If we experience material cost overruns, we would have to finance these overruns using one or more of the following methods:

- borrowing from our revolving credit facility;

- using cash from operations;

- delaying other planned projects;

- issuing additional debt or equity.

Any or all of these methods may not be available when needed or could adversely affect our future results of operations.

Our revenues may not increase immediately upon the expenditure of funds on a particular project. For instance, if we build a new pipeline, the construction will occur over an extended period of time and we may not receive any material increase in revenue from that project until after the reserves committed to it are developed and produced. If our revenues do not increase at projected levels because of substantial unanticipated delays of any future projects, we might not meet our obligations as they become due.

CHANGES OF CONTROL OF OUR GENERAL PARTNER MAY ADVERSELY AFFECT YOU.

Our results of operations and ability to pay amounts due under the notes could be adversely affected if there is a change in management resulting from a change of control of our general partner. El Paso Energy is not restricted from selling the general partner or any of the common units it holds. Such actions, however, result in a change of control under the terms of the indenture governing the notes. As a result, El Paso Energy could sell control of our general partner to another company with less familiarity and experience with our businesses and with different business philosophies and objectives. We cannot assure you that any such acquiror would continue our current business strategy, or even a business strategy economically compatible with our current business strategy.

EL PASO ENERGY AND ITS AFFILIATES MAY HAVE CONFLICTS OF INTEREST WITH US AND, ACCORDINGLY, YOU.

El Paso Energy is a New York Stock Exchange-traded company whose principal operations include the interstate and intrastate transportation, gathering and processing of natural gas; the marketing of natural gas, power, and other energy-related commodities; power generation and the development and operation of energy infrastructure facilities worldwide. El Paso Energy invested $422.0 million in August 1998 to acquire beneficial control of our general partner (it holds, indirectly through our general partner and certain other subsidiaries, a 34.5% interest in us, including 100% of the general partner interest). With respect to future investments, El Paso Energy's strategy is for us to serve as its primary offshore gathering and transportation growth vehicle in the Gulf (when practical), although El Paso Energy is not precluded from retaining gathering and transportation opportunities for itself.

El Paso Energy (through a wholly owned subsidiary) elects all of the general partner's directors, who in turn select all of our executive officers and those of the general partner. In addition, El Paso Energy's beneficial control and ownership of 32.5% of our outstanding units could have a substantial effect on the outcome of some actions requiring unitholder approval.

Although El Paso Energy controls our general partner and has financial incentives to protect its investment by encouraging our success and it plans to use us as its principal offshore gathering and transportation growth vehicle in the Gulf (when practical), El Paso Energy is not contractually bound to do so and may reconsider at any time, without notice. Additionally, El Paso Energy is not required to pursue a business strategy that will favor our business opportunities over the business opportunities of El Paso Energy or any of its affiliates (or any other competitor of ours acquired by El Paso Energy). In fact, El Paso Energy may have financial motives to favor our competitors. El Paso Energy and its subsidiaries (many of which are wholly owned) operate in some of the same lines of business and in some

of the same geographic areas in which we operate. Although we acquired the remaining interest in Viosca Knoll from El Paso Energy, El Paso Energy continues to own pipelines and related facilities located in the Gulf, including the Bluewater and Seahawk Shoreline systems. In addition, shareholders of El Paso Energy and Sonat Inc. recently approved a planned merger. Sonat also owns pipelines and related assets in the Gulf, as well as numerous oil and natural gas properties, including properties in the Gulf. To the extent we continue to acquire interests in oil and natural gas properties and if the merger between El Paso Energy and Sonat is completed, our activities may compete with the exploration, development and marketing activities of Sonat conducted by El Paso Energy.

In addition, we have, and we expect to enter into other, significant business relationships with El Paso Energy, our general partner and their affiliates. For instance, in January 1999, we entered into an agreement with El Paso Energy to purchase substantially all of its interest in Viosca Knoll gathering system, and in October 1998, we purchased the Ewing Bank 958 Unit from El Paso Energy. See "Certain Relationships and Related Transactions" beginning on page 72 and "Business -- Recent Developments, Acquisitions and New Projects" beginning on page 45 for a further discussion of the Viosca Knoll and Ewing Bank 958 Unit transactions.

We and our general partner and its affiliates share and, therefore, will compete for, the time and effort of general partner personnel who provide services to us. Officers of the general partner and its affiliates do not, and will not be required to, spend any specified percentage or amount of time on our business. Since these shared officers function as both our representatives and those of our general partner and its affiliates, conflicts of interest could arise between our general partner and its affiliates, on the one hand, and us or you, on the other.

In most instances in which an actual or potential conflict of interest arises between us, on the one hand, and our general partner or its affiliates, on the other hand, there will be a benefit to our general partner or its affiliates in which neither we nor you will share. Such conflicts may arise in situations which include (1) compensation paid to the general partner, which includes incentive distributions and reimbursements for reasonable general and administrative expenses; (2) payments to the general partner and its affiliates for any services rendered to us or on our behalf; (3) our general partner's determination of which direct and indirect costs we must reimburse; (4) decisions to enter into and the terms of transactions between us and our general partner or any of its affiliates, including transactions involving joint ventures, acquisitions and gathering and transportation; (5) the acquisition or operation of businesses by our general partner or its affiliates that would compete with us; and (6) our general partner's determination to establish cash reserves under certain circumstances and thereby decrease cash available for distributions to unitholders.

OUR PARTNERSHIP AGREEMENT PURPORTS TO LIMIT OUR GENERAL PARTNERS' FIDUCIARY DUTIES AND CERTAIN OTHER OBLIGATIONS RELATING TO US.

In addition, our general partner (Leviathan Gas Pipeline Company), but not El Paso Energy or any of its other affiliates, will owe certain fiduciary duties to us and will be liable for all our debts (other than non-recourse debts) to the extent not paid by us. Further, certain provisions of our partnership agreement contain exculpatory language purporting to limit the liability of the general partner to us and our unitholders. For example, the partnership agreement provides that:

- borrowings of money by us, or the approval thereof by the general partner, will not constitute a breach of any duty of the general partner to us or our unitholders whether or not the purpose or effect of the borrowing is to permit distributions on common units or to result in or increase incentive distributions to the general partner;

- any action taken by the general partner consistent with the standards of reasonable discretion set forth in certain definitions in our partnership agreement will be deemed not to breach any duty of the general partner to us or to our unitholders; and

- in the absence of bad faith by the general partner, the resolution of conflicts of interest by the general partner will not constitute a breach of the partnership agreement or a breach of any standard of care or duty.

Provisions of the partnership agreement also purport to modify the fiduciary duty standards to which the general partner would otherwise be subject under Delaware law, under which a general partner owes its limited partners the highest duties of good faith, fairness and loyalty. Such duty of loyalty would generally prohibit the general partner from taking any action or engaging in any transaction as to which it had a conflict of interest. The partnership agreement permits the general partner to exercise the discretion and authority granted to it in that agreement in managing us and in conducting its retained operations, so long as its actions are not inconsistent with our interests. The general partner and its officers and directors may not be liable to us or to our unitholders for certain actions or omissions which might otherwise be deemed to be a breach of fiduciary duty under Delaware or other applicable state law. Further, the partnership agreement requires us to indemnify the general partner to the fullest extent permitted by law, which indemnification, in light of the exculpatory provisions in the partnership agreement, could result in us indemnifying the general partner for negligent acts.

A NATURAL DISASTER OR OTHER CATASTROPHE COULD DAMAGE OUR PIPELINES AND OTHER INCOME-PRODUCING ASSETS, CURTAIL THEIR OPERATIONS AND, POSSIBLY, ADVERSELY AFFECT OUR CASH FLOW.

If one or more of our pipelines or other income-producing assets is damaged by severe weather or any other natural disaster, accident or catastrophe, our operations could be significantly interrupted. Similar interruptions could result from damage to production facilities or other production stoppages arising from factors beyond our control. These interruptions might range from a week or less for a minor incident to six months or a year or more for a major disaster. Any natural disaster or other catastrophe which interrupts the fees generated by our pipelines or other income-producing assets, or which causes us to make significant expenditures not covered by insurance, could adversely impact the market price of, and the amount of cash available for payment of, the notes. Further, we may not be able to obtain insurance on commercially reasonable terms.

ENVIRONMENTAL COSTS AND LIABILITIES AND CHANGING ENVIRONMENTAL REGULATION COULD AFFECT OUR CASH FLOW.

Our operations are subject to extensive federal, state and local regulatory requirements relating to environmental affairs, health and safety, waste management and chemical products. Governmental authorities have the power to enforce compliance with applicable regulations and permits and to subject violators to civil and criminal penalties, including civil fines, injunctions or both. Third parties may also have the right to pursue legal actions to enforce compliance. We will probably make expenditures in connection with environmental matters as part of normal capital expenditure programs. However, future environmental law developments, such as stricter laws, regulations or enforcement policies, could significantly increase our cost of handling, manufacture, use, emission or disposal of substances or wastes. Moreover, as with other companies engaged in similar or related businesses, our operations always have some risk of environmental costs and liabilities because we handle petroleum products. We cannot assure you that we will not incur material environmental costs and liabilities.

THE YEAR 2000 PROBLEM MAY RESULT IN DECREASED REVENUES FOR US IF THIRD PARTIES DO NOT ADEQUATELY ADDRESS THEIR YEAR 2000 CONCERNS.

We are more than three-quarters completed with the assessment and remediation phases of our Year 2000 project, and we expect that we will be substantially finished with the implementation phase by mid-1999. However, the responses that we have received from third parties, including partners, third party customers and vendors and operators of joint ventures in which we have an interest, regarding their Year 2000 efforts are inconclusive. Further, certain of our systems and processes may be interrelated with systems outside of our control.

Unsuccessful Year 2000 efforts, either on our part or on the part of third parties, may adversely affect our financial position, results of operations and/or cash flows. A significant portion of the oil and natural gas handled by our pipelines is owned by third parties. Accordingly, failure by the owners of oil and natural gas to be ready for the Year 2000 could significantly disrupt the flow of the hydrocarbons to customers. However, in many cases, the owners have no direct contractual relationship with us, and we are relying on our customers to verify the Year 2000 readiness of the producers from whom they purchase oil and natural gas. A portion of our revenue is based upon fees paid by our customers for the reservation of capacity and a portion of the revenue is based upon the volume of actual throughput. As such, short-term disruptions in throughput caused by factors beyond our control may have a financial impact on us and could cause operational problems for our customers. Longer-term disruptions could materially impact our operational and financial condition, and therefore affect the market price of, and our ability to make payments on, the notes.

THE TRANSACTIONS

In connection with the completion of the offering of the Series A notes, we consummated the transactions described below.

LEVIATHAN CREDIT FACILITY

We amended our $375.0 million revolving credit facility to, among other things, extend the maturity from December 1999 to May 2002. As of June 1, 1999, we had $250.0 million outstanding under our revolving credit facility bearing interest at an average floating rate of 7.5% per annum. For additional information on our revolving credit facility, see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" beginning on page 34 and "Description of Other Indebtedness -- Leviathan Credit Facility" beginning on page 129.

VIOSCA KNOLL TRANSACTION

Prior to the offering of the Series A notes, Viosca Knoll Gathering Company was owned 50.0% by us and 50.0% by El Paso Energy (through a wholly owned subsidiary). In January 1999, we entered into an agreement with El Paso Energy to acquire an additional 49.0% interest in Viosca Knoll, which would result in us owning 99.0% of Viosca Knoll, with an option to purchase the remaining 1.0%. The acquisition price for the additional 49.0% interest was $79.7 million, comprised of 25.0% in cash ($19.9 million) and 75.0% in common units (2,661,870 common units based on a price of $22.4625 per unit).

Following the consummation of the Viosca Knoll transaction in June 1999, El Paso Energy's effective ownership interest in us is 34.5%. In addition, at the closing of the Viosca Knoll transaction, El Paso Energy contributed approximately $33.4 million in cash to Viosca Knoll, which equalled 50.0% of the principal amount outstanding under Viosca Knoll's credit facility. Thereafter, we repaid in full and terminated the Viosca Knoll credit facility. For additional information on the Viosca Knoll transaction, see "Business -- Natural Gas and Oil Pipelines -- Viosca Knoll System" beginning on page 48.

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the Series B notes. In consideration for issuing the Series B notes as contemplated in this prospectus, we will receive in exchange Series A notes in like principal amount, which will be canceled and as such will not result in any increase in our indebtedness.

Our net proceeds from the offering of the Series A notes were approximately $168.5 million. We used the net proceeds as follows:

USE	AMOUNT (IN MILLIONS)
To reduce the balance outstanding under, and to extend, our credit facility	$115.2
To repay the Viosca Knoll credit facility	33.4
To consummate the Viosca Knoll transaction	19.9
Total	$168.5

Concurrently with the closing of the offering of the Series A notes, we amended our revolving credit facility to, among other things, extend the maturity from December 1999 to May 2002. We used approximately $115.2 million of the offering proceeds to temporarily reduce the outstanding balance to approximately $250.0 million (subject to adjustment) and to pay related fees and expenses. As of June 1, 1999, we had $250.0 million outstanding under the revolving credit facility bearing interest at an average floating rate of 7.5% per annum. Over the past 12 months, we used borrowings under the revolving credit facility to, among other things, (1) finance the acquisition and development of our non-producing property, the Ewing Bank 958 Unit ($30.0 million), (2) finance the construction and installation of a new platform and production handling facilities at East Cameron Block 373 ($9.4 million), (3) pay amounts related to the abandonment of the Ewing Bank flowlines ($2.9 million), (4) finance the construction of the Allegheny oil pipeline ($12.3 million), and (5) pay our management in connection with the accelerated vesting of the Unit Rights discussed in "Management -- Executive Compensation -- Unit Rights Appreciation Plan" ($8.6 million) beginning on page 69.

The price for our acquisition of the additional interest in Viosca Knoll was $79.7 million, of which $19.9 million was paid in cash with proceeds from the offering of the Series A notes and $59.8 million was paid in our newly issued common units. In addition, we repaid in full and terminated the Viosca Knoll credit facility on June 1, 1999. Of the approximately $66.7 million which was repaid under this credit facility, $33.4 million came from proceeds of the offering of the Series A notes and the remaining approximately $33.4 million was contributed by El Paso Energy to Viosca Knoll at the closing of the acquisition. Over the past 12 months, Viosca Knoll used borrowings under its credit facility for the addition of compression facilities to and expansion of the Viosca Knoll system and for other working capital needs. For additional information on the Viosca Knoll transaction, see "The Transactions" beginning on page 25 and "Business -- Natural Gas and Oil Pipelines -- Viosca Knoll System" beginning on page 48.

CAPITALIZATION

The following table sets forth our consolidated capitalization on a historical basis as of March 31, 1999 and our unaudited consolidated capitalization as adjusted to reflect (1) the issuance of the notes, (2) the consummation of the Viosca Knoll transaction, (3) the repayment and cancellation of Viosca Knoll's credit facility, (4) the reduction of our revolving credit facility and (5) the payment of transaction costs. See "Use of Proceeds" beginning on page 26. You should read this table along with "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 30 and our consolidated financial statements and notes thereto listed on pages F-1 and F-2.

	AS OF MARCH 31, 1999	
	ACTUAL	AS ADJUSTED
	(IN THOUSANDS)	
Short-term debt:		
Revolving credit facility(1)	$355,000	$ --
Long-term debt:		
Revolving credit facility(1)	--	243,594
Senior subordinated notes due 2009	--	175,000
Total long-term debt	--	418,594
Minority interest	(1,118)	(439)
Partners' capital:		
Preference unitholders	7,134	7,130
Common unitholders	81,487	142,812
General partner	(17,697)	(17,114)
Total partners' capital	70,924	132,828
Total capitalization	$424,806	$550,983

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(1) Represents notes payable pursuant to our existing revolving credit facility prior to its amendment and restatement in May 1999. See "Use of Proceeds" beginning on page 26 and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" beginning on page 34 for additional information concerning the amendment of the revolving credit facility and the repayment of borrowings under the revolving credit facility with net proceeds from the offering of the Series A notes.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The historical financial information for each of the three years ended December 31, 1996, 1997 and 1998 and as of December 31, 1997 and 1998 was derived from our consolidated financial statements and notes thereto included elsewhere in this prospectus. The historical financial information for the years ended December 31, 1994 and 1995 and as of December 31, 1994, 1995 and 1996 has been derived from our historical consolidated financial statements (not included herein). The historical financial data for each of the three months ended March 31, 1998 and 1999 and as of March 31, 1999 was derived from our unaudited consolidated financial statements and notes thereto included elsewhere in this prospectus. The historical financial data as of March 31, 1998 has been derived from our unaudited historical consolidated financial statements (not included herein). We believe that all material adjustments, consisting only of normal recurring adjustments necessary for the fair presentation of our interim results, have been included. Results of operations for any interim period are not necessarily indicative of the results of operations for the entire year due to the seasonal nature of our business. You should read this information along with "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 30, "Business" beginning on page 41 and the consolidated financial statements and notes thereto listed on pages F-1 and F-2.

	YEAR ENDED DECEMBER 31,					THREE MONTHS ENDED MARCH 31,	
	1994	1995	1996	1997	1998	1998	1999
						(UNAUDITED)	
	(IN THOUSANDS, EXCEPT PER UNIT AMOUNTS AND RATIOS)						
STATEMENT OF OPERATIONS:							
Oil and natural gas sales	$ 796	$ 1,858	$ 47,068	$ 58,106	$ 31,411	$ 9,135	$ 6,805
Gathering, transportation and platform services	18,554	20,547	24,005	17,329	17,320	3,260	4,373
Equity in earnings	14,786	19,588	20,434	29,327	26,724	5,319	10,701
Total revenue	34,136	41,993	91,507	104,762	75,455	17,714	21,879
Operating expenses	1,876	4,092	9,068	11,352	11,369	2,837	2,594
Depreciation, depletion and amortization	5,085	8,290	31,731	46,289	29,267	7,867	6,719
Impairment, abandonment and other	--	--	--	21,222	(1,131)	--	--
General and administrative expenses and management fee	5,408	7,069	8,540	14,661	16,189	4,950	3,130
Total operating costs	12,369	19,451	49,339	93,524	55,694	15,654	12,443
Operating income	21,767	22,542	42,168	11,238	19,761	2,060	9,436
Interest income and other	1,293	1,884	1,710	1,475	771	84	103
Interest and other financing costs	(912)	(833)	(5,560)	(14,169)	(20,242)	(3,722)	(6,102)
Minority interest in (income) loss	(216)	(251)	(427)	7	(15)	13	(37)
Income (loss) before income taxes	21,932	23,342	37,891	(1,449)	275	(1,565)	3,400
Income tax benefit	136	603	801	311	471	141	99
Net income (loss)	$ 22,068	$ 23,945	$ 38,692	$ (1,138)	$ 746	$ (1,424)	$ 3,499
Basic and diluted income (loss) per unit	$ 1.02	$ 0.97	$ 1.57	$ (0.06)	$ 0.02	$ (0.05)	$ 0.12
Distributions declared per common unit	$ 1.20	$ 1.20	$ 1.45	$ 1.85	$ 2.10	$ 0.525	$ 0.525
Distributions declared per preference unit	$ 1.20	$ 1.20	$ 1.45	$ 1.85	$ 1.60	$ 0.525	$ 0.275

	YEAR ENDED DECEMBER 31,					THREE MONTHS ENDED MARCH 31,	
	1994	1995	1996	1997	1998	1998	1999
						(UNAUDITED)	
	(IN THOUSANDS, EXCEPT PER UNIT AMOUNTS AND RATIOS)						
OTHER FINANCIAL DATA:							
Capital expenditures.....	$ 98,398	$173,632	$101,721	$ 41,957	$ 66,111	$ 16,571	$ 6,857
Consolidated cash flow(1).....	$ 28,316	$ 36,523	$ 91,998	$ 77,846	$ 52,804	$ 11,043	$ 15,647
Fixed charges(2).....	$ 912	$ 6,102	$ 17,470	$ 15,890	$ 21,308	$ 4,175	$ 6,541
Fixed charge coverage ratio(3)...	31.0x	6.0x	5.3x	4.9x	2.5x	2.7x	2.4x
Ratio of earnings to fixed charges(4).....	25.3x	4.0x	2.5x	0.8x	1.0x	0.5x	1.5x
BALANCE SHEET DATA (AT END OF PERIOD):							
Total assets.....	$231,043	$398,696	$453,526	$409,842	$442,726	$410,800	$443,240
Total debt.....	$ 8,000	$135,780	$227,000	$238,000	$338,000	$251,000	$355,000
Total partners' capital.....	$192,431	$186,841	$192,023	$143,966	$ 82,896	$127,897	$ 70,924

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(1) For purposes of the above presentation, "consolidated cash flow" has been calculated in accordance with the Indenture. For the exact definition of this term, see "Description of Notes -- Certain Definitions" on page 111 of this prospectus. As defined, generally, "consolidated cash flow" means Leviathan's consolidated net income, plus (1) cash distributions to Leviathan and its restricted subsidiaries from persons other than its restricted subsidiaries, (2) extraordinary losses, (3) income tax expense, (4) interest and other financing costs, to the extent deducted and calculated in consolidated net income, (5) depreciation, depletion and amortization and (6) other non-cash charges, to the extent deducted and calculated in consolidated net income, less (7) extraordinary non-cash items that increase Leviathan's consolidated net income and (8) earnings attributable to persons other than its restricted subsidiaries. Consolidated cash flow should not be considered in isolation or as a substitute for net income, cash flow or other income or cash flow data prepared in accordance with generally accepted accounting principles or as a measure of our profitability or liquidity.

(2) "Fixed charges" consist of interest costs (whether expensed or capitalized), amortization of debt issue costs and certain pre-tax preferred stock dividend requirements of Leviathan and any restricted subsidiary.

(3) "Fixed charge coverage ratio" is calculated as "consolidated cash flow" divided by "fixed charges."

(4) For the purpose of this calculation, "earnings" represents income (loss) from continuing operations before income taxes and minority interest, plus fixed charges exclusive of interest capitalized. As a result of the loss incurred in 1997, we were unable to fully cover the indicated fixed charges by $3.2 million. During 1997, we recorded a non-recurring asset impairment of $21.2 million. If the impairment had not occurred, the ratio of earnings to fixed charges would have equalled 2.1x. During the year ended December 31, 1998, we incurred non-recurring expenses of $3.7 million primarily as a result of El Paso Energy's acquisition of our general partner in August 1998, which caused us to be unable to fully cover the indicated fixed charges by $776,000. If the non-recurring expenses had not occurred, the ratio of earnings to fixed charges would have equalled 1.1x.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with (1) our consolidated financial statements and the notes thereto beginning on page F-3 of this prospectus and (2) the information set forth under the heading "Selected Financial Data." The following discussion should assist your understanding of our financial position and results of operations for the three months ended March 31, 1999 and 1998 and for each of the years ended December 31, 1998, 1997 and 1996. Unless the context otherwise requires, all references below to "we," "us" or "our" are also references to our subsidiaries.

OVERVIEW

We are primarily engaged in the gathering, transportation and production of natural gas and crude oil in the Gulf. Through our subsidiaries and joint ventures, we own interests in eight existing natural gas pipeline systems, an oil pipeline system, six multi-purpose platforms, a dehydration facility, four producing oil and natural gas properties and one non-producing oil and natural gas property.

The natural gas pipelines, located primarily offshore Louisiana, Mississippi and eastern Texas, gather and transport natural gas for producers, marketers, pipelines and end-users for a fee. Our current interests in the natural gas pipelines consist of: 100% interest in each of Green Canyon and Tarpon; a 99.0% interest in Viosca Knoll; a 50.0% interest in Stingray; a 40.0% interest in HIOS; a 33.3% interest in UTOS; and an effective 25.7% interest in each of Manta Ray Offshore and Nautilus. The natural gas pipelines include 1,200 miles of pipeline with a throughput capacity of 6.8 Bcf of natural gas per day.

We own a 36.0% interest in the Poseidon oil pipeline. The Poseidon oil pipeline is located primarily offshore Louisiana and consists of approximately 300 miles of pipeline with a throughput capacity of 400.0 Mbbls of oil per day.

We operate and own interests in six strategically-located, multi-purpose platforms in the Gulf, including a 100% interest in five platforms -- Viosca Knoll Block 817, East Cameron Block 373, Ship Shoal Block 332, South Timbalier Block 292 and Ship Shoal Block 331 -- and a 50.0% interest in the Garden Banks 72 platform. These platforms have production handling capabilities which complement our pipeline operations and play a key role in the development of oil and natural gas reserves. We also own a 50.0% interest in West Cameron Dehy, a dehydration and production handling facility located at the northern terminus of the Stingray system, onshore Louisiana.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1999 COMPARED WITH THREE MONTHS ENDED MARCH 31, 1998

Oil and natural gas sales totaled $6.8 million for the three months ended March 31, 1999 as compared with $9.1 million for the same period in 1998. The decrease is attributable to (1) substantially lower realized oil and natural gas prices and (2) normal production declines from our oil and natural gas properties, partially offset by production from properties acquired in August 1998. During the three months ended March 31, 1999, we produced and sold 3,585 MMcf of natural gas and 99.2 Mbbls of oil at average prices of $1.60 per Mcf and $10.46 per barrel, respectively. During the same period in 1998, we produced and sold 2,789 MMcf of natural gas and 170.1 Mbbls of oil at average prices of $2.20 per Mcf and $17.26 per barrel, respectively.

Revenue from gathering, transportation and platform services totaled $4.4 million for the three months ended March 31, 1999 as compared with $3.3 million for the same period in 1998. The increase primarily reflects an increase of $2.1 million in platform services revenue from our East Cameron Block 373 platform which was placed in service in April 1998, offset by decreases of (1) $0.6 million in gathering revenue as a result of lower throughput on the Green Canyon and Tarpon systems and (2) $0.4 million in platform services revenue from our Viosca Knoll Block 817 platform as a result of lower third party platform access fees as a result of our acquisition of additional working interests in the Viosca Knoll Block 817 property in August 1998.

Revenue from our joint ventures totaled $10.7 million for the three months ended March 31, 1999 as compared with $5.3 million for the same period in 1998. The increase of $5.4 million primarily reflects increases of (1) $0.9 million related to Stingray as a result of changes in prior period estimates of reserves for uncollectible revenues and (2) $4.5 million from POPCO, Viosca Knoll, Nautilus and Manta Ray Offshore as a result of increased throughput. Total natural gas throughput volumes for our joint ventures increased approximately 6.9% from the three months ended March 31, 1998 to the same period in 1999 primarily as a result of increased throughput on the Viosca Knoll, Nautilus and Manta Ray Offshore systems. Oil volumes from Poseidon totaled 13.4 MMbbls and 6.7 MMbbls for the three months ended March 31, 1999 and 1998, respectively.

Depreciation, depletion and amortization totaled $6.7 million for the three months ended March 31, 1999 as compared with $7.9 million for the same period in 1998. The decrease of $1.2 million reflects a decrease of $1.5 million in depreciation and depletion of oil and natural gas wells and facilities located on the Viosca Knoll Block 817, Garden Banks Block 72 and the Garden Banks Block 117 as a result of decreased depletion and abandonment accrual rates offset by $0.3 million of depreciation on our East Cameron Block 373 and Ship Shoal Block 331 platforms placed in service after March 31, 1998.

General and administrative expenses, including the management fee allocated from our general partner, totaled $3.1 million for the three months ended March 31, 1999 as compared with $5.0 million for the same period in 1998. The decrease of $1.9 million reflects decreases of (1) $0.2 million in management fees allocated by our general partner to us and (2) $1.7 million in our direct general and administrative expenses in the 1998 period primarily related to the appreciation and vesting of unit rights granted to certain of our officers and employees under a compensation plan that was terminated in October 1998.

Interest and other financing costs, excluding capitalized interest, for the three months ended March 31, 1999 totaled $6.1 million as compared with $3.7 million for the same period in 1998. During the three months ended March 31, 1999 and 1998, we capitalized $0.4 million and $0.5 million, respectively, of interest costs in connection with construction projects and drilling activities in progress during such periods. During the three months ended March 31, 1999 and 1998, we had outstanding indebtedness averaging approximately $347.3 million and $244.5 million, respectively.

Net income for the three months ended March 31, 1999 totaled $3.5 million, or $0.12 per unit, as compared with a net loss of $1.4 million, or $0.05 per unit, for the three months ended March 31, 1998 as a result of the items discussed above.

YEAR ENDED DECEMBER 31, 1998 COMPARED WITH YEAR ENDED DECEMBER 31, 1997

Oil and natural gas sales totaled $31.4 million for the year ended December 31, 1998 as compared with $58.1 million for the same period in 1997. The decrease is attributable to (1) substantially lower realized oil and natural gas prices, (2) decreased production as a result of two tropical storms and Hurricane Georges passing through the Gulf during the third quarter of 1998, (3) normal production declines from our oil and natural gas properties and (4) the lack of acceptable markets downstream of the Viosca Knoll system. The production decline attributable to the capacity constraints of the downstream transporter was alleviated during the third quarter of 1998. During the year ended December 31, 1998, we produced and sold 11,324 MMcf of natural gas and 540.0 Mbbls barrels of oil at average prices of $2.01 per Mcf and $15.69 per barrel, respectively. During the same period in 1997, we produced and sold 19,792 MMcf of natural gas and 801.0 Mbbls barrels of oil at average prices of $2.08 per Mcf and $20.61 per barrel, respectively.

Revenue from gathering, transportation and platform services totaled $17.3 million for each of the years ended December 31, 1998 and 1997. The activity for 1998 remained consistent with the prior year as a result of an increase of $5.5 million in platform services revenue from our East Cameron Block 373 platform, which was placed in service in April 1998, offset by decreases of (1) $2.8 million related to the cessation of production in May 1997 from the only well connected to the Ewing Bank system, (2) $1.9 million as a result of lower throughput on the Green Canyon system and the contribution of a

significant portion of the Manta Ray system to Manta Ray Offshore on January 17, 1997, resulting in revenue from these assets being included in equity in earnings for the entire year ended December 31, 1998 as compared with a portion of the year ended December 31, 1997 and (3) $0.8 million in platform revenue services from our Viosca Knoll Block 817 platform as a result of lower oil and natural gas volumes processed on the platform due to capacity constraints of a downstream transporter which were alleviated during the third quarter of 1998. Throughput volumes for our wholly owned gathering systems decreased approximately 8.0% for the year ended December 31, 1998 as compared with the same period in 1997.

Revenue from our joint ventures totaled $26.7 million for the year ended December 31, 1998 as compared with $29.3 million for the same period in 1997. The decrease of $2.6 million primarily reflects decreases of (1) $6.7 million related to non-recurring start-up costs, changes in prior period estimates and a change in equity ownership of Nautilus and Manta Ray Offshore and (2) $2.5 million related to Stingray and HIOS as a result of increased maintenance costs and decreased throughput offset by an increase of $6.6 million from Poseidon, Viosca Knoll, UTOS and West Cameron Dehy as a result of increased throughput. Total natural gas throughput volumes for our joint ventures increased approximately 20.0% from the year ended December 31, 1997 to the same period in 1998 primarily as a result of increased throughput on the Viosca Knoll, UTOS, Nautilus and Manta Ray Offshore systems. Oil volumes from Poseidon totaled 35.6 MMbbls and 19.0 MMbbls for the year ended December 31, 1998 and 1997, respectively. Our joint ventures were impacted by two tropical storms and Hurricane Georges passing through the Gulf during the third quarter of 1998.

Operating expenses totaled $11.4 million for each of the years ended December 31, 1998 and 1997. The 1998 activity remained consistent with the prior year as a result of lower operating and transportation costs associated with our oil and natural gas properties offset by higher operating costs associated with the East Cameron Block 373 platform placed in service in April 1998, the acquisition of the Ship Shoal Block 331 platform in August 1998 and additional activities associated with the Ship Shoal Block 332 platform.

Depreciation, depletion and amortization totaled $29.3 million for the year ended December 31, 1998 as compared with $46.3 million for the same period in 1997. The decrease of $17.0 million reflects decreases of (1) $14.0 million in depreciation and depletion on oil and natural gas wells and facilities located on the Viosca Knoll Block 817, Garden Banks Block 72 and the Garden Banks Block 117 as a result of decreased production from these leases and slightly lower estimated abandonment obligations and (2) $3.0 million in depreciation on pipelines, platforms and facilities as a result of us fully depreciating our investment in the Ewing Bank and Ship Shoal systems in June 1997, offset by increased depreciation attributable to our East Cameron Block 373 and Ship Shoal Block 331 platforms placed in service in 1998.

Impairment, abandonment and other totaled ($1.1 million) for the year ended December 31, 1998 and represented the excess of accrued costs over actual costs incurred associated with the abandonment of our Ewing Bank flowlines. Impairment, abandonment and other totaled $21.2 million for the year ended December 31, 1997 and consisted of a non-recurring charge to reserve our investment in certain gathering facilities and other assets associated with Tatham Offshore's Ewing Bank 914 #2 well and Ship Shoal Block 331 property, to accrue our abandonment obligations associated with the gathering facilities serving these properties, to reserve our noncurrent receivable related to the prepayment of the demand charge obligations under certain agreements related to the Ewing Bank and Ship Shoal leases and to accrue certain abandonment obligations associated with its oil and natural gas properties.

General and administrative expenses, including the management fee allocated from our general partner, totaled $16.2 million for the year ended December 31, 1998 as compared with $14.7 million for the same period in 1997. The increase of $1.5 million reflects increases of (1) $1.0 million in management fees allocated by our general partner to us as a result of our increased construction and operational activities and (2) $0.5 million in our direct general and administrative expenses primarily related to the vesting and appreciation of unit rights to certain of our officers and employees.

Interest income and other totaled $0.8 million for the year ended December 31, 1998 as compared with $1.5 million for the same period in 1997.

Interest and other financing costs, excluding capitalized interest, for the year ended December 31, 1998 totaled $20.2 million as compared with $14.2 million for the same period in 1997. During the year ended December 31, 1998 and 1997, we capitalized $1.1 million and $1.7 million, respectively, of interest costs in connection with construction projects and drilling activities in progress during such periods. During the years ended December 31, 1998 and 1997, we had outstanding indebtedness averaging approximately $288.0 million and $232.5 million, respectively.

Net income for the year ended December 31, 1998 totaled $0.7 million, or $0.02 per unit, as compared with a net loss of $1.1 million, or $0.06 per unit, for the year ended December 31, 1997 as a result of the items discussed above.

YEAR ENDED DECEMBER 31, 1997 COMPARED WITH YEAR ENDED DECEMBER 31, 1996

Oil and natural gas sales totaled $58.1 million for the year ended December 31, 1997 as compared with $47.1 million for the year ended December 31, 1996. The increase of $11.0 million is attributable to increased production from our oil and natural gas properties as a result of initiating full production from Viosca Knoll Block 817 in March 1996, Garden Banks Block 72 in May 1996 and Garden Banks Block 117 in July 1996. During the year ended December 31, 1997, we produced and sold 19,792 MMcf of natural gas and 801.0 Mbbls of oil at average prices of $2.08 per Mcf and $20.61 per barrel, respectively. During 1996, we produced and sold 15,730 MMcf of natural gas and 393.0 Mbbls of oil at average prices of $2.37 per Mcf and $21.76 per barrel, respectively.

Revenue from gathering, transportation and platform services totaled $17.3 million for the year ended December 31, 1997 as compared with $24.0 million for the year ended December 31, 1996. The decrease of $6.7 million reflects decreases of (1) $7.6 million as a result of the contribution of a significant portion of the Manta Ray system to Manta Ray Offshore in January 1997 resulting in revenue from these assets being included in equity in earnings for the remainder of the year ended December 31, 1997 and (2) $3.0 million related to lower throughput on the Ewing Bank system offset by increases of (1) $1.8 million in platform services from our Viosca Knoll Block 817 platform as a result of additional oil and natural gas volumes processed on the platform and (2) $2.1 million from the Tarpon and Green Canyon systems primarily related to (x) the deregulation of the Tarpon system allowing us to recognize additional revenue during the current period related to the gathering fees collected in prior periods and (y) new production attached to these systems. Throughput volumes for our wholly owned gathering systems decreased 34.0% for the year ended December 31, 1997 as compared with the year ended December 31, 1996 primarily due to an 82.0% decline from the Ewing Bank system due to a downhole mechanical problem in May 1997 which caused Tatham Offshore's Ewing Bank 914 #2 well to be shut-in.

Revenue from our joint ventures totaled $29.3 million for the year ended December 31, 1997 as compared with $20.4 million for the year ended December 31, 1996. The increase of $8.9 million primarily reflects increases of (1) $2.9 million from Viosca Knoll and UTOS as a result of increased throughput, (2) $1.6 million from Poseidon, which placed the Poseidon system in service in three-phases, April 1996, December 1996 and December 1997, (3) $0.4 million from West Cameron Dehy, (4) $3.7 million from Manta Ray Offshore related to the Manta Ray assets contributed by Leviathan and (5) $2.2 million from Nautilus, primarily as a result of Nautilus recognizing as other income an allowance for funds used during construction, offset by (6) a $1.9 million decrease in Stingray and HIOS as a result of increased maintenance costs during 1997. Total natural gas throughput volumes for our joint ventures increased approximately 9.0% from 1996 to 1997 primarily as a result of increased throughput on the Viosca Knoll and UTOS systems as well as the addition of the Manta Ray Offshore system throughput as a joint venture, as discussed above. Oil volumes from Poseidon totaled 19.0 MMbbls for the year ended December 31, 1997 as compared with 7.5 MMbbls for the period from inception of operations in April 1996 through December 31, 1996.

Operating expenses for the year ended December 31, 1997 totaled $11.4 million as compared with $9.1 million for the year ended December 31, 1996. The increase of $2.3 million is primarily attributable to additional maintenance costs related to the platforms we operate and our operation of one additional oil and natural gas well during 1997.

Depreciation, depletion and amortization totaled $46.3 million for the year ended December 31, 1997 as compared with $31.7 million for the year ended December 31, 1996. The increase of $14.6 million reflects an increase of $19.7 million in depreciation and depletion on the oil and natural gas wells and facilities located on Viosca Knoll Block 817, Garden Banks Block 72 and Garden Banks Block 117 as a result of increased production from these leases which initiated production in December 1995, May 1996 and July 1996, respectively, offset by a decrease of $5.1 million in depreciation on pipelines, platforms and facilities.

Impairment, abandonment and other totaled $21.2 million for the year ended December 31, 1997 and consisted of a non-recurring charge to reserve our investment in certain gathering facilities and other assets associated with Tatham Offshore's Ewing Bank 914 #2 well and Ship Shoal Block 331 property, to accrue our abandonment obligations associated with the gathering facilities serving these properties, to reserve our noncurrent receivable related to the prepayment of the demand charge obligations under certain agreements related to the Ewing Bank and Ship Shoal leases and to accrue certain abandonment obligations associated with its oil and natural gas properties.

General and administrative expenses, including the management fee allocated from our general partner, totaled $14.7 million for the year ended December 31, 1997 as compared with $8.5 million for the year ended December 31, 1996. General and administrative expenses for the year ended December 31, 1996 were reduced by a one-time $1.4 million reimbursement from Poseidon as a result of our management of the initial construction of Poseidon. Excluding this one-time reimbursement by Poseidon, general and administrative expenses for the year ended December 31, 1997 increased $4.7 million as compared to the year ended December 31, 1996. This increase reflects (1) a $1.5 million increase in management fees allocated by our general partner to us as a result of our increased construction and operational activities, (2) a $3.6 million increase in our direct general and administrative expenses primarily related to the appreciation and vesting of unit appreciation rights granted to certain officers and employees in 1995, 1996 and 1997 and (3) a $0.4 million decrease in the reimbursement to El Paso Energy for certain tax liabilities pursuant to the management agreement with us.

Interest income and other totaled $1.5 million for the year ended December 31, 1997 as compared with $1.7 million for the year ended December 31, 1996.

Interest and other financing costs, excluding capitalized interest, for the year ended December 31, 1997 totaled $14.2 million as compared with $5.6 million for the year ended December 31, 1996. During the years ended December 31, 1997 and 1996, we capitalized $1.7 million and $11.9 million, respectively, of interest costs in connection with construction projects and drilling activities in progress during such periods. During the years ended December 31, 1997 and 1996, we had outstanding indebtedness averaging approximately $232.5 million and $181.4 million, respectively.

Net loss for the year ended December 31, 1997 totaled $1.1 million, or $0.06 per unit, as compared with net income of $38.7 million, or $1.57 per unit, for the year ended December 31, 1996 as a result of the items discussed above.

LIQUIDITY AND CAPITAL RESOURCES

SOURCES OF CASH. We intend to satisfy our capital requirements and other working capital needs primarily from cash on hand, cash from operations and borrowings under our revolving credit facility (discussed below). However, depending on market and other factors, we may issue additional equity to raise cash or acquire assets, as in the acquisition of the additional interest in Viosca Knoll. Net cash provided by operating activities for the year ended December 31, 1998 and for the three months ended March 31, 1999 totaled $25.7 million and $10.0 million, respectively. In addition to funds available under our credit facility or from the issuance of equity, we may use debt securities to raise cash to fund our working capital requirements, including the cash portion of the Viosca Knoll transaction and to repay borrowings under Viosca Knoll's credit facility. At March 31, 1999, we had cash and cash equivalents of $6.4 million.

Cash from operations is derived from (1) payments for gathering natural gas through our 100% owned pipelines, (2) platform access and production handling fees, (3) cash distributions from our joint ventures and (4) the sale of oil and natural gas attributable to our interest in our producing properties. Oil and natural gas properties are depleting assets and will produce reduced volumes of oil and natural gas in the future unless additional wells are drilled or recompletions of existing wells are successful. See "Business -- Natural Gas and Oil Properties" beginning on page 46 for current rates from our properties.

Our cash flows from operations will be affected by the ability of each of our joint ventures to make distributions. Distributions from such entities are also subject to the discretion of their respective management committees. Further, each of Stingray, Poseidon, Western Gulf and Viosca Knoll is party to a credit agreement under which it has outstanding obligations that may restrict the payments of distributions to its owners. We received distributions from our joint ventures during the year ended December 31, 1998 and for the three months ended March 31, 1999 totaling $31.2 million and $10.1 million, respectively.

We currently have a revolving credit facility providing for up to $375.0 million of available credit, subject to customary terms and conditions, including certain limitations on incurring additional indebtedness (including borrowings under this facility) if certain financial targets are not achieved and maintained. In addition, we will be required to prepay a portion of the balance outstanding under our credit facility to the extent such financial targets are not achieved and maintained. We may borrow money under the credit agreement for general partnership purposes, including financing capital expenditures, working capital requirements, and, subject to certain limitations, distributions to our unitholders. We may also utilize this credit facility to issue letters of credit as may be required from time to time; however, no letters of credit are currently outstanding. Concurrently with the closing of the offering of the Series A notes, we amended our facility to, among other things, extend the maturity to May 2002 from December 1999. Our revolving credit facility is guaranteed by the general partner and each of our subsidiaries and is collateralized by (1) the management agreement between the general partner and a subsidiary of El Paso Energy, (2) substantially all of our assets and (3) the general partner's 1.0% general partner interest in us and approximate 1.0% nonmanaging interest in certain of our subsidiaries. Our revolving credit facility has no scheduled amortization prior to maturity. As of June 1, 1999, we had $250.0 million outstanding under our revolving credit facility bearing interest at an average floating rate of 7.5% per annum and approximately $77.9 million of funds are available under the facility. We used all otherwise unapplied proceeds from the offering of the Series A notes (approximately $112.3 million) to temporarily reduce the balance outstanding under our credit facility.

Poseidon has a revolving credit facility with a syndicate of commercial banks to provide up to $150.0 million for other working capital needs of Poseidon. Poseidon's ability to borrow money under the facility is subject to certain customary terms and conditions, including certain limitations on incurring additional indebtedness (including borrowings under this credit facility) if certain financial targets are not achieved and maintained. In addition, Poseidon will be required to prepay a portion of the balance outstanding under this credit facility to the extent such financial targets are not achieved and maintained. The Poseidon credit facility has no scheduled amortization prior to maturity. The Poseidon credit facility is collateralized by a substantial portion of Poseidon's assets and matures on April 30, 2001. As of June 1, 1999, Poseidon had $135.5 million outstanding under its credit facility bearing interest at an average floating rate of 6.2% per annum and had approximately $14.5 million of additional funds available under the facility.

Stingray has an existing term loan agreement with a syndicate of commercial banks which matures on March 31, 2003. The agreement requires Stingray to make 18 quarterly principal payments of approximately $1.6 million commencing December 31, 1998. The term loan agreement is principally collateralized by current and future natural gas transportation contracts between Stingray and its customers. On the earlier to occur of March 31, 2003 or the accelerated due date pursuant to the Stingray credit agreement, if Stingray has not paid all amounts due under its credit agreement, we are obligated to pay the lesser of (1) $8.5 million, (2) the aggregate amount of distributions received by us from Stingray subsequent to January 1, 1998 or (3) 50.0% of any then outstanding amounts due pursuant to the Stingray credit agreement. We do not expect to have to pay any amount pursuant to this obligation. As of June 1,

1999, Stingray had $25.3 million outstanding under its term loan agreement bearing interest at an average floating rate of 6.3% per annum.

Western Gulf, which owns all of HIOS and East Breaks, entered into a revolving credit facility with a syndicate of commercial banks in February 1999 to provide up to $100.0 million for the construction of the East Breaks system and for other working capital needs of Western Gulf, East Breaks and HIOS. Western Gulf's ability to borrow money under the facility is subject to certain customary terms and conditions, including certain limitations on incurring additional indebtedness (including borrowings under this credit facility) if certain financial targets are not achieved and maintained. In addition, Western Gulf would be required to prepay a portion of the balance outstanding under this credit facility to the extent such financial targets are not achieved and maintained. The credit facility has no scheduled amortization prior to its maturity in February 2004. The Western Gulf credit facility is collateralized by substantially all of the material contracts and agreements of East Breaks and Western Gulf, including Western Gulf's ownership in HIOS and East Breaks, and supported by the guarantee of East Breaks. In addition, we have agreed to return up to $2.0 million in distributions paid to us by Western Gulf under certain circumstances. As of June 1, 1999, Western Gulf had $47.1 million outstanding under this credit facility bearing interest at a floating rate of 6.4% per annum and had approximately $52.9 million of additional funds available under this facility. See "Business -- Recent Developments, Acquisitions and New Projects -- Joint Venture Restructuring and East Breaks Pipeline Construction" beginning on page 45.

Prior to the closing of the offering of the Series A notes, Viosca Knoll had a revolving credit facility with a syndicate of commercial banks to provide up to $100.0 million for other working capital needs of Viosca Knoll, which we repaid in full and terminated on June 1, 1999 in connection with our acquisition of an additional 49.0% in Viosca Knoll from El Paso Energy.

USES OF CASH. Our primary capital requirements are (1) quarterly distributions to holders of preference units and common units and to the general partner, including incentive distributions, as applicable, (2) expenditures for the maintenance of our pipelines and related infrastructure and the acquisition and construction of additional energy-related infrastructure, (3) expenditures related to our producing oil and natural gas properties, (4) expenditures relating to the development of our non-producing property, the Ewing Bank 958 Unit, (5) administrative expenses (including management fees) and other operating expenses, (6) contributions to our joint ventures as required to fund capital expenditures for new facilities and (7) debt service on our outstanding indebtedness, including temporarily reducing the balance outstanding under our revolving credit facility with approximately $112.3 million of proceeds from the offering of the Series A notes.

On April 20, 1999, we declared our first quarter cash distribution of $0.275 per preference unit and $0.525 per common unit. The distributions were paid on May 14, 1999 to all holders of record of common and preference units at the close of business on April 30, 1999. The quarterly distributions cover the period from January 1, 1999 through March 31, 1999. In January 1999, we declared a cash distribution of $0.275 per preference unit and $0.525 per common unit for the period from October 1, 1998 through December 31, 1998 which was paid on February 12, 1999 to all holders of record of preference units and common units as of January 29, 1999. We believe that we will be able to continue to pay at least the current quarterly distributions of $0.275 per preference unit and $0.525 per common unit for the foreseeable future. At these distribution rates, the quarterly distributions total $15.6 million ($17.4 million assuming the issuance of at least 2,647,826 common units upon the consummation of the Viosca Knoll transaction) in respect of the preference units, common units and general partner interest. Distributions of our available cash are effectively made 98.0% to unitholders and 2.0% to the general partner, subject to the payment of incentive distributions. During the year ended December 31, 1998 and the three months ended March 31, 1999, we paid the general partner incentive distributions totaling $11.1 million and $2.8 million, respectively. In May 1999, we paid an incentive distribution of $2.8 million to the general partner.

In April 1998, we completed the construction and installation of a new platform and production handling facilities at East Cameron Block 373 at a cost of $30.2 million, $9.4 million of which was

incurred in 1998. See "Business -- Offshore Platforms and Other Facility -- East Cameron Block 373" beginning on page 51.

During 1998, we paid $2.9 million related to the abandonment of the Ewing Bank flowlines and $8.6 million to our management in connection with the accelerated vesting of the unit rights discussed in "Management -- Executive Compensation -- Unit Rights Appreciation Plan" beginning on page 69.

Substantially all of the capital expenditures by Poseidon, East Breaks, Viosca Knoll and Stingray were funded by borrowings under credit facilities, and any future capital expenditures by East Breaks, Poseidon, HIOS, Viosca Knoll and Stingray are anticipated to be funded by borrowings under credit facilities. As previously discussed, we repaid in full and terminated Viosca Knoll's credit facility upon the closing of the Viosca Knoll transaction. Our cash capital expenditures (including construction and installation of the Allegheny oil pipeline and development costs of the Ewing Bank 958 Unit) and equity investments for the year ended December 31, 1998 and for the three months ended March 31, 1999 were $66.1 million and $6.5 million, respectively. We have in the past contributed existing assets to joint ventures as partial consideration for ownership interest therein and may in the future contribute existing assets, including cash, to new joint ventures as partial consideration for ownership interest.

Interest costs related to our credit facility totaled $19.2 million and $6.5 million, respectively, for the year ended December 31, 1998 and for the three months ended March 31, 1999. We capitalized $1.1 million and $0.4 million, respectively, of such interest costs in connection with construction projects and drilling activities in process during such periods.

We anticipate that our capital expenditures and equity investments for 1999 will relate to continuing acquisition, construction and development activities, including consummating the transactions described in this prospectus and development of the Ewing Bank 958 Unit. We anticipate funding such cash requirements primarily with available cash flow, borrowings under our credit facility and, depending on the capital requirements and related market conditions, issuing additional debt and/or equity.

NEW ACCOUNTING STANDARDS

REPORTING ON THE COSTS OF START-UP ACTIVITIES. In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities." This statement defines start-up activities, requires start-up and organization costs to be expensed as incurred and requires that any such costs that exist on the balance sheet be expensed upon adoption of this pronouncement. We adopted the provisions of this statement on January 1, 1999, the impact of which was not material to our financial position or results of operations.

ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 requires that entities recognize all derivative investments as either assets or liabilities on the balance sheet and measure those instruments at fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as a hedge transaction. For fair-value hedge transactions in which we are hedging changes in an asset's, liability's or firm commitment's fair value, changes in the fair value of the derivative instrument will generally be offset in the income statement by changes in the hedged item's fair value. For cash-flow hedge transactions, in which we are hedging the variability of cash flows related to a variable-rate asset, liability, or a forecasted transaction, changes in the fair value of the derivative instrument will be reported in other comprehensive income. The gains and losses on the derivative instrument that are reported in other comprehensive income will be reclassified as earnings in the periods in which earnings are impacted by the variability of the cash flows of the hedged item. The ineffective portion of all hedges will be recognized in current-period earnings. This statement was amended to be effective for fiscal years beginning after June 15, 2000. We have not yet determined the impact that the adoption of SFAS No. 133 will have on our financial position or results of operations.

ACCOUNTING FOR CONTRACTS INVOLVED IN ENERGY TRADING AND RISK MANAGEMENT ACTIVITIES. In November 1998, the Emerging Issues Task Force ("EITF") reached a consensus on EITF 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities." EITF 98-10 requires energy trading contracts to be recorded at fair value on the balance sheet, with the changes in fair value included in earnings and is effective for fiscal years beginning after December 15, 1998. We adopted the provisions of EITF 98-10 effective January 1, 1999, the resulting impact of which did not have a material impact on our financial position or results of operations.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We may utilize derivative financial instruments for purposes other than trading to manage our exposure to movements in interest rates and commodity prices. In accordance with procedures established by our Board of Directors, we monitor current economic conditions and evaluate our expectations of future prices and interest rates when making decisions with respect to risk management.

INTEREST RATE RISK. We are exposed to some market risk due to the floating interest rate under our credit facility. Under our credit facility and the notes, the remaining principal and the final interest payments are due in March 2002 and June 2009, respectively. As of June 1, 1999, indebtedness outstanding under our credit facility and the Series A notes was $250.0 million and $175.0 million, respectively, at an average interest rate of 7.5% per annum and 10.375% per annum, respectively. A 1 1/2% increase in interest rates could result in a $6.4 million annual increase in interest expense on the total existing principal balance. We are exposed to similar risk under the credit facilities and loan agreements entered into by our joint ventures. See "-- Liquidity and Capital Resources." We have determined that it is not necessary to participate in interest rate-related derivative financial instruments because we currently do not expect significant short-term increases in the interest rates charged under our credit facility or the various joint venture credit facilities and loan agreements.

COMMODITY PRICE RISK. We hedge a portion of our oil and natural gas production to reduce our exposure to fluctuations in the market prices thereof. We use commodity price swap transactions whereby monthly settlements are based on differences between the prices specified in the commodity price swap agreements and the settlement prices of certain futures contracts quoted on the New York Mercantile Exchange ("NYMEX") or certain other indices. We settle the commodity price swap transactions by paying the negative difference or receiving the positive difference between the applicable settlement price and the price specified in the contract. The commodity price swap transactions we use differ from futures contracts in that there are no contractual obligations which require or allow for the future delivery of the product. The credit risk from our price swap contracts is derived from the counter-party to the transaction, typically a major financial institution. We do not require collateral and do not anticipate non-performance by this counter-party, which does not transact a sufficient volume of transactions with us to create a significant concentration of credit risk. Gains or losses resulting from hedging activities and the termination of any hedging instruments are initially deferred and included as an increase or decrease to oil and natural gas sales in the period in which the hedged production is sold. For the three months ended March 31, 1999, we recorded a net loss of $0.4 million related to hedging activities.

As of March 31, 1999, we had open sales swap transactions for 10,000 MMbtu of natural gas per day for calendar 2000 at a fixed price to be determined at our option equal to the February 2000 Natural Gas Futures Contract on NYMEX as quoted at any time during 1999 and January 2000, to and including the last two trading days of the February 2000 contract, minus $0.5450 per MMbtu.

Additionally, we had open sales swap transactions of 10,000 MMbtu of natural gas per day at a fixed price to be determined at our option equal to the January 2000 Natural Gas Futures Contract on NYMEX as quoted at any time during 1999, to and including the last two trading days of the January 2000 contract, minus $0.50 per MMbtu.

If we had settled our open natural gas hedging positions as of March 31, 1999 based on the applicable settlement prices of the NYMEX futures contracts, we would have recognized a loss of approximately $2.6 million.

YEAR 2000

The Year 2000 issue is the result of computer programs that were written using two digits rather than four to define the year. We have established a project team that works with the El Paso Energy executive steering committee to coordinate the phases of our Year 2000 project to ensure that our key automated systems and related processes will remain functional through Year 2000. Those phases include: (1) awareness, (2) assessment, (3) remediation, (4) testing, (5) implementation of the necessary modifications and (6) contingency planning (which was previously included as a component of our implementation phase). We have hired outside consultants and are involved in several industry trade-groups to supplement our project team.

The awareness phase recognizes the importance of Year 2000 issues and its potential impact on us. Through the project team, we have established an awareness program which includes participation of management in each business area. The awareness phase is substantially completed, although we will continually update awareness efforts for the duration of the Year 2000 project.

The assessment phase consists of conducting an inventory of our key automated systems and related processes, analyzing and assigning levels of criticality to those systems and processes, identifying and prioritizing resource requirements, developing validation strategies and testing plans, and evaluating business partner relationships. We estimate that we are more than three-quarters complete with the portion of the assessment phase to determine the nature and impact of the Year 2000 date change for hardware and equipment, embedded chip systems, and third-party developed software. The assessment phase of the project involves, among other things, efforts to obtain representations and assurances from third parties, including joint ventures, partners, customers and vendors, that their hardware and equipment products, embedded chip systems and software products being used by or impacting us are or will be modified to be Year 2000 compliant. To date, the responses from such third parties, although generally encouraging, are inconclusive. Although we intend to interact only with those third parties that have Year 2000 compliant computer systems, it is impossible for us to monitor all such systems. As a result, we cannot predict the potential consequences if our joint ventures, partners, customers or vendors are not Year 2000 compliant. We are currently evaluating the exposure associated with such business partner relationships.

The remediation phase involves converting, modifying, replacing or eliminating selected key automated systems identified in the assessment phase. The testing phase involves the validation of the identified key automated systems. We are utilizing test tools and written procedures to document and validate, as necessary, its unit, system, integration and acceptance testing. We estimate that approximately three-quarters of the work for these phases remain, and expect each phase to be substantially completed by mid-1999.

The implementation phase involves placing the converted or replaced key automated systems into operations. In some cases, the implementation phase will also involve the implementation of contingency plans needed to support business functions and processes that may be interrupted by Year 2000 failures that are outside our control. We are more than half way completed with this phase and expect to be substantially completed by mid-1999.

The contingency planning phase consists of developing a risk profile of our critical business processes and then providing for actions we will pursue to keep such processes operational in the event of Year 2000 disruptions. The focus of such contingency planning is on prompt response to Year 2000 events, and a plan for subsequent resumption of normal operations. The plan is expected to assess the risk of significant failure to critical processes performed by us, and to address the mitigation of those risks. The plan will also consider any significant failures in the event the most reasonably likely worst case scenario develops, as discussed below. In addition, the plan is expected to factor in the severity and duration of the impact of a significant failure. We anticipate that we will complete the drafting of our contingency plan by mid-1999. This Year 2000 contingency plan will continue to be modified and adjusted through the year as additional information from key external business partners becomes available.

Our goal is to ensure that all of our critical systems and processes that are under our direct control remain functional. However, certain systems and processes may be interrelated with or dependent upon systems outside our control and systems within our control may have unpredicted problems. Accordingly, there can be no assurance that significant disruptions will be avoided. Our present analysis of our most reasonably likely worst case scenario for Year 2000 disruptions includes Year 2000 failures in the telecommunications and electricity industries, as well as interruptions from suppliers that might cause disruptions in our operations, thus causing temporary financial losses and an inability to meet our obligations to customers. A significant portion of the oil and natural gas transported through our pipelines is owned by third parties. Accordingly, failures of the producers of oil and natural gas to be ready for the Year 2000 could significantly disrupt the flow of the hydrocarbons for customers. In many cases, the producers have no direct contractual relationship with us, and we rely on our customers to verify the Year 2000 readiness of the producers from whom they purchase oil and natural gas. A portion of our revenue for the transportation of oil and natural gas is based upon fees paid by our customers for the reservation of capacity and a portion of the revenue is based upon the volume of actual throughput. As such, short-term disruptions in throughput caused by factors beyond our control may have a financial impact on us and could cause operational problems for our customers. Longer-term disruptions could materially impact our operations, financial condition and cash flows.

While the total cost of our Year 2000 project is still being evaluated, we estimate that the costs to be incurred in 1999 and 2000 associated with assessing, remediating and testing hardware and equipment, embedded chip systems, and third-party developed software will not exceed $1.0 million, all of which will be expensed. As of March 31, 1999, we had incurred less than $0.1 million related to such costs. We have previously only tracked incremental expenses related to our Year 2000 project. The costs of the Year 2000 project related to salaried employees of El Paso Energy, including their direct salaries and benefits, are not available and have not been included in the estimated costs of the project. The management fee charged to us by the general partner includes such incremental expenses. Since the earlier phases of the Year 2000 project mostly involved the work performed by such salaried employees, the costs expended to date do not reflect the percentage completion of the project. We anticipate that we will expend most of the costs reported above in the remediation, implementation and contingency planning phases of the project.

Presently, we intend to reassess our estimate of Year 2000 costs in the event we complete an acquisition of, or make a material investment in, substantial facilities or another business entity.

Management does not expect the costs of our Year 2000 project will have a material adverse effect on our financial position, results of operations or cash flows. However, based on information available at this time, we cannot conclude that disruption caused by internal or external Year 2000 related failures will not adversely effect us. Specific factors which may affect the success of our Year 2000 efforts and the frequency or severity of Year 2000 disruption or amount of any expense include failure by us or our outside consultants to properly identify deficient systems, the failure of the selected remedial action to adequately address the deficiencies, the failure by us or our outside consultants to complete the remediation in a timely manner (due to shortages of qualified labor or other factors), the failure of other parties to joint ventures in which we are involved to meet their obligations, both financial and operational under the relevant joint venture agreements to remediate assets used by the joint venture, unforeseen expenses related to the remediation of existing systems or the transition to replacement systems, and the failure of third parties, including joint ventures, to become Year 2000 compliant or to adequately notify us of potential noncompliance.

The above disclosure is a "Year 2000 Readiness Disclosure" made with the intention to comply fully with the Year 2000 Information and Readiness Disclosure Act of 1998, Pub. L. No. 105-271, 112 Stat, 2386, signed into law October 19, 1998. All statements made herein shall be construed within the confines of the Act. To the extent that any reader of this Year 2000 Readiness Disclosure is other than an investor or potential investor in our or an affiliate's equity or debt securities, this disclosure is made for the sole purpose of communicating or disclosing information aimed at correcting, helping to correct and/or avoiding Year 2000 failures.

BUSINESS

OVERVIEW

We are a provider of integrated energy services, including natural gas and oil gathering, transportation, midstream and other related services in the Gulf. We commenced operations in 1989, through a predecessor company, with the objective of becoming a major natural gas gatherer and transporter in the Gulf, with specific focus on the emerging Deepwater, and identifying and exploiting other energy-related opportunities. When we completed our initial public offering in 1993, we owned interests in seven pipeline systems, which extended approximately 721 miles and had a design capacity of 5.0 Bcf of natural gas per day. Either directly or through joint ventures, we now own interests in nine pipeline systems, which extend approximately 1,500 miles and have a design capacity of 6.8 Bcf of natural gas and 400.0 Mbbls of oil per day. We also own multi-purpose platforms; production handling, dehydration and other energy-related infrastructure facilities; as well as oil and natural gas properties.

Our general partner is a wholly owned indirect subsidiary of El Paso Energy. El Paso Energy is a diversified energy holding company engaged, through its subsidiaries, in the interstate and intrastate transportation, gathering and processing of natural gas; the marketing of natural gas, power and other energy-related commodities; power generation; and the development and operation of energy infrastructure facilities worldwide. In 1998, El Paso Energy paid approximately $422.0 million to acquire an effective 27.3% interest in us, including all of the general partner interests. In addition, at the closing of the offering of the Series A notes, El Paso Energy contributed to us a 49.0% interest in Viosca Knoll in exchange for $19.9 million in cash and $59.8 million in common units. The Viosca Knoll transaction increased El Paso Energy's effective ownership interest in us to 34.5% and is consistent with El Paso Energy's strategy to use us as its primary growth vehicle for future offshore gathering and transportation activities in the Gulf, when practical.

We have substantial assets in the Gulf, offshore Louisiana, Mississippi and Texas which we believe are well-situated to maintain a stable base level of operations and to provide growth opportunities by successfully competing for new production in our areas of service, especially those assets in the Deepwater (water depths greater than 1,500 feet), Flextrend (water depths of 600 to 1,500 feet) and subsalt regions. Either directly or through joint ventures, we own interests in:

- eight existing and one planned natural gas pipeline systems;
- an oil pipeline system;
- six strategically-located, multi-purpose platforms;
- production handling and dehydration facilities;
- four producing oil and natural gas properties; and
- one non-producing oil and natural gas property.

In the past six years, our operations have grown through the acquisition and construction of energy-related infrastructure, including:

- acquiring all of the Manta Ray system and constructing and acquiring a 50.0% interest in the Viosca Knoll system in 1994;
- constructing two multi-purpose platforms located at Viosca Knoll Block 817 and Garden Banks Block 72 in 1995 and early 1996, respectively;
- forming Flextrend Development Company, L.L.C. to acquire, develop and produce oil and natural gas reserves located in the Gulf in 1995;
- completing construction of the Poseidon system, a sour crude oil pipeline system in which we own a 36.0% working interest, in 1996;

- acquiring an effective 25.7% interest in each of Nautilus and Manta Ray Offshore, to which we contributed substantially all of the Manta Ray system (originally acquired and constructed during a period from 1992 to 1994), in 1997;

- constructing a multi-purpose platform located in East Cameron Block 373 and acquiring a 100% working interest in the Ewing Bank 958 Unit in 1998; and

- acquiring an additional 49.0% interest in the Viosca Knoll system in June 1999.

In addition to our wholly owned assets and operations, we conduct a large portion of our business through joint ventures/strategic alliances, which we believe are ideally suited for Deepwater operations. We use joint ventures to reduce our capital requirements and risk exposure to individual projects, as well as to develop strategic relationships, realize synergies resulting from combining resources, and benefit from the assets, experience and resources of our partners. Generally, our partners are integrated or very large independent energy companies with substantial interests, operations and assets in the Gulf, including Coastal/ANR, KN Energy/NGPL, Marathon, Shell and Texaco.

Through our strategically-located network of wholly owned and joint venture pipelines and other facilities and businesses, we believe we provide customers with an efficient and cost effective midstream alternative. Today, we offer some customers a unique single point of contact through which they may access a wide range of integrated or independent midstream services, including gathering, transportation, production handling, dehydration and other services. We also provide producers operating in certain Deepwater and Flextrend areas with relatively low-cost access to numerous onshore long-haul pipelines and, accordingly, multiple end-use markets. Additionally, our specialized Deepwater experience and expertise allows us to provide economic operational solutions to producers' other offshore needs.

INDUSTRY OVERVIEW

We believe that development and exploration activity in the Gulf will continue and that the Gulf will continue to be one of the most prolific producing regions in the U.S. Today, the Gulf accounts for approximately 20.3% and 25.6% of total U.S. production of oil and natural gas, respectively. Oil production from the Gulf is expected to increase from 1.3 MMbbls/d in 1998 to 1.8 MMbbls/d in 2003, according to the Potential Gas Committee, which is comprised of academic institutions, government agencies and industry participants. That committee also expects production of natural gas to increase from 14.0 Bcf/d in 1998 to 16.6 Bcf/d in 2003. The principal source of this production growth is expected to be the Flextrend and Deepwater. Recent developments in oil and natural gas exploration and production techniques, such as 3-D seismic analysis, horizontal drilling, remote subsea completions via satellite templates and sea floor wellheads, and non-stationary surface production facilities, have substantially reduced finding, development and production costs allowing operators to move into the Deepwater regions of the Gulf. For instance, the number of blocks under lease in the Gulf in water depths greater than 600 feet has increased from approximately 3,100 in February 1998 to approximately 4,200 in February 1999. By year-end 2003, production from deeper water fields is projected to account for 54.6% and 24.0% of the Gulf's oil and natural gas production, respectively, up from 35.6% and 13.4% in 1998, respectively, according to the Potential Gas Committee.

We have pipelines, platforms and other infrastructure facilities strategically positioned throughout a large portion of the Flextrend area of the Gulf, offshore Louisiana and Mississippi and extending out to and, in some areas, into the Deepwater. Because of their location in relation to the way in which oil and natural gas development has occurred in the Gulf, we expect these assets to contribute significantly to the development of natural gas and oil in surrounding areas of the Flextrend and Deepwater. Historically, development of nascent Gulf regions has started with large pipelines positioned in a north/south direction connecting new, significant discoveries to existing shoreward infrastructure. Then, additional infrastructure has expanded laterally in an east/west direction to access reserves between the north/south pipelines. As this pipeline infrastructure became more accessible to more producing regions, the incremental cost of placing reserves on production declined, which facilitated the development of projects that could not

support the installation of pipelines on a stand-alone basis. This process of lateral expansion has been continually repeated as advances in exploration and development technology have allowed producers to economically explore for oil and natural gas in progressively deeper water areas. We believe that the exploration and development of the deeper water areas will accelerate in the future and, as a result, will continue to provide attractive opportunities for companies strategically positioned to access production in those areas.

In part because of the technological advancements and the expanded pipeline infrastructure, the Gulf Coast was the only part of the United States to see an increase in potential natural gas supplies in the last two years, while total U.S. natural gas supplies have declined over that same period, according to the Potential Gas Committee. That committee also projects that the Gulf coast natural gas resource base, including proved reserves, increased from 264.9 trillion cubic feet to 265.5 trillion cubic feet during 1998; thus, the Gulf was the only major producing region in the U.S. which replaced more reserves than were produced in 1998. Further, in April 1999, Unocal announced that its Mad Dog prospect, located offshore Louisiana in 6,700 feet of water, drilled to a depth of 24,000 feet and estimated to contain 400 MMbbls to 800 MMbbls of oil, could be the largest oil field ever discovered in the Gulf. The Unocal field is an example of today's rapidly increasing Deepwater hydrocarbon discoveries and production. Construction by us and others of the pipeline infrastructure necessary to deliver this production to onshore markets is expected to remain critical to the expansion and development efforts in these deeper water regions.

We believe that we are strategically positioned to take advantage of new discoveries and increased production in the Deepwater, Flextrend and subsalt regions of the Gulf. In addition to comprising a significant portion of the network of pipelines in the shallow waters of the Gulf off of Louisiana, our pipelines also have substantial east/west facilities on the edge of portions of the Flextrend and deeper water. We also have several existing and planned extensions into the deeper water regions. However, we cannot assure you that additional reserves in those areas will actually be developed or, if developed, that any of our pipelines will gather, transport or otherwise handle that production.

BUSINESS STRATEGY

Our strategically-positioned assets, as well as our knowledge and expertise, enhance our ability to capitalize on infrastructure and other energy-related business opportunities in the Gulf, particularly in the deeper water regions. By implementing the following business strategies, we expect to maintain our position as a provider of integrated energy services, including natural gas and oil gathering, transportation, midstream and other related services in the Gulf.

- FOCUS ON HIGH POTENTIAL DEEPWATER.

  We believe Deepwater operations will provide us with significantly greater profit opportunities for a number of reasons. First, our existing assets are well-positioned for expansion into the Deepwater. Because of the location of certain of our assets, we believe such expansion projects can be implemented at a lower cost relative to our competition, thus enhancing our goal of being a low-cost provider of gathering, transportation, production handling and other midstream services. Second, Deepwater projects require large capital investment by producers and, in return, produce substantial reserves and cash flow, when successful. Given the significant return potential, such projects are undertaken with a longer-term view toward the commodity cycle and are substantially less sensitive to near-term oil and natural gas prices. Therefore, by focusing on Deepwater projects we expect to increase the stability of our operations and financial results.

- PROVIDE MULTIPLE MARKET ACCESS FOR DEEPWATER, FLEXTREND AND SUBSALT GULF PRODUCTION.

  Our primary customers are Deepwater and Flextrend producers, including those focusing on the subsalt area of the Gulf. Unlike some of our competitors, we connect to numerous onshore, long-haul pipelines and can offer producers access to multiple end-use markets. Our ability to provide multiple pipeline connections and broad market access is important, because it allows producers to

take advantage of pricing differentials, mitigate capacity constraints and avoid temporary suspensions of service.

- OFFER A SINGLE SOURCE ALTERNATIVE FOR A COMPLETE RANGE OF MIDSTREAM SERVICES.

Through our strategically-located network of wholly owned and joint venture pipelines, other facilities and businesses, we offer some customers a unique single point of contact through which they may access a wide range of midstream services and assets, including (1) gathering, transportation, production handling, dehydration, compression, pumping and other handling services for both natural gas and oil, (2) access to platforms, compression and other infrastructure facilities, (3) significant Flextrend and Deepwater experience and expertise, and (4) other related assets and services. Under the more conventional system used by many of our competitors, producers must contact and negotiate with a number of unaffiliated parties, including natural gas pipelines, oil pipelines, processors and other service providers, with potentially competing interests. By providing a complete range of services between the wellhead and the shore, we believe we provide producers with a more efficient midstream solution, which should result in increased revenue opportunities.

- SHARE CAPITAL COSTS AND RISKS WITH STRATEGIC JOINT VENTURE PARTNERS.

Given the significant cost to expand energy-related infrastructure in the Flextrend and Deepwater areas of the Gulf, we seek opportunities to undertake such projects through joint ventures or partnerships, principally with partners with substantial financial resources and substantial strategic interests, assets and operations, especially in the Deepwater, Flextrend and subsalt regions of the Gulf. By forming such joint ventures or partnerships, we reduce our capital requirements, mitigate our risk exposure to individual projects, develop strategic business relationships with other industry participants and benefit from the assets, experience and resources of our partners. Generally, our partners are integrated or very large independent energy companies with substantial interests, operations and assets in the Gulf, including Coastal/ANR, KN Energy/NGPL, Marathon, Shell and Texaco.

- DESIGN NEW INFRASTRUCTURE PROJECTS BASED ON DEDICATED PRODUCTION UNDER LONG-TERM COMMITMENTS AND/OR FIXED PAYMENT ARRANGEMENTS WITH THE ABILITY TO EXPAND CAPACITY AND SERVICES IN THE FUTURE TO CAPTURE POTENTIAL GROWTH OPPORTUNITIES.

We base decisions to construct new infrastructure on both firm long-term dedication agreements (and/or fixed payment arrangements) and our assessment of potential production in the vicinity of the dedication. This strategy allows us to recover our initial investment and receive a base return through a stable, predictable source of cash flow. We also design our new pipeline, platform, production handling and other hydrocarbon handling facilities with additional capacity and with the flexibility to expand capacity or provide additional services, as required. For example, we may design a platform to allow it to act as a pipeline landing and maintenance hub or to facilitate drilling and development activities. Although this approach increases the original cost of the asset, we believe that such capacity and flexibility allows us to more effectively compete for new production and to lower the overall cost of our services.

- SELECTIVELY INVEST IN OIL AND NATURAL GAS PROPERTIES ASSOCIATED WITH INFRASTRUCTURE OPPORTUNITIES.

In areas we serve or desire to serve, we pursue opportunistic investments in pipelines, platforms, production handling facilities and other infrastructure assets, as well as selective investment in oil and natural gas properties. By providing infrastructure to previously unserved geographic regions, we can accelerate the development of oil and natural gas properties in that area. The ability to access common facilities allows producers to share the high fixed costs associated with infrastructure and, in certain circumstances, results in the economic development of otherwise marginal reserves and in an increase in the total reserves produced from that region. Further, we will invest in oil and natural gas properties when such investment will augment the utilization of our existing assets or lead to a strategic infrastructure opportunity.

RECENT DEVELOPMENTS, ACQUISITIONS AND NEW PROJECTS

VIOSCA KNOLL TRANSACTION. Prior to the closing of the offering of the Series A notes, Viosca Knoll Gathering Company was effectively owned 50.0% by us and 50.0% by El Paso Energy (through a wholly owned subsidiary). In January 1999, we entered into an agreement to acquire an additional 49.0% interest in Viosca Knoll from El Paso Energy, which would result in us owning 99.0% of Viosca Knoll with an option to purchase the remaining 1.0% interest. In exchange for El Paso Energy's contribution of its Viosca Knoll interest, we paid El Paso Energy $79.7 million for the 49.0% interest, comprised of $19.9 in cash and $59.8 million in common units. The acquisition of the Viosca Knoll interest closed on June 1, 1999.

Following the closing of the Viosca Knoll transaction, El Paso Energy's effective ownership interest in us is 34.5%. In addition, at the closing of the Viosca Knoll transaction, El Paso Energy contributed to Viosca Knoll approximately $33.4 million in cash, which equaled 50.0% of the principal amount outstanding under Viosca Knoll's credit facility, and we thereafter repaid and terminated that credit facility. For a complete description of the Viosca Knoll Transaction, see "-- Natural Gas and Oil Pipelines -- Viosca Knoll System" beginning on page 48.

ALLEGHENY OIL PIPELINE. We are currently constructing the Allegheny oil pipeline, a 100% owned crude oil pipeline that is 14 inches in diameter and 40 miles in length connecting the Allegheny Field in the Green Canyon area of the Gulf with the Poseidon oil pipeline at Ship Shoal Block 332. This new pipeline, which will have a daily capacity of more than 80.0 Mbbls/d, is scheduled to begin operating in October 1999. We estimate construction costs for the Allegheny oil pipeline to total approximately $29.0 million, $12.3 million of which has been incurred prior to the offering of the Series A notes.

JOINT VENTURE RESTRUCTURING AND EAST BREAKS PIPELINE CONSTRUCTION. In December 1998, the partners of HIOS, a Delaware partnership owned 40.0% by us, 40.0% by subsidiaries of ANR and 20.0% by a subsidiary of NGPL, restructured the joint venture arrangement by (1) creating a holding company named Western Gulf Holdings, L.L.C., (2) converting HIOS, which owns a regulated natural gas pipeline located in the Gulf, into a limited liability company named High Island Offshore System, L.L.C., and (3) forming a new limited liability company named East Breaks Gathering Company, L.L.C. to construct and operate an unregulated natural gas pipeline system. Western Gulf owns 100% of each of HIOS and East Breaks.

The East Breaks system will initially consist of 85 miles of an 18 to 20-inch pipeline and related facilities connecting the Diana and Hoover prospects, which were developed by Exxon Company USA and BP Amoco Plc in Alaminos Canyon Block 25 in the Gulf, with the HIOS system. The majority of the construction of the East Breaks system will occur in 1999 and the system is anticipated to be in service in late 2000 at an estimated cost of approximately $90.0 million. East Breaks entered into long-term agreements with Exxon and BP Amoco involving the commitment and the gathering and handling of production from the Diana and Hoover prospects. All of the natural gas to be produced from 11 blocks in the East Breaks and Alaminos Canyon areas will be dedicated for transportation services on the HIOS system.

In February 1999, Western Gulf entered into a $100.0 million revolving credit facility with a syndicate of commercial banks to provide funds for substantially all of the costs of the East Breaks system and for other working capital needs of Western Gulf, East Breaks and HIOS. Western Gulf's ability to borrow money under its credit facility is subject to certain customary terms and conditions, including certain limitations on incurring additional indebtedness (including borrowings under this credit facility) if certain financial targets are not achieved and maintained. In addition, Western Gulf would be required to prepay a portion of the balance outstanding under this credit facility to the extent such financial targets are not achieved and maintained. The credit facility has no scheduled amortization prior to maturity. This credit facility is collateralized by substantially all of the material contracts and agreements of East Breaks and Western Gulf, including Western Gulf's ownership of HIOS and East Breaks, is supported by a guarantee from East Breaks, and matures in February 2004. As of May 14, 1999, Western Gulf had $47.1 million outstanding under its credit facility, bearing interest at an average floating rate of 6.4% per annum, and $52.9 million of additional availability under the facility.

EWING BANK 958 UNIT. In October 1998, we purchased a 100% working interest in Ewing Bank Blocks 958, 959, 1002 and 1003 (the "Ewing Bank 958 Unit") from a wholly owned, indirect subsidiary of El Paso Energy for $12.2 million. The Ewing Bank 958 Unit, discovered in July 1994, is in approximately 1,500 feet of water and has received a royalty abatement from the Minerals Management Service of the U.S. Department of the Interior ("MMS") for the first 52.5 MMbbls of oil equivalent to be produced from the field. In December 1998, we completed the drilling of the Ewing Bank Block 958 #2 well, a delineation well and the third well to be successfully drilled in the field. This well encountered approximately 80 feet of net pay in two hydrocarbon-bearing sands, including approximately 65 net feet of high-porosity, high resistivity pay in the main field sand. Expected development for the field includes drilling five more wells, as well as constructing and installing a production platform and gathering facilities. To date, the Ewing Bank 958 Unit has no production. We are currently evaluating available alternatives to develop the Ewing Bank 958 Unit which include, among other things, the construction of a production platform and gathering facilities under farmout, trade and/or financing arrangements with an industry participant or financial institution. We cannot assure you, however, that we will be able to obtain any arrangement on acceptable terms. The Ewing Bank 958 Unit was formerly referred to as the Sunday Silence Property.

NATURAL GAS AND OIL PIPELINES

GENERAL. We conduct a significant portion of our business activities through joint ventures, currently organized as general partnerships or limited liability companies, with subsidiaries of other substantial energy companies, including Marathon, Shell, Texaco, Coastal, KN Energy and El Paso Energy. These joint ventures include Stingray and UTOS, both of which are partnerships, and Manta Ray Offshore, HIOS, Poseidon, Nautilus, East Breaks and West Cameron Dehydration, all of which are limited liability companies. Management decisions related to the joint ventures are made by management committees comprised of representatives of each partner or member, as applicable, with authority appointed in direct relationship to ownership interests.

Through our 100% owned operating subsidiaries and our joint ventures, we own interests in eight natural gas pipeline systems, strategically located offshore Texas, Louisiana and Mississippi, which handle natural gas for producers, marketers, pipelines and end-users for a fee. Our natural gas pipelines include over 1,200 miles of pipeline with a throughput capacity of approximately 6.8 Bcf of natural gas per day. During the years ended December 31, 1998, 1997 and 1996, the natural gas pipelines handled an average of approximately 3.2 Bcf, 2.7 Bcf and 2.7 Bcf, respectively, of natural gas per day. Each of our natural gas pipelines interconnects with one or more long-line transmission pipelines that provide access to multiple markets in the eastern half of the United States. In addition, our East Breaks system, which has a design capacity of approximately 400.0 MMcf of natural gas per day, is being constructed and expected to be placed in service in mid-2000. Our HIOS system is expected to be the primary beneficiary of the East Breaks volumes.

None of our natural gas pipelines functions as a merchant to purchase and resell natural gas, thus avoiding the commodity risk associated with the purchase and resale of natural gas. Each of Nautilus, Stingray, HIOS and UTOS is currently classified as a "natural gas company" under the Natural Gas Act of 1938, as amended (the "NGA"), and is therefore subject to regulation by the FERC, including regulation of rates. None of Manta Ray Offshore, Viosca Knoll, Green Canyon Pipe Line Company, L.L.C., Ewing Bank Gathering Company, L.L.C., East Breaks, or Tarpon Transmission Company is currently, nor is East Breaks expected to be, considered a "natural gas company" under the NGA.

We own a 36.0% interest in the Poseidon oil pipeline, a major sour crude oil pipeline system that was built in response to an increased demand for additional sour crude oil pipeline capacity in the central Gulf. Poseidon was constructed and placed in service in three separate phases. Today, Poseidon has a maximum design capacity of 400.0 Mbbls of oil per day. During 1998, 1997 and 1996, the Poseidon oil pipeline transported an average of approximately 97.5 Mbbls, 52.0 Mbbls and 30.0 Mbbls, respectively, of oil per day. During April 1999, this system averaged 170.0 MMbbls of oil per day. We expect Poseidon's

throughput to increase substantially in the next several years as development progresses on the significant proved properties committed to that system.

The following table sets forth certain information with respect to the pipelines. Currently, we operate all of our 100% owned pipelines and the Viosca Knoll system. The remaining joint venture pipelines are operated by unaffiliated companies.

	GREEN CANYON	TARPON	MANTA RAY OFFSHORE(1)	VIOSCA KNOLL	STINGRAY	HIOS	UTOS	NAUTILUS	POSEIDON
Ownership interest...	100%	100%	25.7%	99%(9)	50%	40%	33.3%	25.7%	36%
Unregulated(U)/ Regulated(R)(2)....	U	U	U	U	R	R	R	R	U
In-service date.....	1990	1978	1987/88	1994	1975	1977	1978	1997	1996
Approximate capacity (MMcf per day).....	220	80	755	1,000(3)	1,120	1,800	1,200	600	--
Approximate capacity (Mbbls per day)....	--	--	--	--	--	--	--	--	400
Aggregate miles of pipeline.....	68	40	225	125	417	204	30	101	314
Average gross throughput (MMcf/Mbbls per day) for calendar year ended:									
December 31, 1998.....	126	63	281	570	658	842	479	153	97
December 31, 1997.....	148	50	195(4)	388	706	880	316	--(6)	52(7)
December 31, 1996.....	142	33	217(5)	288	747	930	309	--(6)	30(7)
Average net throughput (MMcf/Mbbls per day) for calendar year ended(8):									
December 31, 1998.....	126	63	72	285(10)	329	337	159	39	35
December 31, 1997.....	148	50	195(4)	194(10)	353	352	105	--(6)	19(7)
December 31, 1996.....	142	33	217(5)	144(10)	373	372	103	--(6)	11(7)

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(1) In January 1997, we contributed substantially all of the Manta Ray Gathering system (approximately 160 miles of pipeline) to Manta Ray Offshore, decreasing our ownership in this system from 100% to an effective 25.7%. We continue to own and develop 19 miles of oil pipeline which were formerly a part of the Manta Ray Gathering system.

(2) Regulated pipelines are subject to extensive rate regulation by the FERC under the Natural Gas Act.

(3) The original maximum design capacity of the Viosca Knoll system was 400 MMcf of natural gas per day. In 1996, Viosca Knoll installed a 7,000 horsepower compressor on our Viosca Knoll Block 817 platform to allow the Viosca Knoll system to increase its throughput capacity to approximately 700 MMcf of natural gas per day. In 1997, Viosca Knoll added approximately 25 miles of parallel 20-inch pipelines, increasing its throughput capacity to approximately 1,000 MMcf of natural gas per day.

(4) Represents throughput specifically allocated to us by Manta Ray Offshore during the initial year of operations.

(5) Represents 100% ownership interest during this period.

(6) The Nautilus system was placed in service in late December 1997.

(7) The Poseidon oil pipeline was placed in service in three phases, in April 1996, December 1996 and December 1997.

(8) Represents throughput net to our interest.

(9) We expect to acquire the remaining 1.0% interest in Viosca Knoll from El Paso Energy after June 1, 2000.

(10) Represents throughput net to our 50% ownership interest during such period.

GREEN CANYON SYSTEM. The Green Canyon system, 100% owned and operated by us, is an unregulated natural gas transmission system consisting of approximately 68 miles of 10- to 20-inch

diameter offshore pipeline which transports natural gas from the South Marsh Island, Eugene Island, Garden Banks and Green Canyon areas in the Gulf to the west leg of the South Lateral owned by Transcontinental Gas Pipe Line Corporation ("Transco") for transportation to shore in eastern Louisiana.

TARPON SYSTEM. The Tarpon system, 100% owned and operated by us, is an unregulated natural gas transmission facility consisting of approximately 40 miles of 16-inch diameter offshore pipeline that extends from the Ship Shoal Block 274, South Addition, to the Eugene Island Area, South Addition, in an area of the Gulf adjacent to the Green Canyon system.

MANTA RAY OFFSHORE SYSTEM. The Manta Ray Offshore system, indirectly owned 25.7% by us, 50.0% by Tejas Offshore Pipelines (a subsidiary of Shell) and 24.3% by Marathon Oil Company, is an unregulated natural gas transmission system consisting of (1) three separate gathering lines, all located offshore Louisiana in the Gulf, which consist of a total of 76 miles of 12- to 24-inch diameter pipeline, each interconnecting offshore with the east leg of the Transco's Southeast Louisiana Lateral, which provides transportation for natural gas to shore in eastern Louisiana, (2) approximately 51 miles of dual 14- and 16-inch diameter pipelines, with the 16-inch pipeline extending from Green Canyon Block 29 and the 14-inch pipeline extending from South Timbalier Block 301 northwesterly to a shallow water junction platform with production handling facilities located at Ship Shoal Block 207 and (3) approximately 47 miles of 24-inch pipeline extending from Green Canyon Block 65 to Ship Shoal Block 207. Affiliates of Marathon and Shell have dedicated for gathering on the Manta Ray Offshore system significant deepwater acreage positions in the area. Marathon operates the Manta Ray Offshore system. Manta Ray is a subsidiary of Neptune, in which we own a 25.7% interest.

VIOSCA KNOLL SYSTEM. The Viosca Knoll system is an unregulated gathering system designed to serve the Main Pass, Mississippi Canyon and Viosca Knoll areas of the Gulf, southeast of New Orleans, offshore Louisiana. It consists of 125 miles of predominantly 20-inch diameter natural gas pipelines and a 7,000 horsepower compressor. The system provides its customers access to the facilities of a number of major interstate pipelines, including El Paso Energy, Columbia Gulf Transmission Company, Sonat, Transco and Destin Pipeline Company.

The base system was constructed in 1994 and is comprised of (1) an approximately 94 mile, 20-inch diameter pipeline from a platform in Main Pass Block 252 owned by Shell to a pipeline owned by a wholly owned El Paso Energy subsidiary at South Pass Block 55 and (2) a six mile, 16-inch diameter pipeline from an interconnection with the 20-inch diameter pipeline at our Viosca Knoll Block 817 platform to a pipeline owned by Southern Natural Gas Company at Main Pass Block 289. A 7,000 horsepower compressor was installed in 1996 on the Viosca Knoll Block 817 platform to allow the Viosca Knoll system to effect deliveries at the operating pressures on downstream interstate pipelines with which it is interconnected. The additional capacity created by such compression allowed Viosca Knoll to transport new natural gas volumes during 1997 from the Shell operated Southeast Tahoe and Ram-Powell fields as well as other new deepwater projects in the area. Recently, Viosca Knoll added approximately 25 miles of parallel 20-inch pipelines to the system east of the Viosca Knoll Block 817 platform to improve deliverability from certain Main Pass producing areas and redeliveries into the Transco pipeline at Main Pass Block 261 and the Destin pipeline at Main Pass Block 260. We operate the Viosca Knoll system.

Prior to the closing of the offering of the Series A notes, Viosca Knoll was owned 50.0% by us and 50.0% by El Paso Energy (through a wholly owned subsidiary). In June 1999, we acquired all of El Paso Energy's interest in Viosca Knoll, other than a 1.0% interest, for $79.7 million, comprised of 25.0% in cash ($19.9 million) and 75.0% in common units (2,661,870 common units based on a price of $22.4625 per unit). At the closing of that transaction, (1) El Paso Energy contributed its interest in Viosca Knoll to us and approximately $33.4 million in cash to Viosca Knoll, which equaled 50.0% of the principal amount then outstanding under Viosca Knoll's credit facility, (2) we delivered to El Paso Energy the cash and common units discussed above and (3) as required by our partnership agreement, the general partner contributed approximately $604,000 to us in order to maintain its 1.0% capital account balance. Upon consummation of the acquisition, our partnership agreement was amended to ensure that, even though

El Paso Energy beneficially owns an effective interest in us of 34.5%, the other unitholders will still have the votes necessary to remove the general partner.

As a result of the acquisition, we own 99.0% of Viosca Knoll and have the option to acquire the remaining 1.0% interest during the six-month period commencing on the day after the first anniversary of the closing date. The option exercise price, payable in cash, is equal to the sum of $1.6 million plus the amount of additional distributions which would have been paid, accrued or been in arrears had we acquired the remaining 1.0% of Viosca Knoll at the initial closing by issuing additional common units in lieu of a cash payment of $1.7 million.

Although certain federal and state securities laws would otherwise limit El Paso Energy's ability to dispose of any common units held by it, El Paso Energy would have the right on three occasions to require us to file a registration statement covering such common units for a three-year period and to participate in offerings made pursuant to certain other registration statements filed by us during a ten-year period. Such registrations would be at our expense and, generally, would allow El Paso Energy to dispose of all or any of its common units. There can be no assurance (1) regarding how long El Paso Energy may hold any of its common units or (2) that El Paso Energy's disposition of a significant number of common units in a short period of time would not depress the market price of the common units.

On March 5, 1999, our unitholders of record as of January 28, 1999, held a meeting and ratified and approved the transactions based upon the ratification, approval and recommendation of the Board of Directors of the general partner and a Special Committee of independent directors of the general partner and based a fairness opinion of an independent financial advisor.

The acquisition of Viosca Knoll's interest closed on June 1, 1999.

STINGRAY SYSTEM. The Stingray system, owned 50.0% by us and 50.0% by NGPL, is a regulated natural gas transmission system consisting of (1) approximately 361 miles of 6- to 36-inch diameter pipeline that transports natural gas from the HIOS, West Cameron, East Cameron and Vermilion lease areas in the Gulf to onshore transmission systems at Holly Beach, Cameron Parish, Louisiana, (2) approximately 12 miles of 16-inch diameter pipeline and approximately 31 miles of 20-inch diameter pipeline, connecting the Garden Banks Block 191 lease operated by Chevron U.S.A. Production Company and our 50.0%-owned Garden Banks Block 72 platform, respectively, to the system, and (3) approximately 13 miles of 16-inch diameter pipeline connecting our platform at East Cameron Block 373 to the Stingray system at East Cameron Block 338. NGPL currently operates the Stingray system.

HIOS SYSTEM. The HIOS system, indirectly owned 40.0% by us, 40.0% by ANR and 20.0% by NGPL, is a regulated natural gas transmission system consisting of approximately 204 miles of pipeline comprised of three supply laterals, the West, Central and East Laterals, that connect to a 42-inch diameter mainline. The HIOS system transports natural gas received from fields located in the Galveston, Garden Banks, HIOS, West Cameron and East Breaks areas of the Gulf to a junction platform owned by HIOS located in West Cameron Block 167. There, it interconnects with the UTOS system and a pipeline owned by ANR for further transportation to points onshore. ANR operates the HIOS system. HIOS is a subsidiary of Western Gulf, in which we own a 40.0% interest.

UTOS SYSTEM. The UTOS system, owned 33.3% by us, 33.3% by ANR and 33.3% by NGPL, is a regulated natural gas transmission system consisting of approximately 30 miles of 42-inch diameter pipeline extending from a point of interconnection with the HIOS system at West Cameron Block 167 to the Johnson Bayou production handling facility. The UTOS system transports natural gas from the terminus of the HIOS system at West Cameron Block 167 to the Johnson Bayou facility, where it interconnects with several pipelines. The UTOS system is essentially an extension of the HIOS system, as almost all the natural gas transported through UTOS comes from the HIOS system. UTOS also owns the Johnson Bayou facility, which provides primarily natural gas and liquids separation and natural gas dehydration for natural gas transported on the HIOS and UTOS systems. ANR operates the UTOS system.

NAUTILUS SYSTEM. The Nautilus system, indirectly owned 25.7% by us, 50.0% by Tejas and 24.3% by Marathon, is a regulated natural gas transmission system consisting of 101 miles of 30-inch pipeline running downstream from Ship Shoal Block 207 and connecting to a natural gas production handling plant onshore Louisiana operated by Exxon and some other facilities downstream of that plant and effects deliveries to multiple interstate pipelines. Affiliates of Marathon and Tejas have dedicated to the Nautilus system certain deepwater acreage positions in the area. Marathon operates and maintains the Nautilus system and Tejas performs financial, accounting and administrative services for Nautilus. Nautilus is a subsidiary of Neptune, in which we own a 25.7% interest.

POSEIDON SYSTEM. The Poseidon system, owned 36.0% by us, 36.0% by Texaco, Inc. and 28.0% by a subsidiary of Marathon, is an unregulated major new sour crude oil pipeline system that was built in response to an increased demand for additional sour crude oil pipeline capacity in the central Gulf. The Poseidon system consists of (1) approximately 117 miles of 16- to 20-inch diameter pipeline extending in an easterly direction from our 50.0%-owned platform located at Garden Banks Block 72 to our platform located at Ship Shoal Block 332, (2) approximately 122 miles of 24-inch diameter pipeline extending in a northerly direction from the Ship Shoal Block 332 platform to Houma, Louisiana and (3) approximately 58 miles of 16-inch diameter pipeline extending northwesterly from Ewing Bank Block 873 to the Texaco-operated Eugene Island Pipeline System at Ship Shoal Block 141. In July 1998, Poseidon completed a 17-mile extension of 16-inch pipeline from Garden Banks Block 260 to South Marsh Island Block 205. Texaco pipelines and related facilities accept oil from Poseidon at Larose and Houma, Louisiana and redeliver it to St. James, Louisiana, a significant market hub for batching, handling and transportation of oil. Currently, Texaco operates the Poseidon system and has contracted with Equilon Pipeline Company, LLC, a newly-formed joint venture between Texaco and Shell, to operate and perform the administrative functions related to Poseidon and the Poseidon system. In April 1999, Texaco assigned its membership interest in Poseidon to Equilon.

OIL AND NATURAL GAS SUPPLY

A substantial portion of the reserves handled by our pipelines is committed pursuant to long-term contracts, for the productive life of the relevant field. Nonetheless, these reserves and other reserves that may become available to our pipelines are depleting assets and, as such, will be produced over a finite period. Each of our pipelines must access additional reserves to offset the natural decline in production from existing connected wells or the loss of any other production to a competitor.

As somewhat reflected by throughput for 1998, Manta Ray Offshore, Viosca Knoll and Tarpon obtained commitments from new fields and some additional commitments from existing fields. However, Green Canyon, Stingray, HIOS and UTOS were not able to offset reductions in throughput associated with normal production declines for committed reserves with throughput associated with commitments of additional reserves. Nevertheless, we believe that there will be sufficient reserves available to the natural gas pipelines for transportation to maintain throughput at or near current levels for at least several years.

In addition to the production commitments from Texaco and Marathon, Poseidon has been successful in obtaining long-term commitments of production from several properties containing significant reserves. Poseidon has contracted with affiliates of Exxon, Phillips Petroleum, BP Amoco, Anadarko, Newfield Exploration, Mobil, Amerada Hess, Oryx, Sun, PennzEnergy, Enterprise Oil, British Borneo, Occidental and us. We anticipate that Poseidon will add more commitments as new subsalt and Deepwater fields are developed in the area which the Poseidon system serves, but we cannot assure you any such commitment would be made or when the production from such commitment would be initiated. However, we do believe that there should be significant increases in reserves committed to the Poseidon system for at least the next several years.

Tatham Offshore's Ewing Bank Block 914 #2 well was the only production dedicated to the Ewing Bank system. In May 1997, the well was shut in due to a mechanical problem. After approximately one year of evaluating certain remedies to place the well on production, we decided, along with Tatham Offshore, to abandon the well and the Ewing Bank system in May 1998.

OFFSHORE PLATFORMS AND OTHER FACILITIES

GENERAL. Offshore platforms play a key role in the development of oil and natural gas reserves and, thus, in the offshore pipeline network. Platforms are used to interconnect the offshore pipeline grid and to provide an efficient means to perform pipeline maintenance and to locate compression, separation, production handling and other facilities. In addition to numerous platforms owned by our joint ventures, we own six strategically located platforms in the Gulf.

The following table sets forth certain information with respect to our platforms.

	VIOSCA KNOLL 817	GARDEN BANKS 72	EAST CAMERON 373	SHIP SHOAL 332	SOUTH TIMBALIER 292	SHIP SHOAL 331
Ownership interest	100%	50%	100%	100%	100%	100%
In-service date	1995	1995	1998	1985	1984	1994
Water depth (in feet)	671	518	441	438	283	376
Acquired (A) or constructed (C)	C	C	C	A	A	A
Product handling capacity:						
Natural gas (MMcf per day)	140	80	110	150(1)	150	--(1)
Oil and condensate (bbls per day)	5,000	5,500	5,000	12,000(1)	2,500	--(1)

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(1) Our Ship Shoal Block 331 platform is currently used as a satellite landing area and all products transported over the platform are processed on our Ship Shoal Block 332 platform.

VIOSCA KNOLL BLOCK 817. We constructed a multi-purpose platform located in Viosca Knoll Block 817 in 1995. We used this platform as a base for conducting drilling operations for oil and natural gas reserves located on the Viosca Knoll Block 817 lease. In addition, the platform serves as a base for landing other Deepwater production in the area, thereby generating platform access and production handling fees for us. A 7,000 horsepower compressor was installed in 1996 on the Viosca Knoll Block 817 platform to allow the Viosca Knoll system to effect deliveries at the operating pressures on downstream interstate pipelines with which it is interconnected. The additional capacity created by such compression allowed Viosca Knoll to transport new natural gas volumes during 1997 from the Shell-operated Southeast Tahoe and Ram-Powell fields as well as other new Deepwater projects in the area. Viosca Knoll leases space on this platform from us for the location of the new compression equipment for the Viosca Knoll system. We own 100% of the Viosca Knoll 817 platform.

GARDEN BANKS BLOCK 72. We own a 50.0% interest in a multi-purpose platform located in Garden Banks Block 72. This platform is located at the south end of the Stingray system and serves as the westernmost terminus of the Poseidon system. We also use this platform in our drilling and production operations. It now serves as the landing site for production from our Garden Banks Block 117 lease located in an adjacent lease block.

EAST CAMERON BLOCK 373. In 1998, we placed in service a new multi-purpose platform located in East Cameron Block 373 at a construction cost of $30.2 million. This four pile production platform with production handling facilities is strategically located to exploit deeper water reserves in the East Cameron and Garden Banks areas of the Gulf and is the terminus for an extension of the Stingray system. Kerr McGee Corporation has rights to utilize a portion of the platform and has committed its production from multiple blocks in the East Cameron and Garden Banks areas to be processed on this platform and transported through the Stingray system. We own 100% of the East Cameron Block 373 platform.

SHIP SHOAL BLOCK 332. We own a 100% interest in a platform located in Ship Shoal Block 332 which serves as a junction platform for natural gas pipelines in the Manta Ray Offshore system as well as an eastern junction for the Poseidon system.

SOUTH TIMBALIER BLOCK 292. The South Timbalier Block 292 platform is a 100%-owned facility located at the easternmost terminus of the Manta Ray Offshore system and serves as a landing site for natural gas production in that area.

SHIP SHOAL BLOCK 331. In August 1998, in connection with El Paso Energy's acquisition of our general partner, we acquired the Ship Shoal Block 331 platform, a production facility located 75 miles off the coast of Louisiana in approximately 370 feet of water. Pogo Producing Company has certain rights to utilize the platform pursuant to a production handling and use of space agreement. We own 100% of the Ship Shoal Block 331 platform.

OTHER FACILITIES. Through our 50.0% ownership interest in West Cameron Dehy, we own an interest in certain dehydration facilities located at the northern terminus of the Stingray system, onshore Louisiana.

MAINTENANCE

Each of our pipelines requires regular and thorough maintenance. The interior of pipelines is maintained through the regular "pigging" of the lines. Pigging involves propelling a large spherical object through the line which collects, or pushes, any condensate and other liquids on the walls or at the bottom of the pipeline through the line and out the far end. More sophisticated pigging devices include those with scrapers, brushes and x-ray devices; however, such pigging devices are usually deployed only on an as needed basis. Corrosion inhibitors are also injected into all of the systems through the flow stream on a continuous basis. To prevent external corrosion of the pipe, sacrificial anodes are fastened to the pipeline at prescribed intervals, providing protection from sea water. Our platforms are painted to the waterline every three to five years to prevent atmospheric corrosion. Sacrificial anodes are also fastened to the platform legs below the waterline to prevent corrosion. A sacrificial anode is a zinc aluminum alloy fixture that is attached to the exterior of a steel object to attract the corrosive reaction that occurs between steel and saltwater to the fixture itself, thus protecting the steel object from corrosion. Remotely operated vehicles or divers inspect our platforms below the waterline, usually every five years.

The Stingray, HIOS, Viosca Knoll, Manta Ray Offshore and Poseidon systems include platforms that are manned on a continuous basis. The personnel onboard those platforms are responsible for site maintenance, operations of the facilities on the platform, measurement of the natural gas stream at the source of production and corrosion control (pig launching and inhibitor injection).

COMPETITION

Each of our natural gas pipelines is located in or near natural gas production areas that are served by other pipelines. As a result, each of our natural gas pipeline systems faces competition from both regulated and unregulated systems. Some of these competitors are not subject to the same level of rate and service regulation as, and may have a lower cost structure than, our natural gas pipelines. Other competing pipelines, such as long-haul transporters, have rate design alternatives unavailable to our natural gas pipelines. Consequently, those competing pipelines may be able to provide service on more flexible terms and at rates significantly below the rates offered by our natural gas pipelines. The principal competitors of our regulated pipeline systems are Shell, Texaco, ANR, Transco, Trunkline Gas Co., Texas Eastern, Columbia Gas Transmission and their affiliates.

The Poseidon system was built as a result of our belief that additional sour crude oil capacity was required to transport new subsalt and Deepwater oil production to shore. Poseidon's principal competitors for additional crude oil production are Equilon Pipeline Company, LLC and oil pipelines built, owned and operated by producers to handle their own production and, as capacity is available, production for others. In addition to the Texaco-operated Eugene Island Pipeline and the Shell-operated Amberjack systems which are competitors of Poseidon owned by Equilon, we understand that Texaco will transfer its 36.0% interest in Poseidon to Equilon. Our pipelines compete for new production with these and other competitors on the basis of geographic proximity to the production, cost of connection, available capacity, transportation rates and access to onshore markets. In addition, the ability of the pipelines to access future reserves will be subject to the ability of the pipelines or the producers to fund the anticipated significant capital expenditures required to connect the new production.

CUSTOMERS AND CONTRACTS

GENERAL. The rates we charge for our services are dependent on (1) whether the relevant pipeline, platform, production handling, dehydration or other facility is regulated or unregulated-established maximum rate, or fully negotiated rate, (2) the quality of the service required by the customer-interruptible or firm, and (3) the amount and term of the reserve commitment by the customer. A significant portion of our arrangements involve life-of-reserve commitments with both firm and interruptible components. Generally, we receive a price per unit (Mcf of natural gas or barrel of oil or water) handled. And depending on transaction specific factors, for firm arrangements, we often also receive a monthly fixed fee which is paid by the customer regardless of the level of throughput, except under individually specified circumstances.

The Poseidon system receives crude oil from committed properties under buy/sell agreements, often surviving for the life of the property. The same factors described above affect the contract amounts and other terms.

PRINCIPAL CUSTOMERS. See our consolidated financial statements and notes thereto located elsewhere in this prospectus for certain information regarding our principal transportation customers.

OIL AND NATURAL GAS PROPERTIES

GENERAL. We conduct exploration and production activities through a subsidiary that is an independent energy company engaged in the development and production of reserves located offshore the U.S. in the Gulf focusing principally on the Flextrend and Deepwater areas. As of December 31, 1998, we owned interests in four producing and one non-producing oil and natural gas properties, comprised of thirteen lease blocks in the Gulf covering 66,369 gross (54,278 net) acres. We sell the majority of our oil and natural gas production to Offshore Gas Marketing, Inc., our affiliate and an indirect wholly owned subsidiary of El Paso Energy.

The following is a description of our currently held properties.

VIOSCA KNOLL BLOCK 817. Viosca Knoll Block 817 is a producing property that is comprised of 5,760 gross and net acres located 40 miles off the coast of Louisiana in approximately 670 feet of water. Initially, we acquired a 75.0% working interest in Viosca Knoll Block 817 from the sea-floor through the stratigraphic equivalent of the base of the Tex X-6 Sand, subject to certain reversionary rights. In connection with El Paso Energy's acquisition of our general partner, those reversionary rights were relinquished and we acquired the remaining 25.0% working interest in Viosca Knoll Block 817. This working interest is subject to a production payment that entitles the holders in the aggregate to 25.0% of the proceeds from the production attributable to this working interest (after deducting all leasehold operating expenses, including platform access and production handling fees) until the holders have received the aggregate sum of $16.0 million. At December 31, 1998, the unpaid portion of the production payment obligation totaled $11.1 million.

As operator, we concluded a drilling program and placed eight wells on production on Viosca Knoll Block 817. We do not anticipate drilling any more wells or having any other major expenditures with respect to this property except for the possible recompletion of certain existing wells. From inception of production in December 1995 through December 31, 1998, the Viosca Knoll property has produced 42,661 MMcf of natural gas and 67.6 Mbbls of oil, net to our interest. During March 1999, Viosca Knoll Block 817 produced an aggregate of approximately 44.9 MMcf of natural gas per day. Natural gas production from Viosca Knoll Block 817 is dedicated to us for gathering through the Viosca Knoll system and oil production is transported through a Shell-operated system. Our recent expansion of the Viosca Knoll system eliminated downstream pipeline capacity constraints on that system and is expected to allow us to produce Viosca Knoll Block 817 at optimal rates in the future.

GARDEN BANKS BLOCK 72. Garden Banks Block 72 covers 5,760 gross (2,880 net) acres and is located 120 miles off the coast of Louisiana in approximately 550 feet of water. In 1995, we acquired a 50.0% working interest (approximately 40.2% net revenue interest) in Garden Banks Block 72, subject to certain

reversionary interests which were relinquished in connection with El Paso Energy's acquisition of our general partner. A subsidiary of Occidental Petroleum Company owns the remaining 50.0% working interest in Garden Banks Block 72.

Since May 1996, we have placed five wells on production at Garden Banks Block 72. We do not anticipate drilling any more wells or having any other major expenditures with respect to this property except for the possible recompletion of certain existing wells. Production at Garden Banks Block 72 totaled 2,979 MMcf of natural gas and 902.1 Mbbls of oil, net to our interest, from the inception of production in May 1996 through December 31, 1998. During March 1999, the five wells produced a total of approximately 1.5 Mbbls of oil and 4.3 MMcf of natural gas per day. Natural gas production from Garden Banks Block 72 is being transported through the Stingray system and the oil production is delivered to the Poseidon oil pipeline.

GARDEN BANKS BLOCK 117. Garden Banks Block 117 covers 5,760 gross (2,880 net) acres adjacent to Garden Banks Block 72 and is located in approximately 1,000 feet of water. In 1995, we acquired a 50.0% working interest (approximately 37.5% net revenue interest) in Garden Banks Block 117, subject to certain reversionary interests which were relinquished in connection with El Paso Energy's acquisition of our general partner. Midcon Exploration owns the remaining 50.0% working interest in Garden Banks Block 117.

In July 1996 and May 1997, we completed and initiated production from the Garden Banks Block 117 #1 and #2 wells, respectively. During March 1999, these wells produced a total of approximately 1.2 Mbbls of oil and 2.4 MMcf of natural gas per day. Since inception of production through December 31, 1998, Garden Banks Block 117 produced 1,327 MMcf of natural gas and 761.8 Mbbls of oil, net to our interest. We do not anticipate drilling any more wells on this property except for a recompletion of the Garden Banks 117 #2 well. Natural gas production from Garden Banks Block 117 is transported on the Stingray system and oil production is delivered to the Poseidon oil pipeline.

WEST DELTA BLOCK 35. In connection with El Paso Energy's acquisition of our general partner, we acquired a 38.0% non-operating working interest in West Delta Block 35, a producing field located 10 miles off the coast of Louisiana in approximately 60 feet of water covering 4,985 gross (1,894 net) acres. The West Delta Block 35 field commenced production in July 1993. Since August 14, 1998 through December 31, 1998, West Delta Block 35 produced 272 MMcf of natural gas and 2.2 Mbbls of oil, net to our interest.

EWING BANK 958 UNIT. In October 1998, we purchased a 100% working interest in Ewing Bank Blocks 958, 959, 1002 and 1003 (the "Ewing Bank 958 Unit"), from a wholly owned indirect subsidiary of El Paso Energy for $12.2 million and drilled a successful delineation well for approximately $17.8 million. The Ewing Bank 958 Unit is contained within four lease blocks in the Ewing Bank area of the Gulf in approximately 1,500 feet of water and has received a royalty abatement from the MMS for the first 52.5 MMbbls of oil equivalent to be produced from the field. See "Business -- Recent Developments, Acquisitions and New Projects -- Ewing Bank 958 Unit" beginning on page 45.

COMPETITION

The oil and natural gas industry is intensely competitive. In all segments of our business, we compete with a substantial number of other companies, including some with larger technical staffs and greater financial and operational resources. Many such competitors are more vertically integrated than we are -- that is, they not only acquire, explore for, develop, produce, gather and transport oil and natural gas reserves, but also carry on refining operations, generate electricity and market refined products. As a result, many of our competitors may be better positioned to acquire and exploit prospects, hire personnel, market production and withstand the effects of general and/or industry-specific economic changes. We also face potential competition from companies not previously active in oil and natural gas who may choose to acquire reserves to establish a firm supply or simply as an investment. In addition, the oil and natural gas

industry competes with other industries supplying energy and fuel to industrial, commercial and individual consumers.

OIL AND NATURAL GAS RESERVES

The following estimates of our total proved developed and proved undeveloped reserves of oil and natural gas as of December 31, 1998 have been made by Netherland, Sewell & Associates, Inc., an independent petroleum engineering consulting firm.

	OIL (BARRELS)	NATURAL GAS (MCF)	
	PROVED DEVELOPED	PROVED DEVELOPED	PROVED UNDEVELOPED
Viosca Knoll Block 817	80,592	21,700,344	2,452,000
Garden Banks Block 72	495,437	2,306,934	--
Garden Banks Block 117	991,888	1,645,839	--
West Delta Block 35	9,599	779,179	--
Total	1,577,516	26,432,296	2,452,000

In general, estimates of economically recoverable oil and natural gas reserves and of the future net revenue therefrom are based upon a number of variable factors and assumptions, such as historical production from the subject properties, the assumed effects of regulation by governmental agencies and assumptions concerning future oil and natural gas prices, future operating costs and future plugging and abandonment costs, all of which may vary considerably from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For these reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of the future net revenue expected therefrom, prepared by different engineers or by the same engineers at different sites, may vary substantially. The meaningfulness of such estimates is highly dependent upon the assumptions upon which they are based.

Furthermore, production from Garden Banks Block 117, Garden Banks Block 72 and Viosca Knoll Block 817 was initiated in July 1996, May 1996 and December 1995, respectively, and, accordingly, estimates of future production are based on this limited history. Estimates with respect to proved undeveloped reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than upon actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations, which may be substantial, in the estimated reserves. A significant portion of our reserves is based upon volumetric calculations.

The following table sets forth, as of December 31, 1998, the estimated future net cash flows and the present value of estimated future net cash flows, discounted at 10.0% per annum, from the production and sale of the proved developed and undeveloped reserves attributable to our interest in oil and natural gas properties as of such date, as determined by Netherland, Sewell in accordance with the requirements of applicable accounting standards, before income taxes.

	DECEMBER 31, 1998		
	PROVED DEVELOPED	PROVED UNDEVELOPED	TOTAL PROVED
	(IN THOUSANDS)		
Undiscounted estimated future net cash flows from proved reserves before income taxes(1)	$28,457	$864	$29,321
Present value of estimated future net cash flows from proved reserves before income taxes, discounted at 10.0%(2)	$26,131	$541	$26,672

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(1) The average oil and natural gas prices, as adjusted by lease for gravity and Btu content, regional posted price differences and oil and natural gas price hedges in place and weighted by production over the life of the proved reserves, used in the calculation of estimated future net cash flows at December 31, 1998 are $9.80 per barrel of oil and $1.53 per Mcf of natural gas.

(2) We estimate that, if all other factors (including the estimated quantities of economically recoverable reserves) were held constant, a $1.00 per barrel change in oil prices from that used in the Netherland, Sewell reserve report would change the December 31, 1998 present value of future net cash flows from proved reserves by approximately $1.3 million or a $0.10 per Mcf change in gas prices from that used in the Netherland, Sewell reserve report would change such present value by approximately $3.1 million.

In accordance with applicable requirements of the Securities and Exchange Commission, the estimated discounted future net revenue from estimated proved reserves are based on prices and costs at fiscal year end unless future prices or costs are contractually determined at such date. Actual future prices and costs may be materially higher or lower. Actual future net revenue also will be affected by factors such as actual production, supply and demand for oil and natural gas, curtailments or increases in consumption by natural gas purchasers, changes in governmental regulations or taxation and the impact of inflation on costs.

In accordance with the methodology approved by the SEC, specific assumptions were applied in the computation of the reserve evaluation estimates. Under this methodology, future net cash flows are determined by reducing estimated future gross cash flows to us for oil and natural gas sales by the estimated costs to develop and produce the underlying reserves, including future capital expenditures, operating costs, transportation costs, royalty and overriding royalty burdens, production payments and net profits interest expense on certain of our properties.

Future net cash flows were discounted at 10.0% per annum to arrive at discounted future net cash flows. The 10.0% discount factor used to calculate present value is required by the SEC, but such rate is not necessarily the most appropriate discount rate. Present value of future net cash flows, irrespective of the discount rate used, is materially affected by assumptions as to timing of future oil and natural gas prices and production, which may prove to be inaccurate. In addition, the calculations of estimated net revenue do not take into account the effect of certain cash outlays, including, among other things, general and administrative costs, interest expense and partner distributions. The present value of future net cash flows shown above should not be construed as the current market value as of December 31, 1998, or any prior date, of the estimated oil and natural gas reserves attributable to our properties.

PRODUCTION, UNIT PRICES AND COSTS

The following table sets forth certain information regarding the production volumes of, average unit prices received for and average production costs for our sale of oil and natural gas for the periods indicated:

	OIL (BARRELS) YEAR ENDED DECEMBER 31,			NATURAL GAS (MMCF) YEAR ENDED DECEMBER 31,		
	1998	1997	1996	1998	1997	1996
Net production(1)	540,000	801,000	393,000	11,324	19,792	15,730
Average sales price(1)	$ 15.69	$ 20.61	$ 21.76	$ 2.01	$ 2.08	$ 2.37
Average production costs(2)	$ 3.04	$ 1.98	$ 1.59	$ 0.51	$ 0.33	$ 0.27

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(1) The information regarding production and unit prices excludes overriding royalty interests.

(2) The components of production costs may vary substantially among wells depending on the methods of recovery employed and other factors, but generally include third party transportation expenses, maintenance and repair, labor and utilities costs.

The relationship between average sales prices and average production costs depicted by the table above is not necessarily indicative of future expected results of our operations.

ACREAGE

The following table sets forth our developed and undeveloped oil and natural gas acreage as of December 31, 1998. Undeveloped acreage is considered to be those lease acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and natural gas, regardless of whether or not such acreage contains proved reserves. Gross acres in the following table refer to the number of acres in which we own directly a working interest. The number of net acres is our fractional ownership of working interests in the gross acres.

	GROSS	NET
Developed acreage	6,792	5,416
Undeveloped acreage	59,577	48,862
Total acreage	66,369	54,278

OIL AND NATURAL GAS DRILLING ACTIVITY

The following table sets forth the gross and net number of productive, dry and total exploratory wells and development wells that we have drilled in each of the respective years:

	YEAR ENDED DECEMBER 31,					
	1998		1997		1996	
	GROSS	NET	GROSS	NET	GROSS	NET
Exploratory						
Natural gas	--	--	--	--	--	--
Oil	--	--	--	--	1.00	0.50
Dry	--	--	--	--	--	--
Total	--	--	--	--	1.00	0.50
Development						
Natural gas	--	--	--	--	7.00	5.00
Oil	1.00	1.00	--	--	5.00	2.75
Dry	--	--	--	--	3.00	1.75
Total	1.00	1.00	--	--	15.00	9.50

The following table sets forth our ownership in producing wells at December 31, 1998:

	GROSS	NET
Natural gas	10.00	8.26
Oil	6.00	3.00
Total	16.00	11.26

MAJOR ENCUMBRANCES

All of the operating assets in which we own an interest are owned by our subsidiaries or joint ventures. Substantially all of our assets (primarily our interests in our subsidiaries) and our subsidiaries' assets are pledged as collateral to secure obligations under our credit facility. In addition, certain of our joint ventures currently have, and others are expected to have, credit facilities pursuant to which substantially all of such joint ventures' assets are or would be pledged.

REGULATION

The oil and natural gas industry is extensively regulated by federal and state authorities in the U.S. Numerous departments and agencies, both federal and state, have issued rules and regulations binding on the oil and natural gas industry and its individual members, some of which carry substantial penalties for the failure to comply. Legislation affecting the oil and natural gas industry is under constant review and statutes are constantly being adopted, expanded or amended. The regulatory burden on the oil and natural gas industry increases its cost of doing business.

GENERAL. The design, construction, operation and maintenance of our natural gas pipelines and of certain of their natural gas transmission facilities are subject to regulation by the Department of Transportation under the Natural Gas Pipeline Safety Act of 1968 as amended (the "NGPSA"). Operations in offshore federal waters are regulated by the Department of Interior and the FERC. Under the Outer Continental Shelf Lands Act (the "OCSLA") as implemented by the FERC, pipelines that transport natural gas across the OCS must offer nondiscriminatory transportation of natural gas. Substantially all of the pipeline network owned by our pipelines is located in federal waters in the Gulf, and the related rights-of-way were granted by the federal government, the agencies of which oversee such pipeline operations. Federal rights-of-way require compliance with detailed federal regulations and orders which regulate such operations.

Poseidon is subject to regulation under the Hazardous Liquid Pipeline Safety Act ("HLPSA"). In addition, under the OCSLA, as implemented by the FERC, pipelines that transport crude oil across the OCS must offer "equal access" to other potential shippers of crude. The Poseidon system is located in federal waters in the Gulf, and its right-of-way was granted by the federal government. Therefore, the FERC may assert that it has jurisdiction to compel Poseidon to grant access under the OCSLA to other shippers of crude oil upon the satisfaction of certain conditions and to apportion the capacity of the line among owner and non-owner shippers.

RATES. Each of our regulated pipelines (the Nautilus, Stingray, HIOS and UTOS systems) is classified as a "natural gas company" by the NGA. Consequently, the FERC has jurisdiction over these regulated pipelines with respect to transportation of natural gas, rates and charges, construction of new facilities, extension or abandonment of service and facilities, accounts and records, depreciation and amortization policies and certain other matters. In addition, these regulated pipelines hold certificates of public convenience and necessity issued by the FERC authorizing their facilities, activities and services.

Under the terms of the regulated pipelines' tariffs on file at the FERC, the regulated pipelines may not charge or collect more than the maximum rates on file with the FERC. FERC regulations permit natural gas pipelines to charge maximum rates that generally allow pipelines the opportunity to (1) recover operating expenses, (2) recover the pipeline's undepreciated investment in property, plant and equipment ("rate base") and (3) receive an overall allowed rate of return on the pipeline's rate base. We

believe that even after the rate base of any regulated pipeline is substantially depleted, the FERC will allow such regulated pipeline to recover a reasonable return, whether through a management fee or otherwise.

Each of the Nautilus, Stingray, HIOS and UTOS systems is currently operating under agreements with their respective customers that provide for rates that have been approved by the FERC.

On March 13, 1997, the FERC issued an order declaring Tarpon's facilities exempt from NGA regulation under the gathering exception, thereby terminating Tarpon's status as a "natural gas company" under the NGA. Tarpon has agreed, however, to continue service for shippers that have not executed replacement contracts on the terms and conditions, and at the rate reflected in, its last effective regulated tariff for two years from the date of the order. None of the Green Canyon, Ewing Bank, Manta Ray Offshore or Viosca Knoll systems is currently, nor do we expect East Breaks to be, considered a "natural gas company" under the NGA. Consequently, these companies are not subject to extensive FERC regulation under the NGA or the Natural Gas Policy Act of 1978, as amended (the "NGPA"), and are thus allowed to negotiate the rates and terms of service with their respective shippers, subject to the "equal access" requirements of the OCSLA.

The FERC has asserted its NGA rate jurisdiction over services performed through gathering facilities owned by a natural gas company (as defined in the NGA) when such services were performed "in connection with" transportation services provided by such natural gas company. Whether, and to what extent, the FERC should exercise any NGA rate jurisdiction it may be found to have over gathering facilities owned either by natural gas companies or affiliates thereof is subject to case-by-case review by the FERC. Based on current FERC policy and precedent, we do not anticipate that the FERC will assert or exercise any NGA rate jurisdiction over the Green Canyon, Ewing Bank, Manta Ray Offshore, Viosca Knoll or East Breaks systems, so long as the services provided through such lines are not performed "in connection with" transportation services performed through any of the regulated pipelines.

The FERC has generally disclaimed jurisdiction to set rates for oil pipelines in the OCS under the Interstate Commerce Act. As a result, Poseidon, as operator of the Poseidon system, has not filed tariffs with the FERC for the Poseidon system.

PRODUCTION AND DEVELOPMENT. Our production and development operations are subject to regulation at the federal and state levels. Such regulation includes requiring permits for the drilling of wells and maintaining bonds and insurance requirements in order to drill or operate wells, and regulating the location of wells, the method of drilling and casing wells, the surface use and restoration of properties upon which wells are drilled and the plugging and abandoning of wells. Our production and development operations are also subject to various conservation laws and regulations. These include the regulation of the size of drilling and spacing units or proration units, the density of wells that may be drilled, the levels of production, and the unitization or pooling of oil and natural gas properties.

We presently have interests in or rights to offshore leases located in federal waters. Federal leases are administered by the MMS. Individuals and entities must qualify with the MMS prior to owning and operating any leasehold or right-of-way interest in federal waters. Such qualification with the MMS generally involves filing certain documents with the MMS and obtaining an area-wide performance bond and, in some cases, supplemental bonds representing security deemed necessary by the MMS in excess of the area-wide bond requirements for facility abandonment and site clearance costs.

OPERATIONAL HAZARDS AND INSURANCE

Pipelines, platforms and other offshore assets may experience damage as a result of an accident or other natural disaster, especially in the deeper water regions. In addition, our production and development operations are subject to the usual hazards incident to the drilling and production of natural gas and crude oil, such as blowouts, cratering, explosions, uncontrollable flows of oil, natural gas or well fluids, fires, pollution, releases of toxic gas and other environmental hazards and risks. These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, pollution or

environmental damages and suspension of operations. To mitigate the impact of repair costs associated with such an accident or disaster, we maintain insurance of various types that we consider to be adequate to cover our operations. In our opinion, this insurance provides reasonable coverage for all of our assets except for our 50.0% interest in the assets of Stingray, for which insurance providing reasonable coverage is carried at the Stingray partnership level. The insurance package is subject to deductibles that we consider reasonable and not excessive. Our insurance does not cover every potential risk associated with operating pipelines or the drilling and production of oil and natural gas. Consistent with insurance coverage generally available to the industry, our insurance policies do not provide coverage for losses or liabilities relating to pollution, except for sudden and accidental occurrences. We do, however, have certificates of financial responsibility of not less than $35.0 million per offshore facility and/or lease.

The occurrence of a significant event not fully insured or indemnified against, or the failure of a party to meet its indemnification obligations, could materially and adversely affect our operations and financial condition. We believe that we are adequately insured for public liability and property damage to others with respect to its operations. However, we can give no assurance that we will be able to maintain adequate insurance in the future at rates we consider reasonable.

INDUSTRY CONDITIONS

Profitability and cash flow in the oil and natural gas industry largely depend on the market prices of oil and natural gas, which historically have been seasonal, cyclical, volatile and driven by general economic developments, governmental regulations and many other factors, including weather and political conditions. Commodity prices for hydrocarbons were very volatile in 1998 and continue to be in 1999, including some significant declines. These commodity prices also declined dramatically from 1981 until the mid-1980's and increased noticeably from the mid-1980's through the early 1990's.

Supply and demand conditions and regulatory factors have been the primary contributors to this oil and natural gas price volatility as well as a related restructuring of certain segments of the energy industry. Increases in worldwide oil production capability and decreases in energy consumption have brought about substantial surpluses in oil supplies in recent years. This, in turn, has resulted in substantial domestic competition between oil and natural gas for end-use markets. Changes in government regulations relating to the production, transportation and marketing of natural gas have also resulted in significant changes in the historical marketing patterns of the natural gas industry. Generally, these changes have resulted in the abandonment by many pipelines of long-term contracts for the purchase of natural gas, the development by natural gas producers of their own marketing programs to take advantage of new regulations requiring pipelines to transport natural gas for regulated fees, and the emergence of various types of marketing companies and other aggregators of natural gas supplies.

As a result of the recent steep decline in energy commodity prices, internal and external sources of cash have become constrained, and accordingly, some industry participants have reduced offshore exploration and development budgets. The future direction of these commodity prices is uncertain, as are the long-term effects on the industry.

ENVIRONMENTAL

GENERAL. Our operations are subject to extensive federal, state and local statutory and regulatory requirements relating to environmental affairs, health and safety, waste management and chemical products. In recent years, these requirements have become increasingly stringent and in certain circumstances, they impose "strict liability" on a company, rendering it liable for environmental damage without regard to negligence or fault on the part of such company. To our knowledge, our operations are in substantial compliance, and are expected to continue to comply in all material respects, with applicable environmental laws, regulations and ordinances.

It is possible, however, that future developments, such as stricter environmental laws, regulations or enforcement policies could affect the handling, manufacture, use, emission or disposal of substances or wastes by us or our pipelines. In addition, some risk of environmental costs and liabilities is inherent in our

operations and products as it is with other companies engaged in similar or related businesses, and there can be no assurance that we will not incur material costs and liabilities, including substantial fines and criminal sanctions for violation of environmental laws and regulations. Furthermore, we will likely be required to increase our expenditures during the next several years to comply with higher industry and regulatory safety standards. However, such expenditures cannot be accurately estimated at this time.

PIPELINES. In addition to the NGA, the NGPA and the OCSLA, several federal and state statutes and regulations may pertain specifically to the operations of our pipelines. The Hazardous Materials Transportation Act, 49 U.S.C. sec. 5101 et seq., as amended, regulates materials capable of posing an unreasonable risk to health, safety and property when transported in commerce. The NGPSA and the HLPSA authorize the development and enforcement of regulations governing pipeline transportation of natural gas and hazardous liquids. Although federal jurisdiction is exclusive over regulated pipelines, the statutes allow states to impose additional requirements for intrastate lines if compatible with federal programs. Both Texas and Louisiana have developed regulatory programs that parallel the federal program for the transportation of natural gas by pipelines.

SOLID WASTE. The operations of our pipelines may generate or transport both hazardous and nonhazardous solid wastes that are subject to the requirements of the federal Resource Conservation and Recovery Act ("RCRA"), as amended, 42 U.S.C. sec. 6901 et. seq., and its regulations, and comparable state statutes and regulations. Further, it is possible that some wastes that are currently classified as nonhazardous, via exemption or otherwise, perhaps including wastes currently generated during pipeline operations, may, in the future, be designated as "hazardous wastes," which would then be subject to more rigorous and costly treatment, storage, transportation and disposal requirements. Such changes in the regulations may result in additional expenditures or operating expenses by Leviathan. On August 8, 1998, the Environmental Protection Agency ("EPA") added four petroleum refining wastes to the list of RCRA hazardous wastes. While the full impact of the rule has yet to be determined, the rule may, as of February 1999, impose increased expenditures and operating expenses on us or our pipelines, which may take on increased obligations relating to the treatment, storage, transportation and disposal of certain petroleum refining wastes that previously were not regulated as hazardous waste.

HAZARDOUS SUBSTANCES. The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. sec. 9601 et. seq., and comparable state statutes, also known as "Superfund" laws, impose liability, without regard to fault or the legality of the original conduct, on certain classes of persons that cause or contribute to the release of a "hazardous substance" into the environment. These persons include the current owner or operator of a site, the past owner or operator of a site, and companies that transport, dispose of, or arrange for the disposal of the hazardous substances found at the site. CERCLA also authorizes the EPA or state agency, and in some cases, third parties, to take actions in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. Despite the "petroleum exclusion" of Section 101(14) that currently encompasses natural gas, we may nonetheless generate or transport "hazardous substances" within the meaning of CERCLA, or comparable state statutes, in the course of our ordinary operations. And, certain petroleum refining wastes that previously were not regulated as hazardous waste may now fall within the definition of CERCLA hazardous substances. Thus, we may be responsible under CERCLA or the state equivalents for all or part of the costs required to cleanup sites where a release of a hazardous substance has occurred.

AIR. Our operations may be subject to the Clean Air Act ("CAA"), 42 U.S.C. sec. 7401-7642, and comparable state statutes. The 1990 CAA amendments and accompanying regulations, state or federal, may impose certain pollution control requirements with respect to air emissions from operations, particularly in instances where a company constructs a new facility or modifies an existing facility. We may also be required to incur certain capital expenditures in the next several years for air pollution control equipment in connection with maintaining or obtaining operating permits and approvals addressing other air emission-related issues. However, we do not believe our operations will be materially adversely affected by any such requirements.

WATER. The Federal Water Pollution Control Act ("FWPCA") or Clean Water Act, 33 U.S.C. sec. 1311 et. seq., imposes strict controls against the unauthorized discharge of produced waters and other oil and natural gas wastes into navigable waters. The FWPCA provides for civil and criminal penalties for any unauthorized discharges of oil and other hazardous substances in reportable quantities, and, along with the Oil Pollution Act of 1990 ("OPA"), 33 U.S.C. sec.sec. 2701-2761, imposes substantial potential liability for the costs of removal, remediation and damages. Similarly, the OPA imposes liability for the discharge of oil into or upon navigable waters or adjoining shorelines. Among other things, the OPA raises liability limits, narrows defenses to liability and provides more instances in which a responsible party is subject to unlimited liability. One provision of the OPA requires that offshore facilities establish and maintain evidence of financial responsibility of up to $35.0 million or any amount up to $150.0 million if the EPA determines that a greater amount is justified based on the relative operational, environmental, human health and other risks posed by the quantity or quality of the oil involved. State laws for the control of water pollution also provide varying civil and criminal penalties and liabilities in the case of an unauthorized discharge of petroleum, its derivatives or other hazardous substances into state waters. Further, the Coastal Zone Management Act ("CZMA"), 16 U.S.C. sec.sec. 1451-1464, authorizes state implementation and development of programs containing management measures for the control of nonpoint source pollution to restore and protect coastal waters.

ENDANGERED SPECIES. The Endangered Species Act ("ESA"), 7 U.S.C. sec. 136, seeks to ensure that activities do not jeopardize endangered or threatened plant and animal species, nor destroy or modify the critical habitat of such species. Under the ESA, certain exploration and production operations, as well as actions by federal agencies or funded by federal agencies, must not significantly impair or jeopardize the species or its habitat. The ESA provides for criminal penalties for willful violations of this act. Other statutes which provide protection to animal and plant species and thus may apply to our operations are the Marine Mammal Protection Act, the Marine Protection and Sanctuaries Act, the Fish and Wildlife Coordination Act, the Fishery Conservation and Management Act, and the Migratory Bird Treaty Act. The National Historic Preservation Act, 16 U.S.C. sec. 3470, may impose similar requirements.

COMMUNICATION OF HAZARDS. The Occupational Safety and Health Act, as amended ("OSHA"), 29 U.S.C. sec.sec. 651 et. seq., the Emergency Planning and Community Right-to-Know Act, as amended ("EPCRA"), 42 U.S.C. sec.sec. 11001 et. seq., and comparable state statutes require us to organize and disseminate information to employees, state and local organizations, and the public about the hazardous materials used in its operations and its emergency planning.

EMPLOYEES

Prior to August 1998, we and the general partner depended primarily upon the employees and management services provided by DeepTech International Inc. pursuant to a management agreement, although one of our subsidiaries had 10 full-time employees based in Houma, Louisiana to perform operational functions for its natural gas pipeline and platform operations. Since El Paso Energy's acquisition of our general partner, El Paso Energy through its subsidiaries has provided such services under the management agreement. Accordingly, El Paso Energy hired substantially all of the employees comprising our management team and those employees performing the operational functions. We reimburse the general partner for all reasonable general and administrative expenses and other reasonable expenses incurred by the general partner and its affiliates for or on behalf of us, including, but not limited to, amounts paid by the general partner to El Paso Energy and its affiliates under the management agreement.

LEGAL PROCEEDINGS

We are involved from time to time in various claims, actions, lawsuits and regulatory matters that have arisen in the ordinary course of business, including various rate cases and other proceedings before the FERC.

In particular, we are a defendant in a lawsuit filed by Transcontinental Gas Pipe Line Corporation ("Transco") in the 157th Judicial District Court, Harris County, Texas on August 30, 1996. Transco alleges that, pursuant to a platform lease agreement entered into on June 28, 1994, Transco has the right to expand its facilities and operations on the offshore platform by connecting additional pipeline receiving and appurtenant facilities. We have denied Transco's request to expand its facilities and operations because the lease agreement does not provide for such expansion and because Transco's activities will interfere with the Manta Ray Offshore system and our existing and planned activities on the platform. Transco has requested a declaratory judgment and is seeking damages. The case is set to be tried in June 1999. It is the opinion of management that adequate defenses exist and that the final disposition of this suit individually, and all of our other pending legal proceedings in the aggregate, will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Leviathan and several subsidiaries of El Paso Energy have been made defendants in United States ex rel Grynberg v. El Paso Natural Gas Company, et al. litigation. Generally, the complaint in this motion alleges an industry-wide conspiracy to underreport the heating value as well as the volumes of the natural gas produced from federal and Indian lands, thereby depriving the United States government of royalties. The complaint remains sealed. We believe the complaint is without merit and therefore will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

EL PASO ENERGY'S ACQUISITION OF OUR GENERAL PARTNER

Effective August 14, 1998, El Paso Energy completed the acquisition of our general partner, which became a wholly owned indirect subsidiary of El Paso Energy. The material terms of the acquisition and the related transactions, as they relate to us, are as follows:

(1) El Paso Energy acquired the minority interests of Leviathan Holdings Company, which owns 100% of the general partner, and two other affiliates of Leviathan Holdings for an aggregate of $55.0 million. Therefore, following that acquisition by El Paso Energy, El Paso Energy owned an overall 27.3% effective interest in us, comprised of a 1.0% general partner interest, a 25.3% limited partner interest comprised of 6,291,894 common units and a 1.0% nonmanaging membership interest in most of our subsidiaries. Following the closing of the acquisition of the Viosca Knoll interest discussed in "-- Natural Gas and Oil Pipelines -- Viosca Knoll System," El Paso Energy (through a subsidiary) acquired an additional 7.2% effective interest in us represented by 2,661,870 common units.

(2) On August 14, 1998, Tatham Offshore, Inc. (an affiliate of ours through August 1998) transferred its remaining assets located in the Gulf to us in exchange for the 7,500 shares of Tatham Offshore Series B 9% Senior Convertible Preferred Stock owned by us. We acquired Tatham Offshore's right, title and interest in and to Viosca Knoll Block 817 (subject to an existing production payment obligation), West Delta Block 35, the platform located at Ship Shoal Block 331 and other lease blocks not material to our current operations. Our net cash expenditure for these transactions totaled $0.8 million representing (a) $2.8 million of abandonment costs relating to wells located at Ewing Bank Blocks 914 and 915 offset by (b) $2.0 million of net cash generated from producing properties from January 1, 1998 through August 14, 1998. In addition, we assumed all remaining abandonment and restoration obligations associated with the platform and leases.

AVAILABLE INFORMATION

We are subject to the reporting requirements of the Exchange Act. This means that we file reports and other information with the Securities and Exchange Commission. You can inspect and/or copy these reports and other information at offices maintained by the SEC, including:

- The principal offices of the SEC located at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549;

- The Regional Offices of the SEC located at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511;

- The Regional Offices of the SEC located at 7 World Trade Center, New York, New York 10048; and

- The SEC's website at http://www.sec.gov.

Further, our common units are listed on the New York Stock Exchange, and you can inspect similar information at the offices of the New York Stock Exchange, located at 20 Broad Street, New York, New York 10005.

MANAGEMENT

OUR DIRECTORS AND EXECUTIVE OFFICERS

We and the general partner utilize the employees of and management services provided by El Paso Energy and its affiliates under our management agreement. We reimburse the general partner for reasonable general and administrative expenses, and other reasonable expenses, incurred by the general partner and its affiliates, for or on our behalf, including, without limitation, fees paid by the general partner to El Paso Energy and its affiliates pursuant to our management agreement.

Some of our officers and the general partner's officers and directors are also officers and directors of El Paso Energy and its affiliates. Such officers and directors may spend a substantial amount of time managing the business and affairs of the general partner and El Paso Energy and its affiliates and may face a conflict regarding the allocation of their time between our interests and the other business interests of the general partner and El Paso Energy and its affiliates. Mr. Sims and Mr. Lytal entered into employment agreements with five-year terms with El Paso Energy pursuant to which they would continue to serve as Chief Executive Officer and President, respectively, of the general partner and us. However, pursuant to the terms of their respective employment agreements, Messrs. Sims and Lytal have the right to terminate such agreements upon 30 days notice and El Paso Energy has the right to terminate such agreements under certain circumstances. The general partner may retain, acquire and invest in businesses that compete with us, subject to certain limitations. However, the ability of El Paso Energy and its other affiliates to retain, acquire and invest in businesses that compete with us is not subject to any limitations.

Certain provisions of our partnership agreement contain exculpatory language purporting to (1) limit the liability of the general partner to us and our unitholders and (2) modify the fiduciary duty standards to which the general partner would otherwise be subject under Delaware law. Our partnership agreement provides that (1) any action taken by the general partner consistent with the standards of reasonable discretion set forth in certain definitions in our partnership agreement will not breach any duty of the general partner to us or to our unitholders, (2) in the absence of bad faith by the general partner, the resolution of conflicts of interest by the general partner will not breach our partnership agreement or any standard of care or duty and (3) the general partner and its officers and directors may not be liable to us or to our unitholders for certain actions or omissions which might otherwise be deemed to be a breach of fiduciary duty under Delaware or other applicable state law. Further, the partnership agreement requires us to indemnify the general partner to the fullest extent permitted by law, which indemnification, in light of the exculpatory provisions in the partnership agreement, could result in us indemnifying the general partner for negligent acts.

DIRECTORS AND EXECUTIVE OFFICERS OF THE GENERAL PARTNER

The following table sets forth certain information as of March 31, 1999, regarding our executive officers and the executive officers and directors of the general partner who provide services to us. Each executive officer of the general partner holds the same executive position for us. Directors are elected annually by the general partner's sole stockholder, Leviathan Holdings Company, and hold office until their successors are elected and qualified. Each executive officer named in the following table has been elected to serve until his successor is duly appointed or elected or until his earlier removal or resignation from office.

There is no family relationship among any of the executive officers or directors, and other than described in this prospectus, no arrangement or understanding exists between any executive officer and any other person pursuant to which he was or is to be selected as an officer.

NAME	AGE	POSITION(S)
William A. Wise	53	Director and Chairman of the Board
Grant E. Sims	43	Director and Chief Executive Officer
James H. Lytal	41	Director and President
H. Brent Austin	44	Director and Executive Vice President
Robert G. Phillips	44	Director and Executive Vice President
Keith B. Forman	41	Vice President and Chief Financial Officer
D. Mark Leland	37	Vice President and Controller
Michael B. Bracy	57	Director
H. Douglas Church	61	Director
Malcolm Wallop	66	Director

WILLIAM A. WISE has served as a director and Chairman of the Board of the general partner since August 1998, Chairman of the Board of El Paso Energy since January 1994 and Chief Executive Officer of El Paso Energy since June 1990. Mr. Wise served as President of El Paso Energy from January 1990 until April 1996 and from July 1998 to the present. Mr. Wise served as President and Chief Operating Officer of El Paso Energy from April 1989 to December 1989. From March 1987 until April 1989, Mr. Wise was an Executive Vice President of El Paso Energy and a Senior Vice President of El Paso Energy from January 1984 to February 1987. Mr. Wise is a member of the Boards of Directors of Battle Mountain Gold Company and Chase Bank of Texas and is Chairman of the Board of El Paso Tennessee Pipeline Co.

GRANT E. SIMS has served as a director of the general partner since July 1995 and as our Chief Executive Officer and the Chief Executive Officer of general partner since August 1994. Mr. Sims served as our President and President of the general partner from March 1994 through June 1995. In addition, Mr. Sims has served as a director and Senior Vice President of DeepTech International Inc. since July 1993 and served as a director of Offshore Gas Marketing, Inc., a subsidiary of DeepTech, from December 1992 to March 1994. Prior to his employment with DeepTech, Mr. Sims spent ten years with Transco in various capacities, most recently directing Transco's non-jurisdictional natural gas activities.

JAMES H. LYTAL has served as a director of the general partner since July 1995 and as our President and President of the general partner since August 1994. He served as our Senior Vice President and Senior Vice President of the general partner from August 1994 to June 1995. Prior to joining us, Mr. Lytal was Vice President -- Business Development for American Pipeline Company from December 1992 to August 1994. Prior thereto, Mr. Lytal served as Vice President -- Business Development for United Gas Pipe Line Company from March 1991 to December 1992. Prior thereto, Mr. Lytal has served in various capacities in the oil and natural gas exploration and production and natural gas pipeline industries with Texas Oil and Gas, Inc. and American Pipeline Company from September 1980 to March 1991.

H. BRENT AUSTIN has served as a director and an Executive Vice President of the general partner and as our Executive Vice President since August 1998. Mr. Austin has served as an Executive Vice President of El Paso Energy since May 1995 and as the Chief Financial Officer of El Paso Energy since April 1992. He served as the Senior Vice President of El Paso Energy from April 1992 to May 1995. He served as the Vice President, Planning and Treasurer of Burlington Resources Inc. from November 1990 to March 1992 and Assistant Vice President, Planning of Burlington Resources from January 1989 to October 1990. Mr. Austin is a member of the Board of Directors of El Paso Tennessee Pipeline Co.

ROBERT G. PHILLIPS has served as a director and an Executive Vice President of the general partner and as our Executive Vice President since August 1998. Mr. Phillips has served as President of El Paso Field

Services Company since June 1997. He served as President of El Paso Energy Resources Company from December 1996 to June 1997, President of El Paso Field Services Company from April 1996 to December 1996 and Senior Vice President of El Paso Energy from September 1995 to April 1996. For more than five years prior thereto, Mr. Phillips was Chief Executive Officer of Eastex Energy, Inc.

KEITH B. FORMAN has served as our Chief Financial Officer and Chief Financial Officer of the general partner since January 1992 and served as a director of the general partner from July 1992 to August 1998. Prior to joining us, Mr. Forman served as Vice President of the Natural Gas Pipeline Group of Manufacturers Hanover Trust Company which he joined in 1982. His account responsibility included interstate natural gas transmission companies and natural gas gathering companies.

D. MARK LELAND has served as our Vice President and Controller and Vice President and Controller of the general partner since August 1998 and as Vice President of El Paso Field Services Company since September 1997. He served as Director of Business Development for El Paso Field Services Company from September 1994 to September 1997. For more than five years prior thereto, Mr. Leland served in various capacities in the finance and accounting functions of El Paso Energy.

MICHAEL B. BRACY has served as a director of the general partner since October 1998. From January 1993 to August 1997, Mr. Bracy served as a director, Executive Vice President and Chief Financial Officer of NorAm Energy Corp. (formerly Arkla, Inc.) and as Executive Vice President and Chief Financial Officer of NorAm from December 1991 to January 1993. For seven years prior thereto, Mr. Bracy served in various executive capacities with NorAm. From December 1977 to October 1984, Mr. Bracy held various executive financial positions with El Paso Energy and prior thereto, Mr. Bracy served in various capacities with The Chase Manhattan Bank. Mr. Bracy is a member of the Board of Directors of Itron, Inc.

H. DOUGLAS CHURCH has served as a director of the general partner since January 1999. From January 1994 to December 1998, Mr. Church served as the Senior Vice President, Transmission, Engineering and Environmental for a subsidiary of, Duke Energy Corporation, Texas Eastern Transmission Company. For thirty-two years prior thereto, Mr. Church served in various engineering and operating capacities with Texas Eastern, Panhandle Eastern Corporation and Transwestern Pipeline Company. Mr. Church is a past member and Chairman of the Board of Directors of Southern Gas Association and Boys and Girls Country of Houston, Inc.

MALCOLM WALLOP has served as a director of the general partner since August 1998 and as a director of El Paso Energy since February 1995. Mr. Wallop became Chairman of Western Gulf Strategy Group on January 1, 1999. Since January 1996, Mr. Wallop has served as President for Frontiers of Freedom Foundation, a political foundation. For eighteen years prior thereto, Mr. Wallop was a member of the United States Senate. He is a member of the Board of Directors of Hubbell Inc. and Sheridan State Bank.

COMPENSATION OF DIRECTORS

Directors of the general partner are entitled to reimbursement for their reasonable out-of-pocket expenses in connection with their travel to and from, and attendance at, meetings of the Board or committees thereof. Mr. Paul Thompson III, Mr. George L. Ball and Mr. William A. Bruckmann, III, directors of the general partner until their resignation on August 14, 1998, were paid an annual fee of $36,000 plus $1,000 per meeting attended. Current non-employee directors are paid an annual fee of $30,000. Officers of the general partner and our officers are elected by, and serve at the discretion of, the Board.

Pursuant to our former non-employee director compensation arrangements, we were obligated to pay each non-employee director 2.5% of the general partner's Incentive Distribution as a profit participation fee. During the year ended December 31, 1998, we paid the Messrs. Thompson, Ball and Bruckmann a total of $600,000 as a profit participation fee. In connection with El Paso Energy's acquisition of Leviathan, Messrs. Thompson, Ball and Bruckmann resigned and the compensation arrangements were terminated.

In August 1998, we adopted the 1998 Unit Option Plan for Non-Employee Directors to provide us with the ability to issue unit options to attract and retain the services of knowledgeable directors. Unit options to purchase a maximum of 100,000 common units may be issued pursuant to this plan. Under this plan, we granted (1) 1,500 unit options to Mr. Wallop in August 1998 to acquire an equal number of common units at $27.34375 per unit, (2) 1,500 unit options to Mr. Bracy in October 1998 to acquire an equal number of common units at $25.00 per unit and (3) 1,500 unit options to Mr. Church in January 1999 to acquire an equal number of common units at $20.625 per unit. Each unit option vests immediately at the date of grant and shall expire ten years from such date, but shall be subject to earlier termination in the event that Messrs. Wallop, Bracy and Church cease to be a director of the general partner for any reason, in which case the unit options expire 36 months after such date except in the case of death, in which case the unit options expire 12 months after such date. This plan is administered by a management committee consisting of the Chairman of the Board and such other senior officers of the general partner or its affiliates as the Chairman of the Board shall designate.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

We do not currently have a compensation committee or another committee performing similar functions, and all such matters which would be considered by such committee are acted upon by the full Board of Directors. The Board of Directors, administers and interprets the Omnibus Plan. See "Management -- Executive Compensation -- Omnibus Plan" beginning on page 69.

AUDIT AND CONFLICTS COMMITTEE

Currently, Messrs. Bracy, Church and Wallop, who are neither officers nor employees of the general partner nor any of its affiliates, serve as the Audit and Conflicts Committee of the Board of Directors of the general partner and of us. Mr. Wallop is a director of El Paso Energy. Through August 14, 1998, Messrs. Thompson, Ball and Bruckmann, who were neither officers nor employees of the general partner nor any of its affiliates, served as the Audit and Conflicts Committee.

The Audit and Conflicts Committee provides two primary services. First, it advises the Board of Directors in matters regarding the system of internal controls and the annual independent audit, and reviews our policies and practices, as well as those of the general partner. Second, the Audit and Conflicts Committee, at the request of the general partner, reviews specific matters as to which the general partner believes there may be a conflict of interest in order to determine if the resolution of such conflict proposed by the general partner is fair and reasonable to us. Except as otherwise required by the rules of the NYSE, the Audit and Conflicts Committee only reviews matters concerning potential conflicts of interest at the request of the general partner, which has sole discretion to determine which such matters to submit to that committee. Any such matters approved by a majority vote of the Audit and Conflicts Committee will be conclusively deemed (1) to be fair and reasonable to us, (2) approved by all of our limited partners and (3) not a breach by the general partner of any duties it may owe to us. However, it is possible that such procedure in itself may constitute a conflict of interest.

COMPENSATION OF THE GENERAL PARTNER

The general partner receives no remuneration in connection with our management other than: (1) distributions in respect of its general and limited partner interests in us and its nonmanaging interest in certain of our subsidiaries; (2) incentive distributions in respect of its general partner interest, as provided in our partnership agreement; and (3) reimbursement for all direct and indirect costs and expenses incurred on our behalf, all selling, general and administrative expenses incurred by the general partner for or on our behalf and all other expenses necessary or appropriate to the conduct of the business of, and allocable to, us, including, but not limited to, the management fees paid by the general partner to El Paso Energy and its affiliates under our management agreement.

EXECUTIVE COMPENSATION

Our executive officers (who are also executive officers of the general partner) are compensated by El Paso Energy (and, prior to consummation of El Paso Energy's acquisition of Leviathan, were compensated by Leviathan's parent) and do not receive compensation from the general partner or us for their services in such capacities with the exception of awards pursuant to the Unit Rights Appreciation Plan and Omnibus Plan discussed below.

UNIT RIGHTS APPRECIATION PLAN

In 1995, we adopted the Unit Rights Appreciation Plan to provide us with the ability of making awards of unit rights to certain officers and employees of the general partner or its affiliates as an incentive for these individuals to continue in the service of us or our affiliates. Under the Unit Rights Plan, we granted 1.2 million unit rights to certain officers and employees of the general partner or its affiliates that provided for the right to purchase, or realize the appreciation of, a preference unit or a common unit, pursuant to the provisions of the Unit Rights Plan. The Unit Rights Plan was administered by a committee of the Board of Directors of the general partner comprised of two or more non-employee directors. The aggregate number of rights that could have been issued pursuant to the Unit Rights Plan could not exceed 400,000 rights per calendar year and 4 million rights over the term of that plan, subject to adjustment. No participant could have been granted more than 400,000 rights in any calendar year. The exercise price covered by the rights granted pursuant to that plan was the closing price of the preference units as reported on the NYSE on the date on which rights were granted pursuant to that plan.

The exercise prices covered by these rights granted pursuant to this plan ranged from $15.6875 to $21.50, the closing prices of the preference units as reported on the NYSE on the grant date of the respective rights. As a result of the "change of control" occurring upon the closing of El Paso Energy's acquisition of Leviathan, the rights fully vested and the holders of those rights elected to be paid $8.6 million, the amount equal to the difference between the grant price of those rights and the average of the high and the low sales price of the common units on the date of exercise. Upon the exercise of all of the rights outstanding, that plan was terminated. We replaced that plan with the Omnibus Plan described below.

OMNIBUS PLAN

In August 1998, we adopted the 1998 Omnibus Compensation Plan to provide us with the ability to issue unit options to attract and retain the services of knowledgeable officers and key management personnel. Unit options to purchase a maximum of 3 million common units may be issued pursuant to the Omnibus Plan. The Plan is administered by the Board. The Board interprets, prescribes, amends and rescinds rules relating to the Omnibus Plan, selects eligible participants, makes grants to participants who are not Section 16 insiders pursuant to the Exchange Act, and takes all other actions necessary for the Omnibus Plan administration, which actions shall be final and binding upon all the participants.

In August 1998, we granted 930,000 unit options to employees of our general partner to purchase an equal number of common units at $27.1875 per unit pursuant to the Omnibus Plan. These unit options, none of which are exercisable, remain outstanding as of April 30, 1999.

REPORT FROM COMPENSATION COMMITTEE REGARDING EXECUTIVE COMPENSATION

Because we do not have a compensation committee or another committee performing similar functions, this report is presented by the full Board of Directors. The Board of Directors is responsible for establishing appropriate compensation goals for the knowledgeable officers and key management personnel working for us and evaluating the performance of such officers and personnel in meeting such goals.

The goals of the Board of Directors in administering the Omnibus Plan are as follows:

(1) To fairly compensate the knowledgeable officers and key management personnel working for us and our affiliates for their contributions to our short-term and long-term performance.

(2) To allow us to attract, motivate and retain the management personnel necessary to our success by providing an Omnibus Plan comparable to that offered by companies with which we compete for such management personnel.

The elements of the Omnibus Plan described above are implemented and periodically reviewed and adjusted by the Board of Directors. The awards made under the Omnibus Plan are determined based on individual performance, experience and comparison with awards made by our industry peers and other companies in similar industries with comparable revenue while linking such awards to our achievement of certain financial goals.

SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the annual compensation earned by our Chief Executive Officer and each of our other four most highly compensated executive officers whose annual salary and bonus from us during the year ended December 31, 1998 exceeded $100,000:

		ANNUAL COMPENSATION(2)				LONG-TERM COMPENSATION AWARDS	
NAME/PRINCIPAL POSITION	FISCAL YEAR	SALARY ($)	BONUS ($)	MARKET VALUE OF UNITS ISSUED	OTHER ANNUAL COMPENSATION ($)	OPTIONS (#)	ALL OTHER COMPENSATION ($)
Grant E. Sims.....	1998	--	--	--	--	215,000(3)	--
Chief Executive Officer	1997	--	--	--	--	125,000(4)	--
	1996	--	--	--	--	90,000(4)	--
James H. Lytal.....	1998	--	--	--	--	215,000(3)	--
President	1997	--	--	--	--	125,000(4)	--
	1996	--	--	--	--	90,000(4)	--
Keith B. Forman.....	1998	--	--	--	--	215,000(3)	--
Chief Financial Officer	1997	--	--	--	--	125,000(4)	--
	1996	--	--	--	--	90,000(4)	--
John H. Gray(1).....	1998	--	--	--	--	--	--
Chief Operating Officer	1997	--	--	--	--	125,000(4)	--
	1996	--	--	--	--	90,000(4)	--
Donald V. Weir(1).....	1998	--	--	--	--	--	--
Vice President	1997	--	--	--	--	--	--
	1996	--	--	--	--	--	--
T. Darty Smith.....	1998	--	--	--	--	70,000(3)	--
Vice President	1997	--	--	--	--	50,000(4)	--
	1996	--	--	--	--	20,000(4)	--
Bart H. Heijermans.....	1998	--	--	--	--	40,000(3)	--
Vice President	1997	--	--	--	--	--	--
	1996	--	--	--	--	--	--

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(1) John H. Gray, our former Chief Operating Officer, and Donald V. Weir, our former Vice President, resigned their positions in connection with the consummation of El Paso Energy's acquisition of our general partner on August 14, 1998.

(2) Other than awards made under our incentive arrangements, all other compensation was paid by El Paso Energy and/or our previous parent.

(3) Issued pursuant to the Omnibus Plan.

(4) Issued pursuant to the Unit Rights Plan.

OPTION GRANTS

The following table sets forth certain information concerning the unit options granted to the named officers during the year ended December 31, 1998:

NAME	NUMBER OF COMMON UNITS UNDERLYING OPTIONS GRANTED	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE ($/SH)	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF UNIT PRICE APPRECIATION FOR OPTION TERM	
					5% ($)	10% ($)
Grant E. Sims.....	215,000(1)	23%	$27.1875	8/14/2008	$3,676,086	$9,315,923
James H. Lytal.....	215,000(1)	23%	$27.1875	8/14/2008	$3,676,086	$9,315,923
Keith B. Forman.....	215,000(1)	23%	$27.1875	8/14/2008	$3,676,086	$9,315,923
T. Darty Smith.....	70,000(1)	8%	$27.1875	8/14/2008	$1,196,865	$3,033,091
Bart H. Heijermans...	40,000(1)	4%	$27.1875	8/14/2008	$ 683,923	$1,733,195

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(1) These unit options were issued pursuant to the Omnibus Plan and are not immediately exercisable. One half of the unit options are considered vested and exercisable one year after at the date of grant and the remaining one-half of the units options are considered vested and exercisable one year after the first anniversary of the date of grant. The unit options shall expire 10 years from such grant date, but shall be subject to earlier termination in the event that a participant ceases employment with the general partner for retirement or disability, in which case the unit options expire 36 months after such date; for termination without cause, one year after such date; for voluntary termination, three months after such date; and death, twelve months after such date.

OPTION EXERCISES AND YEAR-END VALUE TABLE

The following table sets forth certain information concerning the unit options held by the relevant officers at December 31, 1998 or exercised by those officers during the year then ended:

NAME	SHARES ACQUIRED ON EXERCISE(#)	VALUE REALIZED($)	NUMBER OF EXERCISABLE/ UNEXERCISABLE(2)	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR-END EXERCISABLE/ UNEXERCISABLE
Grant E. Sims.....	215,000(1)	$1,745,938(1)	-- /215,000	-$-/$--
James H. Lytal.....	215,000(1)	1,745,938(1)	-- /215,000	--/ --
Keith B. Forman.....	215,000(1)	1,745,938(1)	-- /215,000	--/ --
T. Darty Smith.....	70,000(1)	416,875(1)	-- /70,000	--/ --
Bart H. Heijermans.....	--	--	-- /40,000	--/ --

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(1) As a result of the "change of control" occurring upon El Paso Energy's acquisition of our general partner, the rights issued pursuant to the Unit Rights Plan fully vested and the holders of the rights elected to be paid the amount equal to the difference between the grant price of the right and the average of the high and the low sales price of the common units on the date of exercise.

(2) All unexercisable options in this column relate to options issued pursuant to the Omnibus Plan.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

MANAGEMENT FEES

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 our direction are currently employed by El Paso Energy. Under a management agreement between a subsidiary of El Paso Energy and our general partner, a management fee is charged to our general partner which is intended to approximate the amount of resources allocated by El Paso Energy and/or its subsidiary in providing various operational, financial, accounting and administrative services on our behalf and on behalf of the general partner. The management agreement expires on June 30, 2002, and may be terminated thereafter upon 90 days notice by either party. Under the partnership agreement, our general partner is reimbursed for all reasonable general and administrative expenses and other reasonable expenses that it and its affiliates incur on our behalf, including amounts payable by our general partner to a subsidiary of El Paso Energy under the management agreement.

Effective November 1, 1995, July 1, 1996 and July 1, 1997, primarily as a result of our increased activities, our general partner amended its management agreement with a subsidiary of El Paso Energy to provide for an annual management fee of 45.3%, 54.0% and 52.0%, respectively, of the manager's overhead. In connection with El Paso Energy's acquisition of our general partner, the general partner amended its management agreement to provide for a monthly management fee of $775,000. Our general partner charged us $9.3 million, $8.1 million and $6.6 million under our management agreement for the years ended December 31, 1998, 1997 and 1996, respectively.

The general partner must reimburse El Paso Energy for certain tax liabilities resulting from, among other things, additional taxable income allocated to the general partner due to (1) the issuance of additional preference units and (2) the investment of such proceeds in additional acquisitions or construction projects. During the years ended December 31, 1998, 1997 and 1996, our general partner charged us $489,000, $713,000 and $1.1 million, respectively, for additional taxable income allocated to the general partner.

PLATFORM ACCESS AND TRANSPORTATION AGREEMENTS

VIOSCA KNOLL. For the years ended December 31, 1998, 1997 and 1996, we received approximately $1.1 million, $1.9 million and $1.9 million, respectively, from Tatham Offshore as platform access and production handling fees related to our platform located in Viosca Knoll Block 817.

For the years ended December 31, 1998, 1997 and 1996, we charged Viosca Knoll approximately $2.5 million, $2.1 million and $249,000, respectively, for expenses and platform access fees related to the Viosca Knoll Block 817 platform.

In addition, for the years ended December 31, 1998, 1997 and 1996, Viosca Knoll reimbursed us $152,000, $47,000 and $254,000, respectively, for costs we incurred in connection with the acquisition and installation of a booster compressor on our Viosca Knoll Block 817 platform.

During the years ended December 31, 1998, 1997 and 1996, Viosca Knoll charged us approximately $1.9 million, $3.9 million and $3.2 million, respectively, for transportation services related to transporting production from the Viosca Knoll Block 817 lease.

GARDEN BANKS. During the years ended December 31, 1998, 1997 and 1996, Poseidon charged us approximately $1.4 million, $2.0 million and $1.0 million, respectively, for transportation services related to transporting production from the Garden Banks Block 72 and 117 leases.

OTHER

We have agreed to sell all of our oil and natural gas production to Offshore Gas Marketing, Inc. a wholly owned subsidiary of El Paso Energy, on a month to month basis. This agreement provides Offshore

Gas Marketing fees equal to 2.0% of the sales value of crude oil and condensate and $0.015 per dekatherm of natural gas for selling our production. During the years ended December 31, 1998, 1997 and 1996, our oil and natural gas sales to Offshore Gas Marketing totaled approximately $31.2 million, $57.8 million and $46.2 million, respectively.

We are party to a management agreement with Viosca Knoll under which we charge Viosca Knoll a base fee of $100,000 annually in exchange for providing financial, accounting and administrative services to Viosca Knoll. For each of the years ended December 31, 1998, 1997 and 1996, we charged Viosca Knoll $100,000 in accordance with this agreement.

For the years ended December 31, 1998 and 1997, we charged Manta Ray Offshore approximately $1.3 million and $287,000, respectively, under management and operations agreements.

In connection with El Paso Energy's acquisition of our general partner, Mr. Grant E. Sims and Mr. James H. Lytal entered into employment agreements with five year terms with El Paso Energy under which they would continue to serve as our and our general partner's Chief Executive Officer and President, respectively. However, under their respective employment agreements, Messrs. Sims and Lytal have the right to terminate such agreements upon 30 days notice and El Paso Energy has the right to terminate these agreements under certain circumstances.

Under our former non-employee director compensation arrangements, we were obligated to pay each non-employee director 2.5% of the general partner's incentive distribution as a profit participation fee. During the years ended December 31, 1998 and 1997, we paid the three non-employee directors of Leviathan a total of $621,000 and $313,000, respectively, as a profit participation fee. As a result of El Paso Energy's acquisition of our general partner, the three non-employee directors resigned and the compensation arrangements were terminated.

PRINCIPAL UNITHOLDERS

The following table sets forth, as of April 15, 1999, the beneficial ownership of our outstanding equity securities, by (1) each person who we know to beneficially own more than 5.0% of our outstanding units, (2) each director of the general partner and (3) all directors and executive officers of the general partner as a group.

	COMMON UNITS		PREFERENCE UNITS	
BENEFICIAL OWNER	NUMBER	PERCENT	NUMBER	PERCENT
El Paso Energy(1)	(1)	(1)	--	--
Grant E. Sims	33,000(2)	*	--	--
James H. Lytal	6,050(3)	*	--	--
Keith B. Forman	1,000	*	--	--
Robert G. Phillips	1,000	*	--	--
William A. Wise	9,670(4)	*	--	--
H. Brent Austin	--	--	--	--
D. Mark Leland	--	--	--	--
Michael B. Bracy	6,500(5)	*	--	--
H. Douglas Church	1,500(5)	*	--	--
Malcolm Wallop	1,500(5)	*	--	--
Executive officers and directors of Leviathan as a group (10 persons)	60,220	*	--	--

* Less than 1%.

(1) El Paso Energy beneficially owns all of the outstanding capital stock of our general partner, the general partner of Leviathan. The address for our general partner and El Paso Energy is El Paso Energy Building, 1001 Louisiana Street, Houston, Texas 77002. El Paso Energy indirectly owns all of the general partner's outstanding common stock, par value $0.10 per share. The general partner has no other class of capital stock outstanding. As of April 15, 1999, our general partner, through its ownership of 6,291,894 common units, its 1.0% general partner interest and its approximate 1.0% nonmanaging interest in certain of our subsidiaries, effectively owned a 27.3% interest in us.

(2) Mr. Sims disclaims beneficial ownership of 2,000 common units held in trust for his 18 year old son.

(3) Mr. Lytal may be deemed to be the beneficial owner of 34 common units owned by Mr. Lytal's son, a minor.

(4) This number excludes 3,625 units owned by Mr. Wise's children, for which he disclaims beneficial ownership.

(5) Includes the option to acquire 1,500 common units pursuant to the 1998 Unit Option Plan for Non-Employee Directors. See "Management -- Compensation of Directors" beginning on page 67.

THE EXCHANGE OFFER

EXCHANGE TERMS

$175.0 million principal amount of Series A notes are currently issued and outstanding. The maximum principal amount of Series B notes that will be issued in exchange for Series A notes is $175.0 million. The terms of the Series B notes and the Series A notes are substantially the same in all material respects, except that the Series B notes will be freely transferable by the holders except as provided in this prospectus.

The Series B notes will bear interest at a rate of 10 3/8% per year, payable semi-annually on June 1 and December 1 of each year, beginning on December 1, 1999. Holders of Series B notes will receive interest from the date of the original issuance of the Series A notes or from the date of the last payment of interest on the Series A notes, whichever is later. Holders of Series B notes will not receive any interest on Series A notes tendered and accepted for exchange. In order to exchange your Series A notes for transferable Series B notes in the exchange offer, you will be required to make the following representations:

- any Series B notes will be acquired in the ordinary course of your business;

- you have no arrangement with any person to participate in the distribution of the Series B notes; and

- you are not our "affiliate," as defined in Rule 405 of the Securities Act, or if you are our affiliate, you will comply with the applicable registration and prospectus delivery requirements of the Securities Act.

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept for exchange any Series A notes properly tendered in the exchange offer, and the Exchange Agent will deliver the Series B notes promptly after the Expiration Date (as defined below) of the exchange offer. We expressly reserve the right to delay acceptance of any of the tendered Series A notes or terminate the exchange offer and not accept for exchange any tendered Series A notes not already accepted if any conditions set forth under "Conditions of the Exchange Offer" beginning on page 81 have not been satisfied or waived by us or do not comply, in whole or in part, with any applicable law.

If you tender your Series A notes, you will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of the Series A notes. We will pay all charges, expenses and transfer taxes in connection with the exchange offer, other than certain taxes described below under "Transfer Taxes."

EXPIRATION DATE; EXTENSIONS; TERMINATION; AMENDMENTS

The exchange offer will expire at 5:00 p.m., New York City time, on , 1999, unless extended by us (the "Expiration Date"). We expressly reserve the right to extend the exchange offer on a daily basis or for such period or periods as we may determine in our sole discretion from time to time by giving oral, confirmed in writing, or written notice to the Exchange Agent and by making a public announcement by press release to the Dow Jones News Service prior to 9:00 a.m., New York City time, on the first business day following the previously scheduled Expiration Date. During any extension of the exchange offer, all Series A notes previously tendered, not validly withdrawn and not accepted for exchange will remain subject to the exchange offer and may be accepted for exchange by us.

To the extent we are legally permitted to do so, we expressly reserve the absolute right, in our sole discretion, to:

- waive any condition to the exchange offer and

- amend any of the terms of the exchange offer.

Any waiver or amendment to the exchange offer will apply to all Series A notes tendered, regardless of when or in what order the Series A notes were tendered. If we make a material change in the terms of the exchange offer or if we waive a material condition of the exchange offer, we will disseminate additional exchange offer materials, and we will extend the exchange offer to the extent required by law.

We expressly reserve the right, in our sole discretion, to terminate the exchange offer if any of the conditions set forth under "Conditions of the Exchange Offer" beginning on page 81 exist. Any such termination will be followed promptly by a public announcement. In the event we terminate the exchange offer, we will give immediate notice to the Exchange Agent, and all Series A notes previously tendered and not accepted for payment will be returned promptly to the tendering holders.

In the event that the exchange offer is withdrawn or otherwise not completed, Series B notes will not be given to holders of Series A notes who have validly tendered their Series A notes.

RESALE OF SERIES B NOTES

Based on interpretations of the SEC staff set forth in no action letters issued to third parties, we believe that Series B notes issued under the exchange offer in exchange for Series A notes may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act, if:

- you are not our "affiliate" within the meaning of Rule 405 under the Securities Act;

- you are acquiring Series B notes in the ordinary course of your business; and

- you do not intend to participate in the distribution of the Series B notes.

If you tender Series A notes in the exchange offer with the intention of participating in any manner in a distribution of the Series B notes:

- you cannot rely on those interpretations by the SEC staff, and

- you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction and that such a secondary resale transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K.

Unless an exemption from registration is otherwise available, any security holder intending to distribute Series B notes should be covered by an effective registration statement under the Securities Act containing the selling security holder's information required by Item 507 of Regulation S-K under the Securities Act. This prospectus may be used for an offer to resell, a resale or other retransfer of Series B notes only as specifically set forth in this prospectus. Only broker-dealers that acquired the Series A notes as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives Series B notes for its own account in exchange for Series A notes, where such Series A notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the Series B notes. Please read the section captioned "Plan of Distribution" beginning on page 137 for more details regarding the transfer of Series B notes.

ACCEPTANCE OF SERIES A NOTES FOR EXCHANGE

We will accept for exchange Series A notes validly tendered pursuant to the exchange offer, or defectively tendered, if such defect has been waived by us, after the later of: (1) the Expiration Date of the exchange offer and (2) the satisfaction or waiver of the conditions specified below under "Conditions of the Exchange Offer." We will not accept Series A notes for exchange subsequent to the Expiration Date of the exchange offer. Tenders of Series A notes will be accepted only in principal amounts equal to $1,000 or integral multiples of $1,000.

We expressly reserve the right, in our sole discretion, to:

- delay acceptance for exchange of Series A notes tendered under the exchange offer, subject to Rule 14e-1 under the Exchange Act, which requires that an offeror pay the consideration offered or return the securities deposited by or on behalf of the holders promptly after the termination or withdrawal of a tender offer, or

- terminate the exchange offer and not accept for exchange any Series A notes not theretofore accepted for exchange, if any of the conditions set forth below under "Conditions of the Exchange Offer" have not been satisfied or waived by us or in order to comply in whole or in part with any applicable law. In all cases, Series B notes will be issued only after timely receipt by the Exchange Agent of certificates representing Series A notes, or confirmation of book-entry transfer, a properly completed and duly executed letter of transmittal, or a manually signed facsimile thereof, and any other required documents. For purposes of the exchange offer, we will be deemed to have accepted for exchange validly tendered Series A notes, or defectively tendered Series A notes with respect to which we have waived such defect, if, as and when we give oral, confirmed in writing, or written notice to the Exchange Agent. Promptly after the Expiration Date, we will deposit the Series B notes with the Exchange Agent, who will act as agent for the tendering holders for the purpose of receiving the Series B notes and transmitting them to the holders. The Exchange Agent will deliver the Series B notes to holders of Series A notes accepted for exchange after the Exchange Agent receives the Series B notes.

If, for any reason, we delay acceptance for exchange of validly tendered Series A notes or we are unable to accept for exchange validly tendered Series A notes, then the Exchange Agent may, nevertheless, on our behalf, retain tendered Series A notes, without prejudice to our rights described under "Expiration Date; Extensions; Termination; Amendments" beginning on page 75, "Conditions of the Exchange Offer" beginning on page 81 and "Withdrawal of Tenders" beginning on page 80, subject to Rule 14e-1 under the Exchange Act, which requires that an offeror pay the consideration offered or return the securities deposited by or on behalf of the holders thereof promptly after the termination or withdrawal of a tender offer.

If any tendered Series A notes are not accepted for exchange for any reason, or if certificates are submitted evidencing more Series A notes than those that are tendered, certificates evidencing Series A notes that are not exchanged will be returned, without expense, to the tendering holder, or, in the case of Series A notes tendered by book-entry transfer into the Exchange Agent's account at a book-entry transfer facility under the procedure set forth under "Procedures for Tendering Series A Notes -- Book-Entry Transfer" beginning on page 79, such Series A notes will be credited to the account maintained at such book-entry transfer facility from which such Series A notes were delivered, unless otherwise requested by such holder under "Special Delivery Instructions" in the letter of transmittal, promptly following the exchange date or the termination of the exchange offer.

Tendering holders of Series A notes exchanged in the exchange offer will not be obligated to pay brokerage commissions or transfer taxes with respect to the exchange of their Series A notes other than as described in "Transfer Taxes" beginning on page 82 or in Instruction 7 to the letter of transmittal. We will pay all other charges and expenses in connection with the exchange offer.

PROCEDURES FOR TENDERING SERIES A NOTES

Any beneficial owner whose Series A notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee or held through a book-entry transfer facility and who wishes to tender Series A notes should contact such registered holder promptly and instruct such registered holder to tender Series A notes on such beneficial owner's behalf.

Tender of Series A Notes Held Through DTC. The Exchange Agent and DTC have confirmed that the exchange offer is eligible for the DTC automated tender offer program. Accordingly, DTC participants may electronically transmit their acceptance of the exchange offer by causing DTC to transfer Series A notes to the Exchange Agent in accordance with DTC's automated tender offer program procedures for transfer. DTC will then send an agent's message to the Exchange Agent.

The term "agent's message" means a message transmitted by DTC, received by the Exchange Agent and forming part of the book-entry confirmation, which states that DTC has received an express acknowledgment from the participant in DTC tendering Series A notes that are the subject of that book-entry confirmation that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce such agreement against such participant. In the case of an agent's message relating to guaranteed delivery, the term means a message transmitted by DTC and received by the Exchange Agent, which states that DTC has received an express acknowledgment from the participant in DTC tendering Series A notes that they have received and agree to be bound by the notice of guaranteed delivery.

Tender of Series A Notes Held in Physical Form. For a holder to validly tender Series A notes held in physical form:

- the Exchange Agent must receive at its address set forth in this prospectus a properly completed and validly executed letter of transmittal, or a manually signed facsimile thereof, together with any signature guarantees and any other documents required by the instructions to the letter of transmittal, and

- the Exchange Agent must receive certificates for tendered Series A notes at such address, or such Series A notes must be transferred pursuant to the procedures for book-entry transfer described above. A confirmation of such book-entry transfer must be received by the Exchange Agent prior to the Expiration Date of the exchange offer. A holder who desires to tender Series A notes and who cannot comply with the procedures set forth herein for tender on a timely basis or whose Series A notes are not immediately available must comply with the procedures for guaranteed delivery set forth below.

LETTERS OF TRANSMITTAL AND SERIES A NOTES SHOULD BE SENT ONLY TO THE EXCHANGE AGENT, AND NOT TO US OR TO ANY BOOK-ENTRY TRANSFER FACILITY.

THE METHOD OF DELIVERY OF SERIES A NOTES, LETTERS OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS TO THE EXCHANGE AGENT IS AT THE ELECTION AND RISK OF THE HOLDER TENDERING SERIES A NOTES. DELIVERY OF SUCH DOCUMENTS WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE EXCHANGE AGENT. IF SUCH DELIVERY IS BY MAIL, WE SUGGEST THAT THE HOLDER USE PROPERLY INSURED, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, AND THAT THE MAILING BE MADE SUFFICIENTLY IN ADVANCE OF THE EXPIRATION DATE OF THE EXCHANGE OFFER TO PERMIT DELIVERY TO THE EXCHANGE AGENT PRIOR TO SUCH DATE. NO ALTERNATIVE, CONDITIONAL OR CONTINGENT TENDERS OF SERIES A NOTES WILL BE ACCEPTED.

Signature Guarantees. Signatures on the letter of transmittal must be guaranteed by an eligible institution unless:

- the letter of transmittal is signed by the registered holder of the Series A notes tendered therewith, or by a participant in one of the book-entry transfer facilities whose name appears on a security position listing it as the owner of those Series A notes, or if any Series A notes for principal amounts not tendered are to be issued directly to the holder, or, if tendered by a participant in one of the book-entry transfer facilities, any Series A notes for principal amounts not tendered or not

accepted for exchange are to be credited to the participant's account at the book-entry transfer facility, and neither the "Special Issuance Instructions" nor the "Special Delivery Instructions" box on the letter of transmittal has been completed, or

- the Series A notes are tendered for the account of an eligible institution.

An eligible institution is a firm that is a participant in the Security Transfer Agents Medallion Program or the Stock Exchange Medallion Program, which is generally a member of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office in the United States.

Book-Entry Transfer. The Exchange Agent will seek to establish a new account or utilize an existing account with respect to the Series A notes at DTC promptly after the date of this prospectus. Any financial institution that is a participant in the book-entry transfer facility system and whose name appears on a security position listing it as the owner of the Series A notes may make book-entry delivery of Series A notes by causing the book-entry transfer facility to transfer such Series A notes into the Exchange Agent's account. HOWEVER, ALTHOUGH DELIVERY OF SERIES A NOTES MAY BE EFFECTED THROUGH BOOK-ENTRY TRANSFER INTO THE EXCHANGE AGENT'S ACCOUNT AT A BOOK-ENTRY TRANSFER FACILITY, A PROPERLY COMPLETED AND VALIDLY EXECUTED LETTER OF TRANSMITTAL, OR A MANUALLY SIGNED FACSIMILE THEREOF, MUST BE RECEIVED BY THE EXCHANGE AGENT AT ONE OF ITS ADDRESSES SET FORTH IN THIS PROSPECTUS ON OR PRIOR TO THE EXPIRATION DATE OF THE EXCHANGE OFFER, OR ELSE THE GUARANTEED DELIVERY PROCEDURES DESCRIBED BELOW MUST BE COMPLIED WITH. The confirmation of a book-entry transfer of Series A notes into the Exchange Agent's account at a book-entry transfer facility is referred to in this prospectus as a "book-entry confirmation." Delivery of documents to the book-entry transfer facility in accordance with that book-entry transfer facility's procedures does not constitute delivery to the Exchange Agent.

Guaranteed Delivery. If you wish to tender your Series A notes and:

(1) certificates representing your Series A notes are not lost but are not immediately available,

(2) time will not permit your letter of transmittal, certificates representing your Series A notes and all other required documents to reach the Exchange Agent on or prior to the Expiration Date of the exchange offer, or

(3) the procedures for book-entry transfer cannot be completed on or prior to the Expiration Date of the exchange offer, you may tender if all of the following are complied with:

- your tender is made by or through an eligible institution;

- on or prior to the Expiration Date of the exchange offer, the Exchange Agent has received from the eligible institution a properly completed and validly executed notice of guaranteed delivery, by manually signed facsimile transmission, mail or hand delivery, in substantially the form provided with this prospectus. The notice of guaranteed delivery must:

(a) set forth your name and address, the registered number(s) of your Series A notes and the principal amount of Series A notes tendered,

(b) state that the tender is being made thereby and

(c) guarantee that, within three New York Stock Exchange trading days after the date of the notice of guaranteed delivery, the letter of transmittal or facsimile thereof properly completed and validly executed, together with certificates representing the Series A notes, or a book-entry confirmation, and any other documents required by the letter of transmittal and the instructions thereto, will be deposited by the eligible institution with the Exchange Agent; and

- the Exchange Agent receives the properly completed and validly executed letter of transmittal or facsimile thereof with any required signature guarantees, together with certificates for all Series A notes in proper form for transfer, or a book-entry confirmation, and any other

required documents, within three New York Stock Exchange trading days after the date of the notice of guaranteed delivery.

Other Matters. Series B notes will be issued in exchange for Series A notes accepted for exchange only after timely receipt by the Exchange Agent of:

- certificates for (or a timely book-entry confirmation with respect to) your Series A notes,

- a properly completed and duly executed letter of transmittal or facsimile thereof with any required signature guarantees, or, in the case of a book-entry transfer, an agent's message, and

- any other documents required by the letter of transmittal.

All questions as to the form of all documents and the validity, including time of receipt, and acceptance of all tenders of Series A notes will be determined by us, in our sole discretion, the determination of which shall be final and binding. ALTERNATIVE, CONDITIONAL OR CONTINGENT TENDERS OF SERIES A NOTES WILL NOT BE CONSIDERED VALID. We reserve the absolute right to reject any or all tenders of Series A notes that are not in proper form or the acceptance of which, in our opinion, would be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular Series A notes.

Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding.

Any defect or irregularity in connection with tenders of Series A notes must be cured within the time we determine, unless waived by us. Tenders of Series A notes will not be deemed to have been made until all defects and irregularities have been waived by us or cured. Neither we, the Exchange Agent, or any other person will be under any duty to give notice of any defects or irregularities in tenders of Series A notes, or will incur any liability to holders for failure to give any such notice.

By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

- any Series B notes that you receive will be acquired in the ordinary course of your business;

- you have no arrangement or understanding with any person or entity to participate in the distribution of the Series B notes;

- if you are not a broker-dealer, that you are not engaged in and do not intend to engage in the distribution of the Series B notes;

- if you are a broker-dealer that will receive Series B notes for your own account in exchange for Series A notes that were acquired as a result of market-making activities, that you will deliver a prospectus, as required by law, in connection with any resale of those Series B notes; and

- you are not our "affiliate," as defined in Rule 405 of the Securities Act, or, if you are an affiliate, you will comply with any applicable registration and prospectus delivery requirements of the Securities Act.

WITHDRAWAL OF TENDERS

Except as otherwise provided in this prospectus, you may withdraw your tender of Series A notes at any time prior to the Expiration Date.

For a withdrawal to be effective:

- the Exchange Agent must receive a written notice of withdrawal at one of the addresses set forth below under "-- Exchange Agent" on page 83, or

- you must comply with the appropriate procedures of DTC's automated tender offer program system.

Any notice of withdrawal must:

- specify the name of the person who tendered the Series A notes to be withdrawn and

- identify the Series A notes to be withdrawn, including the principal amount of the Series A notes.

If Series A notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Series A notes and otherwise comply with the procedures of DTC.

We will determine all questions as to the validity, form, eligibility and time of receipt of notice of withdrawal, and our determination shall be final and binding on all parties. We will deem any Series A notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

Any Series A notes that have been tendered for exchange but that are not exchanged for any reason will be returned to their holder without cost to the holder or, in the case of Series A notes tendered by book-entry transfer into the Exchange Agent's account at DTC according to the procedures described above, such Series A notes will be credited to an account maintained with DTC for the Series A notes. This return or crediting will take place as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. You may retender properly withdrawn Series A notes by following one of the procedures described under "-- Procedures for Tendering Series A Notes" beginning on page 78 at any time on or prior to the Expiration Date.

CONDITIONS OF THE EXCHANGE OFFER

We will not be required to accept for exchange, or exchange any Series B notes for, any Series A notes tendered, and we may terminate, extend or amend the exchange offer and may, subject to Rule 14e-1 under the Exchange Act, which requires that an offeror pay the consideration offered or return the securities deposited by or on behalf of the holders thereof promptly after the termination or withdrawal of a tender offer, postpone the acceptance for exchange of Series A notes so tendered if, on or prior to the Expiration Date of the exchange offer, the following shall have occurred:

- we have determined that the offering and sales under the registration statement, the filing of such registration statement or the maintenance of its effectiveness would require disclosure of or would interfere in any material respect with any material financing, merger, offering or other transaction involving the issuers or the subsidiary guarantors of the notes or would otherwise require disclosure of nonpublic information that could materially and adversely affect the issuers or the subsidiary guarantors.

The conditions to the exchange offer are for our sole benefit and may be asserted by us in our sole discretion or may be waived by us, in whole or in part, in our sole discretion, whether or not any other condition of the exchange offer also is waived. We have not made a decision as to what circumstances would lead us to waive any condition, and any waiver would depend on circumstances prevailing at the time of that waiver. Any determination by us concerning the events described in this section shall be final and binding upon all persons.

ALTHOUGH WE HAVE NO PRESENT PLANS OR ARRANGEMENTS TO DO SO, WE RESERVE THE RIGHT TO AMEND, AT ANY TIME, THE TERMS OF THE EXCHANGE OFFER. WE WILL GIVE HOLDERS NOTICE OF ANY AMENDMENTS IF REQUIRED BY APPLICABLE LAW.

TRANSFER TAXES

We will pay all transfer taxes applicable to the transfer and exchange of Series A notes pursuant to the exchange offer. If, however:

- delivery of the Series B notes, and/or certificates for Series A notes for principal amounts not exchanged, are to be made to any person other than the record holder of the Series A notes tendered;

- tendered certificates for Series A notes are recorded in the name of any person other than the person signing any letter of transmittal; or

- a transfer tax is imposed for any reason other than the transfer and exchange of Series A notes to us or our order,

the amount of any such transfer taxes, whether imposed on the recordholder or any other person, will be payable by the tendering holder prior to the issuance of the Series B notes.

CONSEQUENCES OF FAILURE TO EXCHANGE

If you do not exchange your Series A notes for Series B notes in the exchange offer, you will remain subject to the restrictions on transfer of the Series A notes:

- as set forth in the legend printed on the notes as a consequence of the issuance of the Series A notes pursuant to the exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws; and

- otherwise set forth in the memorandum distributed in connection with the private offering of the Series A notes.

In general, you may not offer or sell the Series A notes unless they are registered under the Securities Act, or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the Series A notes under the Securities Act. Based on interpretations of the SEC staff, you may offer for resale, resell or otherwise transfer Series B notes issued in the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that (1) you are not our "affiliate" within the meaning of Rule 405 under the Securities Act, (2) you acquired the Series B notes in the ordinary course of your business and (3) you have no arrangement or understanding with respect to the distribution of the Series B notes to be acquired in the exchange offer. If you tender Series A notes in the exchange offer for the purpose of participating in a distribution of the Series B notes:

- you cannot rely on the applicable interpretations of the SEC; and

- you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction and that such a secondary resale transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K.

EXCHANGE AGENT

Chase Bank of Texas, N.A. has been appointed as Exchange Agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus, the letter of transmittal or any other documents to the Exchange Agent. You should send certificates for Series A notes, letters of transmittal and any other required documents to the Exchange Agent addressed as follows:

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION

By Registered or Certified Mail
or Overnight Courier:
Chase Bank of Texas, N.A.
Corporate Trust Operations
P.O. Box 2320
Dallas, Texas 75221-2320
1-800-275-2048
Attn: Frank Ivins

By Hand in Dallas:
Chase Bank of Texas, N.A.
Corporate Trust Operations
1201 Main Street
Dallas, Texas 75202
1-800-275-2048
Attn: Frank Ivins

By Facsimile:
(for eligible institutions only)
(214) 672-5746

Confirm by Telephone:
(214) 672-5678

DESCRIPTION OF NOTES

You can find the definitions of certain terms used in this description under the subheading "Certain Definitions." In this description, the word "issuers" refers only to Leviathan and Leviathan Finance and not to any of their subsidiaries and any reference to "Leviathan" or "Leviathan Finance" does not include any of their respective subsidiaries.

The issuers issued the Series A notes under an Indenture (the "Indenture") dated May 27, 1999 among the issuers, the Subsidiary Guarantors and Chase Bank of Texas, National Association, as trustee (the "Trustee") in a private transaction that was not subject to the registration requirements of the Securities Act. The Series B notes will be issued under the same Indenture. The terms of the notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (the "Trust Indenture Act").

The following description is a summary of the material provisions of the Indenture. It does not restate that agreement in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights as holders of these notes. The Indenture has been filed with the SEC and copies are available upon request from Leviathan. Certain terms used herein are defined below under "-- Certain Definitions" beginning on page 111.

GENERAL

The Series A notes and the Series B notes will constitute a single class of debt securities under the Indenture. If the exchange offer is completed, holders of Series A notes who do not exchange their Series A notes for Series B notes will vote together with holders of the Series B notes for all relevant purposes under the Indenture. In that regard, the Indenture requires that certain actions by holders, including acceleration following an event of default, must be taken, and certain rights must be exercised, by specified minimum percentages of the aggregate principal amount of the outstanding securities issued under the Indenture. In determining whether the required holders have given any notice, consent or waiver or taken any other action permitted under the Indenture, any Series A notes that remain outstanding after the exchange offer will be aggregated with the Series B notes, and the holders of the Series A notes and the Series B notes will vote together as a single series. All references in this prospectus to specified percentages in aggregate principal amount of the notes means, at any time after the exchange offer is completed, the percentages in aggregate principal amount of the Series A notes and the Series B notes collectively then outstanding.

The term "notes" as used in this prospectus refers collectively to the Series A notes and the Series B notes.

BRIEF DESCRIPTION OF THE NOTES AND THE GUARANTEES

The Notes

These notes:

- are general unsecured obligations of the issuers;
- are subordinated in right of payment to all existing and future Senior Debt of the issuers, including borrowings under the Leviathan Credit Facility;
- are senior or equal in right of payment to any future subordinated Indebtedness of the issuers; and
- are unconditionally guaranteed by the Subsidiary Guarantors.

The Guarantees

These notes are guaranteed by the following subsidiaries of Leviathan:

- Delos Offshore Company, L.L.C.,
- Ewing Bank Gathering Company, L.L.C.,
- Flextrend Development Company, L.L.C.,

- Green Canyon Pipe Line Company, L.L.C.,
- Leviathan Oil Transport Systems, L.L.C.,
- Manta Ray Gathering Company, L.L.C.,
- Poseidon Pipeline Company, L.L.C.,
- Sailfish Pipeline Company, L.L.C.,
- Stingray Holding, L.L.C.,
- Tarpon Transmission Company,
- Transco Hydrocarbons Company, L.L.C.,
- Texam Offshore Gas Transmission, L.L.C.,
- Transco Offshore Pipeline Company, L.L.C.,
- VK Deepwater Gathering Company, L.L.C.,
- VK-Main Pass Gathering Company, L.L.C., and
- Viosca Knoll Gathering Company.

Each Guarantee of a Subsidiary Guarantor of these notes:

- is a general unsecured obligation of that Subsidiary Guarantor;
- is subordinated in right of payment to all existing and future Senior Debt of that Subsidiary Guarantor; and
- is senior or equal in right of payment to any future subordinated Indebtedness of that Subsidiary Guarantor.

As of June 1, 1999, the issuers and the Subsidiary Guarantors had total Senior Debt of $250.0 million. As indicated above and as discussed in detail below under the subheading "Subordination," payments on the notes will be subordinated to the payment of Senior Debt. The Indenture will permit Leviathan and the Subsidiary Guarantors to incur additional Senior Debt. The Guarantee of each Subsidiary Guarantor will be subordinated to all Senior Debt of that Subsidiary Guarantor. As a result of Leviathan's acquisition of an additional interest in Viosca Knoll Gathering Company, Viosca Knoll became a Subsidiary of Leviathan and a guarantor of the Leviathan Credit Facility and, therefore, a Subsidiary Guarantor of these notes.

As of the date of the Indenture, all of our Subsidiaries (other than Leviathan Finance) will be "Restricted Subsidiaries." Certain Subsidiaries in the future may not be Subsidiary Guarantors. Also, under the circumstances described below under the subheading "Certain Covenants -- Designation of Restricted and Unrestricted Subsidiaries," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the Indenture. Unrestricted Subsidiaries will not guarantee the notes. In addition, Leviathan has invested, and may invest in the future, in Joint Ventures. The rights of Leviathan to receive assets from any Subsidiary that is not a Subsidiary Guarantor or from any Joint Venture that are attributable to Leviathan's Equity Interests therein (and thus the ability of the holders of the notes to benefit indirectly from such assets) are subject to the claims of all existing and future third party indebtedness and liabilities (including trade debt) of such Subsidiary or Joint Venture.

PRINCIPAL, MATURITY AND INTEREST

The issuers will issue notes with a maximum aggregate principal amount of $175.0 million. The issuers will issue notes in denominations of $1,000 and integral multiples of $1,000. The notes will mature on June 1, 2009.

Interest on these notes will accrue at the rate of 10 3/8% per annum and will be payable semi-annually in arrears on June 1 and December 1, commencing on December 1, 1999. The issuers will make each

interest payment to the holders of record of these notes on the immediately preceding May 15 and November 15.

Interest on these notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

METHODS OF RECEIVING PAYMENTS ON THE NOTES

If a holder has given wire transfer instructions to the issuers, the issuers will make all payments of principal of, premium, if any, and interest and Liquidated Damages, if any, on the notes in accordance with those instructions. All other payments on these notes will be made at the office or agency of the Paying Agent and Registrar within the City and State of New York unless the issuers elect to make interest payments by check mailed to the holders at their address set forth in the register of holders.

PAYING AGENT AND REGISTRAR FOR THE NOTES

The Trustee will initially act as Paying Agent and Registrar. The issuers may change the Paying Agent or Registrar without prior notice to the holders of the notes, and the issuers or any of their Subsidiaries may act as Paying Agent or Registrar.

TRANSFER AND EXCHANGE

A holder may transfer or exchange notes in accordance with the Indenture. The Registrar and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and the issuers may require a holder to pay any taxes and fees required by law or permitted by the Indenture. The issuers are not required to transfer or exchange any note selected for redemption or repurchase (except in the case of a note to be redeemed or repurchased in part, the portion not to be redeemed or repurchased). Also, the issuers are not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed or between a record date and the next succeeding interest payment date.

The registered holder of a note will be treated as the owner of it for all purposes.

SUBORDINATION

The payment of principal of, premium, if any, and interest and Liquidated Damages, if any, and other Obligations on, the notes, including upon the acceleration or redemption of the notes, will be subordinated to the prior payment in full in cash of all Senior Debt of the issuers.

The holders of Senior Debt of the issuers will be entitled to receive payment in full in cash of all Obligations due in respect of Senior Debt (including interest after the commencement of any of the following specified proceedings at the rate specified in the applicable Senior Debt, whether or not such interest would be an allowed claim in such proceeding), before the holders of notes will be entitled to receive any payment or distribution with respect to the notes (except that holders of notes may receive and retain Permitted Junior Securities and payments made from the trust described under "-- Legal Defeasance and Covenant Defeasance," provided that the funding of such trust was permitted), in the event of any payment or distribution to creditors of an issuer:

(1) in a liquidation or dissolution of that issuer;

(2) in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to that issuer or its property;

(3) in an assignment for the benefit of creditors; or

(4) in any marshalling of that issuer's assets and liabilities.

Neither of the issuers may make any payment or distribution (whether by redemption, purchase, defeasance or otherwise) in respect of the notes (except in Permitted Junior Securities or from the trust described under "-- Legal Defeasance and Covenant Defeasance") if:

(1) a default in the payment of principal, premium or interest (and other Obligations in the case of the Credit Facilities) on Designated Senior Debt occurs and is continuing; or

(2) any other default occurs and is continuing on Designated Senior Debt that permits holders of the Designated Senior Debt to accelerate its maturity and the Trustee receives a notice of such default (a "Payment Blockage Notice") from the Issuers or the holders of any Designated Senior Debt (or their representative).

Payments on the notes may and shall be resumed:

(1) in the case of a payment default, upon the date on which such default is cured or waived; and

(2) in case of a nonpayment default, the earlier of the date on which such nonpayment default is cured or waived and 179 days after the date on which the applicable Payment Blockage Notice is received, unless the maturity of any Designated Senior Debt has been accelerated.

No new Payment Blockage Notice may be delivered unless and until 360 days have elapsed since the effectiveness of the immediately prior Payment Blockage Notice.

No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such default shall have been cured or waived for a period of not less than 120 days.

If the Trustee or any holder receives payment that violates the above, such payment shall be held in trust by the Trustee or such holder for the benefit of, and upon written request shall be paid to, the holder of Designated Senior Debt. Holders of the notes shall have subrogation rights.

The issuers must promptly notify holders of Senior Debt if payment of the notes is accelerated because of an Event of Default.

As a result of the subordination provisions described above, in the event of a bankruptcy, liquidation or reorganization of Leviathan or Leviathan Finance, holders of these notes may recover less ratably than creditors of such issuers who are holders of Senior Debt. See "Risk Factors -- Risks Related to Our Financial Structure and the Notes" beginning on page 13.

THE GUARANTEES

The Subsidiary Guarantors will jointly and severally guarantee the issuers' obligations under these notes. Each Guarantee and the related obligations will be subordinated to the prior payment in full of all Senior Debt of that Subsidiary Guarantor. The obligations of each Subsidiary Guarantor under its Guarantee will be limited as necessary to prevent that Guarantee from constituting a fraudulent conveyance under applicable law. See "Risk Factors -- Risks Related to Our Financial Structure and the Notes" beginning on page 13.

The Obligations of each Subsidiary Guarantor with respect to the notes under its Guarantee will be subordinated to its Senior Debt on the same basis as the notes are subordinated to Senior Debt.

A Subsidiary Guarantor may not incur any Indebtedness which is subordinate or junior in ranking in any respect to any of its Senior Debt unless such Indebtedness is Senior Debt or is expressly subordinated in right of payment to the Senior Debt of such Subsidiary Guarantor to at least the same extent as the Guarantee of such Subsidiary Guarantor.

A Subsidiary Guarantor may not consolidate with or merge with or into (whether or not such Subsidiary Guarantor is the surviving Person), another Person unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) the Person (if not otherwise a Subsidiary Guarantor) formed by or surviving any such consolidation or merger assumes all the obligations of that Subsidiary Guarantor pursuant to a supplemental indenture satisfactory to the Trustee, except as provided in the next paragraph.

Leviathan or any Subsidiary Guarantor, however, may be merged or consolidated with or into any one or more Subsidiary Guarantors or Leviathan.

The Guarantee of a Subsidiary Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger or consolidation), if Leviathan applies the Net Proceeds of that sale or other disposition in accordance with the applicable provisions of the Indenture; or

(2) in connection with any sale or other disposition of all of the Equity Interests of a Subsidiary Guarantor, if Leviathan applies the Net Proceeds of that sale in accordance with the applicable provisions of the Indenture applicable to Asset Sales; or

(3) if Leviathan designates any Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary; or

(4) at such time as such Subsidiary Guarantor ceases to guarantee any other Indebtedness of Leviathan.

See "Repurchase at the Option of Holders -- Asset Sales" beginning on page 90.

Any Restricted Subsidiary that guarantees Indebtedness of either of the issuers or any other Restricted Subsidiary at a time when it is not a Subsidiary Guarantor shall execute a Guarantee.

OPTIONAL REDEMPTION

Prior to June 1, 2002, the issuers may on any one or more occasions redeem up to 33% of the aggregate principal amount of notes originally issued under the Indenture at a redemption price of 110 3/8% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more Equity Offerings. However, at least 67% of the aggregate principal amount of notes must remain outstanding immediately after the occurrence of such redemption (excluding notes held by Leviathan, Leviathan Finance and its Restricted Subsidiaries). Any redemption must occur within 90 days of the date of the closing of such Equity Offering.

Except pursuant to the preceding paragraph, the notes will not be redeemable at the issuers' option prior to June 1, 2004.

On or after June 1, 2004, the issuers may redeem all or a part of these notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest thereon, if any, and Liquidated Damages, if any, to the applicable redemption date, if redeemed during the 12-month period beginning on June 1st of the years indicated below:

YEAR	PERCENTAGE
2004	105.188%
2005	103.458%
2006	101.729%
2007 and thereafter	100.000%

SELECTION AND NOTICE

If less than all of the notes are to be redeemed at any time, the Trustee will select notes for redemption as follows:

(1) if the notes are listed, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or

(2) if the notes are not so listed or there are no such requirements, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate.

No notes of $1,000 or less shall be redeemed in part. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address. Notices of redemption may not be conditional.

If any note is to be redeemed in part only, the notice of redemption that relates to that note shall state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder thereof upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest and Liquidated Damages, if applicable, ceases to accrue on notes or portions of them called for redemption unless the Issuers default in making such redemption payment.

REPURCHASE AT THE OPTION OF HOLDERS

Change of Control

If a Change of Control occurs, each holder of notes will have the right to require the issuers to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of that holder's notes pursuant to the Change of Control Offer. In the Change of Control Offer, the issuers will offer a Change of Control Payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest thereon, if any, and Liquidated Damages, if any, to the date of purchase (the "Change of Control Payment"). Within 30 days following any Change of Control, the issuers will mail a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the Change of Control Payment Date specified in such notice, pursuant to the procedures required by the Indenture and described in such notice. The issuers will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control.

On the Change of Control Payment Date, the issuers will, to the extent lawful;

(1) accept for payment all notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all notes or portions thereof so tendered; and

(3) deliver or cause to be delivered to the Trustee the notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions thereof being purchased by Leviathan.

The Paying Agent will promptly mail to each holder of notes so tendered the Change of Control Payment for such notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; provided that each such new note will be in a principal amount of $1,000 or an

integral multiple thereof. The issuers will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

Prior to complying with any of the provisions of this "Change of Control" covenant, but in any event within 90 days following a Change of Control, the issuers will either repay all outstanding Senior Debt or obtain the requisite consents, if any, under all agreements governing outstanding Senior Debt to permit the repurchase of notes required by this covenant.

The provisions described above that require the issuers to make a Change of Control Offer following a Change of Control will be applicable regardless of whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holder of the notes to require that the issuers repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

Leviathan's outstanding Senior Debt currently prohibits Leviathan from purchasing any notes, and also provides that certain change of control events with respect to Leviathan would constitute a default under the agreements governing the Senior Debt. Any future credit agreements or other agreements relating to Senior Debt to which Leviathan becomes a party may contain similar restrictions and provisions. Moreover, the exercise by the holders of their right to require the issuers to repurchase the notes could cause a default under such Senior Debt, even if the Change of Control does not, due to the financial effect of such a repurchase on Leviathan. If a Change of Control occurs at a time when Leviathan is prohibited from purchasing notes, Leviathan could seek the consent of its senior lenders to the purchase of notes or could attempt to refinance the borrowings that contain such prohibition. If Leviathan does not obtain such a consent or repay such borrowings, Leviathan will remain prohibited from purchasing notes. In such case, Leviathan's failure to purchase tendered notes would constitute an Event of Default under the Indenture which would, in turn, in all likelihood constitute a default under such Senior Debt. In such circumstances, the subordination provisions in the Indenture would likely restrict payments to the holders of notes. Finally, the issuers' ability to pay cash to the holders upon a repurchase may be limited by Leviathan's then existing financial resources. We cannot assure you that sufficient funds will be available when necessary to make any required repurchases.

Notwithstanding the preceding paragraphs of this covenant, the issuers will not be required to make a Change of Control Offer upon a Change of Control and a holder will not have the right to require the issuers to repurchase any notes pursuant to a Change of Control Offer if a third party makes an offer to purchase the notes in the manner, at the times and otherwise in substantial compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer and purchases all notes validly tendered and not withdrawn under such purchase offer.

The definition of Change of Control includes a phrase relating to the sale, transfer, lease, conveyance or other disposition of "all or substantially all" of the assets of Leviathan and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require Leviathan to repurchase such notes as a result of a sale, transfer, lease, conveyance or other disposition of less than all of the assets of Leviathan and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

Asset Sales

The issuers will not, and will not permit any of Leviathan's Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) Leviathan (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;

(2) such fair market value is determined by (a) an executive officer of Leviathan if the value is less than $5.0 million, as evidence by an Officers' Certificate delivered to the Trustee or (b) the

Board of Directors of the General Partner if the value is $5.0 million or more, as evidenced by a resolution of such Board of Directors of the General Partner; and

(3) at least 75% of the consideration therefor received by Leviathan or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following shall be deemed to be cash:

(a) any liabilities (as shown on the issuer's or such Restricted Subsidiary's most recent balance sheet) of Leviathan or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases Leviathan or such Restricted Subsidiary from further liability; and

(b) any securities, notes or other obligations received by Leviathan or any such Restricted Subsidiary from such transferee that are within 90 days after the Asset Sale (subject to ordinary settlement periods) converted by such issuer or such Restricted Subsidiary into cash (to the extent of the cash received in that conversion).

Within 360 days after the receipt of any Net Proceeds from an Asset Sale, Leviathan or a Restricted Subsidiary may apply (or enter into a definitive agreement for such application within such 360-day period, provided that such capital expenditure or purchase is closed within 90 days after the end of such 360-day period) such Net Proceeds at its option:

(1) to repay Senior Debt of Leviathan and/or its Restricted Subsidiaries (or to make an offer to repurchase or redeem Senior Debt, provided that such repurchase or redemption closes within 45 days after the end of such 360-day period) with a permanent reduction in availability for any revolving credit Indebtedness;

(2) to make a capital expenditure in a Permitted Business;

(3) to acquire other long-term tangible assets that are used or useful in a Permitted Business; or

(4) to invest in any other Permitted Business Investment or any other Permitted Investments other than Investments in Cash Equivalents, Interest Swaps or Currency Agreements.

Pending the final application of any such Net Proceeds, we may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph will constitute Excess Proceeds. When the aggregate amount of Excess Proceeds exceeds $10.0 million, the issuers will make a pro rata offer (an "Asset Sale Offer") to all holders of notes and all holders of other Indebtedness that is pari passu with the notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest (including any Liquidated Damages in the case of the notes), if any, and premium, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, Leviathan may use such Excess Proceeds for any purpose not otherwise prohibited by the Indenture, including, without limitation, the repurchase or redemption of Indebtedness of the issuers or any Subsidiary Guarantor that is subordinated to the notes or, in the case of any Subsidiary Guarantor, the Guarantee of such Subsidiary Guarantor. If the aggregate principal amount of notes tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds allocated for repurchases of notes pursuant to the Asset Sale Offer for notes, the Trustee shall select the notes to be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

The term Asset Sale excludes:

(1) any transaction whereby assets or properties (including (a) ownership interests in any Subsidiary or Joint Venture and (b) in the case of an exchange or contribution for tangible assets, up to 25% in the form of cash, Cash Equivalents, accounts receivable or other current assets), owned by Leviathan or a Restricted Subsidiary are exchanged or contributed for the Equity Interests of a Joint Venture or Unrestricted Subsidiary in a transaction that satisfies the requirements of a Permitted Business Investment or for other assets (not more than 25% of which consists of cash, Cash Equivalents, accounts receivables or other current assets) or properties (including interests in any Subsidiary or Joint Venture) so long as (i) the fair market value of the assets or properties (if other than a Permitted Business Investment) received are substantially equivalent to the fair market value of the assets or properties given up, and (ii) any cash received in such exchange or contribution by Leviathan or any Restricted Subsidiary is applied in accordance with the foregoing "-- Asset Sales" provision;

(2) any sale, transfer or other disposition of cash or Cash Equivalents;

(3) any sale, transfer or other disposition of Restricted Investments; and

(4) any sale, transfer or other disposition of interests in oil and gas leaseholds (including, without limitation, by abandonment, farm-ins, farm-outs, leases, swaps and subleases), hydrocarbons and other mineral products in the ordinary course of business of the oil and gas operations conducted by Leviathan or any Restricted Subsidiary, which sale, transfer or other disposition is made by Leviathan or any Restricted Subsidiary.

CERTAIN COVENANTS

Restricted Payments

The issuers will not, and will not permit any of their Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of Leviathan's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving Leviathan or any of its Restricted Subsidiaries) or to the direct or indirect holders of Leviathan's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than distributions or dividends payable in Equity Interests of Leviathan (other than Disqualified Equity) and other than distributions or dividends payable to Leviathan or a Restricted Subsidiary);

(2) except to the extent permitted in clause 4 below, purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving an Issuer) any Equity Interests of Leviathan or any of its Restricted Subsidiaries (other than any such Equity Interests owned by Leviathan or any of its Restricted Subsidiaries);

(3) except to the extent permitted in clause 4 below, make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is pari passu with or subordinated to the notes or the Guarantees (other than the notes or the Guarantees), except (a) a payment of interest or principal at the Stated Maturity thereof, (b) a purchase, redemption, acquisition or retirement required to be made pursuant to the terms of such Indebtedness (including pursuant to an asset sale or change of control provision) and (c) any such Indebtedness of Leviathan or a Restricted Subsidiary owned by Leviathan or a Restricted Subsidiary; or

(4) make any Investment other than a Permitted Investment or a Permitted Business Investment (all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as "Restricted Payments"),

unless, at the time of and after giving effect to such Restricted Payment, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof and either:

(1) if the Fixed Charge Coverage Ratio for Leviathan's four most recent fiscal quarters for which internal financial statements are available is not less than 1.75 to 1.0 through March 31, 2001, and 2.0 to 1.0 thereafter, such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Leviathan and its Restricted Subsidiaries during the quarter in which such Restricted Payment is made, is less than the sum, without duplication, of (a) Available Cash constituting Cash from Operations as of the end of the immediately preceding quarter, (b) the aggregate net cash proceeds of any (i) substantially concurrent capital contribution to Leviathan from any Person (other than a Restricted Subsidiary of Leviathan) made after the Issue Date, (ii) substantially concurrent issuance and sale made after the Issue Date of Equity Interests (other than Disqualified Equity) of Leviathan or from the issuance or sale made after the Issue Date of convertible or exchangeable Disqualified Equity or convertible or exchangeable debt securities of Leviathan that have been converted into or exchanged for such Equity Interests, (iii) to the extent that any Restricted Investment that was made after the Issue Date is sold for cash or Cash Equivalents or otherwise liquidated or repaid for cash or Cash Equivalents, the lesser of the refund of capital or similar payment made in cash or Cash Equivalents with respect to such Restricted Investment (less the cost of such disposition, if any) and the initial amount of such Restricted Investment (other than to a Restricted Subsidiary of Leviathan), and (c) the net reduction in Investments in Restricted Investments resulting from dividends, repayments of loans or advances, or other transfers of assets in each case to Leviathan or any of its Restricted Subsidiaries from any Person (including, without limitation, Unrestricted Subsidiaries) or from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, to the extent such amounts have not been included in Available Cash constituting Cash from Operations for any period commencing on or after the Issue Date (items (b) and (c) being referred to as "Incremental Funds"), less (d) the aggregate amount of Incremental Funds previously expended pursuant to this clause (1) or clause (2) below; or

(2) if the Fixed Charge Coverage Ratio for Leviathan's four most recent fiscal quarters for which internal financial statements are available is less than 1.75 to 1.0 through March 31, 2001, and 2.0 to 1.0 thereafter, such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Leviathan and its Restricted Subsidiaries during the quarter in which such Restricted Payment is made, is less than the sum, without duplication, of (a) $40.0 million less the aggregate amount of all Restricted Payments made by Leviathan and its Restricted Subsidiaries pursuant to this clause (2)(a) during the period ending on the last day of the fiscal quarter of Leviathan immediately preceding the date of such Restricted Payment and beginning on the Issue Date, plus (b) Incremental Funds to the extent not previously expended pursuant to this clause (2) or clause (1) above.

For purposes of clauses (1) and (2) above, the term "substantially concurrent" means that either (x) the offering was consummated within 120 days of the date of determination or (y) the offering was consummated within 24 months of the date of determination and the proceeds therefrom were used for the purposes expressly stated in the documents related thereto and may be traced to such use by segregating, separating or otherwise specifically identifying the movement of such proceeds.

So long as no Default has occurred and is continuing or would be caused thereby, the preceding provisions will not prohibit:

(1) the payment by Leviathan or any Restricted Subsidiary of any distribution or dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of the Indenture;

(2) the redemption, repurchase, retirement, defeasance or other acquisition of any pari passu or subordinated Indebtedness of Leviathan or any of its Restricted Subsidiaries or of any Equity Interests of Leviathan or any of its Restricted Subsidiaries in exchange for, or out of the net cash proceeds of,

a substantially concurrent (a) capital contribution to Leviathan or such Restricted Subsidiary from any Person (other than Leviathan or another Restricted Subsidiary) or (b) sale (a sale will be deemed substantially concurrent if such redemption, repurchase, retirement, defeasance or acquisition occurs not more than 120 days after such sale) (other than to a Restricted Subsidiary of Leviathan) of (i) Equity Interests (other than Disqualified Equity) of Leviathan or such Restricted Subsidiary or (ii) Indebtedness that is subordinated to the notes or the Guarantees, provided that such new subordinated Indebtedness with respect to the redemption, repurchase, retirement, defeasance or other acquisition of pari passu or subordinated Indebtedness (W) is subordinated to the same extent as such refinanced subordinated Indebtedness, (X) has a Weighted Average Life to Maturity of at least the remaining Weighted Average Life to Maturity of the refinanced subordinated Indebtedness, (Y) is for the same principal amount as either such refinanced subordinated Indebtedness plus original issue discount to the extent not reflected therein or the redemption or purchase price of such Equity Interests (plus reasonable expenses of refinancing and any premiums paid on such refinanced subordinated Indebtedness) and (Z) is incurred by Leviathan or the Restricted Subsidiary that is the obligor on the Indebtedness so refinanced or the issuer of the Equity Interests so redeemed, repurchased or retired; provided, however, that the amount of any net cash proceeds that are utilized for any such redemption, repurchase or other acquisition or retirement shall be excluded or deducted from the calculation of Available Cash and Incremental Funds;

(3) the defeasance, redemption, repurchase or other acquisition of pari passu or subordinated Indebtedness of Leviathan or any Restricted Subsidiary with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the payment of any distribution or dividend by a Restricted Subsidiary to Leviathan or to the holders of its Equity Interests (other than Disqualified Equity) on a pro rata basis;

(5) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of Leviathan or any Restricted Subsidiary of Leviathan held by any member of the General Partner's or Leviathan's or any Restricted Subsidiary's management pursuant to any management equity subscription agreement or stock option agreement or to satisfy obligations under any Equity Interests appreciation rights or option plan or similar arrangement; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed $2.0 million in any 12-month period;

(6) the acquisition on or before December 31, 2000 of preference units of Leviathan outstanding on the date of issuance of the original notes under the Indenture, provided that the aggregate amount paid to acquire preference units shall not exceed $2.0 million; and

(7) any payment by Leviathan pursuant to section 3.1(b) of the Management Agreement to compensate for certain tax liabilities resulting from certain allocated income.

In computing the amount of Restricted Payments previously made for purposes of the immediately preceding paragraph, Restricted Payments made under clauses (1) (but only if the declaration of such dividend or other distribution has not been counted in a prior period) and, to the extent of amounts paid to holders other than Leviathan or a Restricted Subsidiary, (4) shall be included, and Restricted Payments made under clauses (2), (3), (5), (6) and (7) and, except to the extent noted above, (4) shall not be included. The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Leviathan or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant shall be determined by the Board of Directors of the General Partner whose resolution with respect thereto shall be delivered to the Trustee.

Incurrence of Indebtedness and Issuance of Disqualified Equity

Leviathan will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and Leviathan will not issue any Disqualified Equity and will not permit any of its Restricted Subsidiaries to issue any Disqualified Equity; provided, however, that Leviathan and any Restricted Subsidiary may incur Indebtedness (including Acquired Debt), and Leviathan and the Restricted Subsidiaries may issue Disqualified Equity, if the Fixed Charge Coverage Ratio for Leviathan's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Equity is issued would have been at least 2.0 to 1.0 through March 31, 2001, and 2.25 to 1.0 thereafter, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Equity had been issued, as the case may be, at the beginning of such four-quarter period.

So long as no Default shall have occurred and be continuing or would be caused thereby, the first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(1) the incurrence by Leviathan and any Restricted Subsidiary of the Indebtedness under Credit Facilities and the guarantees thereof; provided that the aggregate principal amount of all Indebtedness of Leviathan and the Restricted Subsidiaries outstanding under all Credit Facilities after giving effect to such incurrence does not exceed $375.0 million less the aggregate amount of all repayments of Indebtedness under a Credit Facility that have been made by Leviathan or any of its Restricted Subsidiaries in respect of Asset Sales to the extent such repayments constitute a permanent reduction of commitments under such Credit Facility;

(2) the incurrence by Leviathan and its Restricted Subsidiaries of Existing Indebtedness;

(3) the incurrence by Leviathan and the Subsidiary Guarantors of Indebtedness represented by the notes and the Guarantees and the related Obligations;

(4) the incurrence by Leviathan or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of Leviathan or such Restricted Subsidiary, in an aggregate principal amount not to exceed $10.0 million at any time outstanding;

(5) the incurrence by Leviathan or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace, Indebtedness (other than intercompany Indebtedness) that was not incurred in violation of the Indenture;

(6) the incurrence by Leviathan or any of its Restricted Subsidiaries of intercompany Indebtedness between or among Leviathan and any of its Restricted Subsidiaries; provided, however, that:

(a) if Leviathan or any Subsidiary Guarantor is the obligor on such Indebtedness, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the notes, in the case of Leviathan, or the Guarantee of such Subsidiary Guarantor, in the case of a Subsidiary Guarantor, and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than Leviathan or a Restricted Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either Leviathan or a Restricted Subsidiary thereof, shall be deemed, in each case, to constitute an incurrence of

such Indebtedness by Leviathan or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the incurrence by Leviathan or any of its Restricted Subsidiaries of Hedging Obligations that are incurred for the purpose of fixing or hedging foreign currency exchange rate risk of Leviathan or any Restricted Subsidiary or interest rate risk with respect to any floating rate Indebtedness of Leviathan or any Restricted Subsidiary that is permitted by the terms of this Indenture to be outstanding or commodities pricing risks of Leviathan or any Restricted Subsidiary in respect of hydrocarbon production from properties in which Leviathan or any of its Restricted Subsidiaries owns an interest;

(8) the guarantee by Leviathan or any of the Restricted Subsidiaries of Indebtedness of Leviathan or a Restricted Subsidiary that was permitted to be incurred by another provision of this covenant;

(9) bid, performance, surety and appeal bonds in the ordinary course of business, including guarantees and standby letters of credit supporting such obligations, to the extent not drawn;

(10) the incurrence by Leviathan or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (10), not to exceed $10.0 million;

(11) the incurrence by Leviathan's Unrestricted Subsidiaries of Non-Recourse Debt; provided, however, that if any such Indebtedness ceases to be Non-Recourse Debt of an Unrestricted Subsidiary, such event shall be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of Leviathan that was not permitted by this clause (11);

(12) the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Equity, in the form of additional shares of the same class of Disqualified Equity, provided, in each such case, that the amount thereof is included in Fixed Charges of Leviathan as so accrued, accredited or amortized; and

(13) Indebtedness incurred by Leviathan or any of its Restricted Subsidiaries arising from agreements or their respective bylaws providing for indemnification, adjustment of purchase price or similar obligations.

For purposes of determining compliance with this "-- Incurrence of Indebtedness and Issuance of Disqualified Equity" covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (12) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, Leviathan will be permitted to classify such item of Indebtedness in any manner that complies with this covenant. An item of Indebtedness may be divided and classified in one or more of the types of Permitted Indebtedness.

Limitation on Layering

Leviathan will not incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to any Senior Debt of Leviathan and senior in any respect in right of payment to the notes. No Subsidiary Guarantor will incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to any Senior Debt of such Subsidiary Guarantor and senior in any respect in right of payment to such Subsidiary Guarantor's Guarantee.

Liens

Leviathan will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind securing Indebtedness, Attributable Debt or

trade payables on any asset now owned or hereafter acquired, except Permitted Liens, without making effective provision whereby all Obligations due under the notes and Indenture or any Guarantee, as applicable, will be secured by a Lien equally and ratably with any and all Obligations thereby secured for so long as any such Obligations shall be so secured.

Dividend and Other Payment Restrictions Affecting Subsidiaries

Leviathan will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Equity Interests to Leviathan or any of Leviathan's Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to Leviathan or any of the other Restricted Subsidiaries;

(2) make loans or advances to or make other investments in Leviathan or any of the other Restricted Subsidiaries; or

(3) transfer any of its properties or assets to Leviathan or any of the other Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements as in effect on the Issue Date and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of any such agreements or any Existing Indebtedness to which such agreement relates, provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive, taken as a whole, with respect to such distribution, dividend and other payment restrictions and loan or investment restrictions than those contained in such agreement, as in effect on the date of the Indenture;

(2) the Leviathan Credit Facility and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof, provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive, taken as a whole, with respect to such distribution, dividend and other payment restrictions and loan or investment restrictions than those contained in such Credit Facility as in effect on the date of the Indenture;

(3) the Indenture, the notes and the Guarantees;

(4) applicable law;

(5) any instrument governing Indebtedness or Equity Interests of a Person acquired by Leviathan or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than such Person, or the property or assets of such Person, so acquired, provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) customary non-assignment provisions in licenses and leases entered into in the ordinary course of business and consistent with past practices;

(7) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on the property so acquired of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of a Restricted Subsidiary that contains any one or more of the restrictions described in clauses 1 through 3 of the preceding paragraph by such Restricted Subsidiary pending its sale or other disposition, provided that such sale or disposition is consummated, or such restrictions are canceled or terminated or lapse, within 90 days;

(9) Permitted Refinancing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Liens securing Indebtedness otherwise permitted to be issued pursuant to the provisions of the covenant described above under the caption "-- Liens" that limit the right of Leviathan or any of its Restricted Subsidiaries to dispose of the assets subject to such Lien;

(11) any agreement or instrument relating to any property or assets acquired after the Issue Date, so long as such encumbrance or restriction relates only to the property or assets so acquired and is not and was not created in anticipation of such acquisitions;

(12) any agreement or instrument relating to any Acquired Debt of any Restricted Subsidiary at the date on which such Restricted Subsidiary was acquired by Leviathan or any Restricted Subsidiary (other than Indebtedness incurred in anticipation of such acquisition and provided such encumbrances or restrictions extend only to property of such acquired Restricted Subsidiary);

(13) any agreement or instrument governing Indebtedness permitted to be incurred under the Indenture, provided that the terms and conditions of any such restrictions and encumbrances, taken as a whole, are not materially more restrictive than those contained in the Indenture, taken as a whole;

(14) provisions with respect to the disposition or distribution of assets or property in joint venture agreements and other similar agreements, including clawback agreements, to maintain financial performance or results of operations of a joint venture entered into in the ordinary course of business; and

(15) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business.

Merger, Consolidation, or Sale of Assets

Neither of the issuers may, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such issuer is the survivor); or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to another Person; unless:

(1) either: (a) such issuer is the surviving entity of such transaction; or (b) the Person formed by or surviving any such consolidation or merger (if other than such issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is an entity organized or existing under the laws of the United States, any state thereof or the District of Columbia, provided that Leviathan Finance may not consolidate or merge with or into any entity other than a corporation satisfying such requirement for so long as Leviathan remains a partnership;

(2) the Person formed by or surviving any such consolidation or merger (if other than such issuer) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the obligations of such issuer under the notes and the Indenture pursuant to agreements reasonably satisfactory to the Trustee;

(3) immediately after such transaction no Default or Event of Default exists;

(4) such issuer or the Person formed by or surviving any such consolidation or merger (if other than such issuer):

(a) will have Consolidated Net Worth immediately after the transaction equal to or greater than the Consolidated Net Worth of such issuer immediately preceding the transaction; and

(b) will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to Incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "Incurrence of Indebtedness and Issuance of Disqualified Equity;"

(5) such issuer has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and, if a supplemental indenture is required, such supplemental indenture comply with the Indenture and all conditions precedent therein relating to such transaction have been satisfied.

Notwithstanding the foregoing paragraph, Leviathan is permitted to reorganize as any other form of entity in accordance with the procedures established in the Indenture; provided that

(1) the reorganization involves the conversion (by merger, sale, contribution or exchange of assets or otherwise) of Leviathan into a form of entity other than a limited partnership formed under Delaware law;

(2) the entity so formed by or resulting from such reorganization is an entity organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(3) the entity so formed by or resulting from such reorganization assumes all the obligations of Leviathan under the notes and the Indenture pursuant to agreements reasonably satisfactory to the Trustee;

(4) immediately after such reorganization no Default or Event of Default exists; and

(5) such reorganization is not adverse to the holders of the notes (for purposes of this clause (5) it is stipulated that such reorganization shall not be considered adverse to the holders of the notes solely because the successor or survivor of such reorganization (i) is subject to federal or state income taxation as an entity or (ii) is considered to be an "includible corporation" of an affiliated group of corporations within the meaning of Section 1504(b)(i) of the Code or any similar state or local law).

The "Merger, Consolidation, or Sale of Assets" covenant described in the first paragraph of this section will not apply to a merger or consolidation, or any sale, assignment, transfer, lease, conveyance or other disposition of assets between or among Leviathan and any of its Restricted Subsidiaries.

No Subsidiary Guarantor may consolidate with or merge with or into (whether or not such Subsidiary Guarantor is the surviving Person) another Person, whether or not affiliated with such Subsidiary Guarantor, but excluding Leviathan or another Subsidiary Guarantor, unless (i) subject to the provisions of the following paragraph, the Person formed by or surviving any such consolidation or merger (if other than such Subsidiary Guarantor) assumes all the obligations of such Subsidiary Guarantor pursuant to the Subsidiary Guarantor's Guarantee of the notes and the Indenture pursuant to a supplemental indenture and (ii) immediately after giving effect to such transaction, no Default or Event of Default exists. Any Subsidiary Guarantor may be merged or consolidated with or into any one or more Subsidiary Guarantors.

In the event of a sale or other disposition of all or substantially all of the assets of any Subsidiary Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of all or substantially all of the Equity Interests of any Subsidiary Guarantor, then such Subsidiary Guarantor (in the event of a sale or other disposition, by way of such a merger, consolidation or otherwise, of all of the Equity Interests of such Subsidiary Guarantor) or the Person acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such Subsidiary Guarantor) will be released

and relieved of any obligations under its Guarantee; provided that the transaction complies with the provisions set forth under "Asset Sales."

Transactions with Affiliates

Leviathan will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "Affiliate Transaction"), unless:

(1) such Affiliate Transaction is on terms that are no less favorable to Leviathan or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Leviathan or such Restricted Subsidiary with an unrelated Person; and

(2) Leviathan delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $10.0 million, a resolution of the Board of Directors of the General Partner set forth in the Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the General Partner; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $25.0 million, either (I) an opinion as to the fairness to Leviathan of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing recognized as an expert in rendering fairness opinions on transactions such as those proposed, (II) with respect to assets classified, in accordance with GAAP, as property, plant and equipment on Leviathan's or such Restricted Subsidiary's balance sheet, a written appraisal from a nationally recognized appraiser showing the assets have a fair market value not less than the consideration to be paid (provided that if the fair market value determined by such appraiser is a range of values or otherwise inexact, the Board of Directors of the General Partner shall determine the exact fair market value, provided that it shall be within the range so determined by the appraiser), (III) in the case of gathering, transportation, marketing, hedging, production handling, operating, construction, storage, platform use, or other operational contracts, any such contracts are entered into in the ordinary course of business on terms substantially similar to those contained in similar contracts entered into by Leviathan or any Restricted Subsidiary and third parties or, if none of Leviathan or any Restricted Subsidiary has entered into a similar contract with a third party, that the terms are no less favorable than those available from third parties on an arm's-length basis, as determined by the Board of Directors of the General Partner or (IV) in the case of any transaction between Leviathan or any of its Restricted Subsidiaries and any Affiliate thereof in which Leviathan beneficially owns 50% or less of the Voting Stock and one or more Persons not Affiliated with Leviathan beneficially own (together) a percentage of Voting Stock at least equal to the interest in Voting Stock of such Affiliate beneficially owned by Leviathan, a resolution of the Board of Directors of the General Partner set forth in the Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the General Partner. Even though a particular Affiliate Transaction or series of Affiliate Transactions may be covered by two or more of clauses (I) through (IV) above, the compliance with any one of such applicable clauses shall be satisfactory.

The following items shall not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) transactions pursuant to the Management Agreement as in effect on the date hereof,

(2) any employment, equity option or equity appreciation agreement or plan entered into by Leviathan or any of its Restricted Subsidiaries in the ordinary course of business and, as applicable, consistent with the past practice of Leviathan or such Restricted Subsidiary;

(3) transactions between or among Leviathan and/or its Restricted Subsidiaries;

(4) Restricted Payments that are permitted by the provisions of the Indenture described above under the caption "-- Restricted Payments;"

(5) transactions effected in accordance with the terms of agreements as in effect on the closing date of the issuance of the notes;

(6) customary compensation, indemnification and other benefits made available to officers, directors or employees of Leviathan or a Restricted Subsidiary, including reimbursement or advancement of out-of-pocket expenses and provisions of officers' and directors' liability insurance; and

(7) loans to officers and employees made in the ordinary course of business in an aggregate amount not to exceed $1.0 million at any one time outstanding.

Additional Subsidiary Guarantees

If Leviathan or any of its Restricted Subsidiaries acquires or creates another Restricted Subsidiary after the date of the Indenture that guarantees any Indebtedness of either of the issuers, then that newly acquired or created Restricted Subsidiary must become a Subsidiary Guarantor and execute a supplemental indenture satisfactory to the Trustee and deliver an Opinion of Counsel to the Trustee within 10 Business Days of the date on which it was acquired or created. If a Restricted Subsidiary that is not then a Subsidiary Guarantor guarantees Indebtedness of either of the issuers or any other Restricted Subsidiary, such Restricted Subsidiary shall execute and deliver a Guarantee. Leviathan will not permit any of its Restricted Subsidiaries, directly or indirectly, to guarantee or pledge any assets to secure the payment of any other Indebtedness of either issuer unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the guarantee of the payment of the notes by such Restricted Subsidiary, which guarantee shall be senior to or pari passu with such Restricted Subsidiary's guarantee of or pledge to secure such other Indebtedness, unless such other Indebtedness is Senior Debt, in which case the guarantee of the notes may be subordinated to the guarantee of such Senior Debt to the same extent as the notes are subordinated to such Senior Debt. Notwithstanding the foregoing, any Guarantee of a Restricted Subsidiary that was incurred pursuant to this paragraph shall provide by its terms that it shall be automatically and unconditionally released upon the release or discharge of the guarantee which resulted in the creation of such Restricted Subsidiary's Subsidiary Guarantee, except a discharge or release by, or as a result of payment under, such guarantee.

Designation of Restricted and Unrestricted Subsidiaries

The General Partner may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default or Event of Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, all outstanding Investments owned by Leviathan and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be an Investment made as of the time of such designation and will reduce the amount available for Restricted Payments under the first paragraph of the covenant described above under the caption "-- Restricted Payments", for Permitted Investments or for Permitted Business Investments, as applicable. All such outstanding Investments will be valued at their fair market value at the time of such designation. That designation will only be permitted if such Restricted Payment, Permitted Investments or Permitted Business Investments would be permitted at that time and such

Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. All Subsidiaries of an Unrestricted Subsidiary shall be also Unrestricted Subsidiaries. The Board of Directors of the General Partner may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if a Default or Event of Default is not continuing, the redesignation would not cause a Default or Event of Default and provided that, if at the time of such designation such Subsidiary is a Subsidiary Guarantor, after giving effect to such designation, Leviathan and its remaining Restricted Subsidiaries could incur at least $1.00 of additional Indebtedness under the limitation on indebtedness included in the first paragraph under the caption "Incurrence of Indebtedness and Issuance of Disqualified Equity" above. A Subsidiary may not be designated as an Unrestricted Subsidiary unless at the time of such designation, (x) it has no Indebtedness other than Non-Recourse Debt; (y) no portion of the Indebtedness or any other obligation of such Subsidiary (whether contingent or otherwise and whether pursuant to the terms of such Indebtedness or the terms governing the organization and operation of such Subsidiary or by law) (A) is guaranteed by Leviathan or any other Restricted Subsidiary, except as such Indebtedness is permitted by the covenants under "-- Restricted Payments" and "-- Incurrence of Indebtedness and Issuance of Disqualified Equity" above, (B) is recourse to or obligates Leviathan or any Restricted Subsidiary in any way (including any "claw-back", "keep-well" or "make-well" agreements or other agreements, arrangements or understandings to maintain the financial performance or results of operations of such Subsidiary, except as such Indebtedness or Investment is permitted by the covenants captioned "-- Incurrence of Indebtedness and Issuance of Disqualified Equity" and "-- Restricted Payments") or (C) subjects any property or assets of Leviathan or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof; and (z) no Equity Interests of a Restricted Subsidiary are held by such Subsidiary, directly or indirectly. Upon the designation of a Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary, the Guarantee of such entity shall be released.

Sale and Lease-Back Transactions

Leviathan will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and lease-back transaction; provided that Leviathan or any Restricted Subsidiary that is a Subsidiary Guarantor may enter into a sale and lease-back transaction if:

(1) Leviathan or that Subsidiary Guarantor, as applicable, could have (a) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and lease-back transaction under the Fixed Charge Coverage Ratio test in the first paragraph of the covenant described above under the caption "-- Incurrence of Additional Indebtedness and Issuance of Disqualified Equity," and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption "-- Liens;"

(2) the gross cash proceeds of that sale and lease-back transaction are at least equal to the fair market value, as determined in good faith by the Board of Directors of the General Partner, of the property that is the subject of such sale and lease-back transaction; and

(3) the transfer of assets in that sale and lease-back transaction is permitted by, and Leviathan applies the proceeds of such transaction in compliance with, the covenant described above under the caption "-- Repurchase at the Option of Holders -- Asset Sales."

Business Activities

Leviathan will not, and will not permit any Restricted Subsidiary to, engage in any business other than Permitted Businesses.

Payments for Consent

Leviathan will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the notes unless such consideration is offered to be paid and is paid to all holders of the notes that consent, waive or agree to

amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Reports

Whether or not required by the SEC, so long as any notes are outstanding, Leviathan will file with the SEC (unless the SEC will not accept such a filing) within the time periods specified in the SEC's rules and regulations, and upon request, Leviathan will furnish (without exhibits) to the Trustee for delivery to the holders of the notes:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if Leviathan were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by Leviathan's certified independent accountants; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if Leviathan were required to file such reports.

If as of the end of any such quarterly or annual period Leviathan has designated any of its Subsidiaries as Unrestricted Subsidiaries or if Leviathan owns more than 50% of Western Gulf or UTOS but such entity or any of its Subsidiaries still is designated as a Joint Venture, then Leviathan shall deliver (promptly after such SEC filing referred to in the preceding paragraph) to the Trustee for delivery to the holders of the notes quarterly and annual financial information required by the preceding paragraph as revised to include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of Leviathan and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries and each such designated Joint Venture of Leviathan.

In addition, whether or not required by the SEC, Leviathan will make such information available to securities analysts, investors and prospective investors upon request.

EVENTS OF DEFAULT AND REMEDIES

Each of the following is an Event of Default:

(1) default for 30 days in the payment when due of interest on, or Liquidated Damages with respect to, the notes, whether or not prohibited by the subordination provisions of the Indenture;

(2) default in payment when due of the principal of or premium, if any, on the notes, whether or not prohibited by the subordination provisions of the Indenture;

(3) failure by Leviathan or any of its Subsidiaries to comply with the provisions described under the captions "-- Change of Control" or "-- Asset Sales."

(4) failure by Leviathan or any of its Restricted Subsidiaries for 60 days after notice to comply with any of the other agreements in the Indenture (provided that notice need not be given, and an Event of Default shall occur, 60 days after any breach of the covenants under "-- Certain Covenants -- Restricted Payments," "-- Certain Covenants -- Incurrence of Indebtedness and Issuance of Disqualified Equity" and "-- Merger, Consolidation or Sale of Assets");

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by an issuer or any of Leviathan's Restricted Subsidiaries (or the payment of which is guaranteed by Leviathan or any of

its Restricted Subsidiaries), whether such Indebtedness or guarantee now exists or is created after the date of the Indenture, if that default:

(a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $10.0 million or more;

(6) failure by an issuer or any of Leviathan's Restricted Subsidiaries to pay final judgments aggregating in excess of $10.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(7) except as permitted by the Indenture, any Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in force and effect or any Subsidiary Guarantor, or any Person acting on behalf of any Subsidiary Guarantor, shall deny or disaffirm its obligations under its Guarantee; and

(8) certain events of bankruptcy or insolvency with respect to Leviathan or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the issuers, all outstanding notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the then outstanding notes may declare all the notes to be due and payable immediately. Notwithstanding the foregoing, so long as any Credit Facility shall be in full force and effect, if an Event of Default pursuant to clause (5) above with regard to such Credit Facility shall have occurred and be continuing, the notes shall not become due and payable until the earlier to occur of (x) five business days following delivery of written notice of such acceleration of the notes to the agent under such Credit Facility and (y) the acceleration of any Indebtedness under such Credit Facility.

Holders of the notes may not enforce the Indenture or the notes except as provided in the Indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest.

The holder of a majority in aggregate principal amount of the notes then outstanding by notice to the Trustee may on behalf of the holders of all of the notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest (or Liquidated Damages, if any) on, or the principal of, the notes.

The Issuers and the Subsidiary Guarantors are required to deliver to the Trustee annually a statement regarding compliance with the Indenture. Upon any officer of the General Partner or Leviathan Finance becoming aware of any Default or Event of Default, the Issuers are required to deliver to the Trustee a statement specifying such Default or Event of Default.

NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND STOCKHOLDERS

No past, present or future director, officer, partner, employee, incorporator, stockholder or member of the issuers, the General Partner, or any Subsidiary Guarantor, as such, shall have any liability for any obligations of the issuers or the Subsidiary Guarantors under the notes, the Indenture, the Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of

notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

The issuers may, at their option and at any time, elect to have all of the issuers' obligations discharged with respect to the outstanding notes and all obligations of the Subsidiary Guarantors discharged with respect to their Guarantees ("Legal Defeasance") except for:

(1) the rights of holders of outstanding notes to receive payments in respect of the principal of, premium, if any, and interest on such notes when such payments are due (but not the Change of Control Payment or the payment pursuant to an Asset Sale Offer) from the list referred to below;

(2) the issuer's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the issuers' obligations in connection therewith;

(4) the Legal Defeasance provisions of the Indenture; and

(5) the issuers' rights of optional redemption.

In addition, Leviathan may, at its option and at any time, elect to have the obligations of the issuers and the Guarantors released with respect to certain covenants that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants shall not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the issuers must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the notes, cash in U.S. dollars, non-callable U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest on the outstanding notes at the Stated Maturity thereof or on the applicable redemption date, as the case may be, and Leviathan must specify whether the notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, Leviathan shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that (a) Leviathan has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, Leviathan shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the

same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing either: (a) on the date of such deposit (other than a Default or Event of Default resulting from the incurrence of Indebtedness all or a portion of the proceeds of which shall be applied to such deposit); or (b) or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the Indenture) to which Leviathan or any of its Restricted Subsidiaries is a party or by which Leviathan or any of its Restricted Subsidiaries is bound;

(6) Leviathan must have delivered to the Trustee an Opinion of Counsel to the effect that after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(7) Leviathan must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by Leviathan with the intent of preferring the holders of notes over the other creditors of Leviathan with the intent of defeating, hindering, delaying or defrauding other creditors of Leviathan; and

(8) Leviathan must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

AMENDMENT, SUPPLEMENT AND WAIVER

Without the consent of each holder affected, an amendment or waiver may not (with respect to any notes held by a non-consenting holder):

(1) reduce the principal amount of notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any note or alter or waive the provisions with respect to the redemption of the notes (other than provisions relating to the covenants described above under the caption "-- Repurchase at the Option of Holders"):

(3) reduce the rate of or change the time for payment of interest on any note;

(4) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the notes (except a rescission of acceleration of the notes by the holders of at least a majority in aggregate principal amount of the notes and a waiver of the payment default that resulted from such acceleration);

(5) make any note payable in money other than that stated in the notes;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of notes to receive payments of principal of or premium, if any, or interest on the notes;

(7) waive a redemption payment with respect to any note (other than a payment required by one of the covenants described above under the caption "-- Repurchase at the Option of Holders");

(8) except as otherwise permitted in the Indenture, release any Subsidiary Guarantor from its obligations under its Guarantee or the Indenture or change any Guarantee in any manner that would adversely affect the rights of holders; or

(9) make any change in the preceding amendment and waiver provisions (except to increase any percentage set forth therein).

In addition, any amendment to, or waiver of, the provisions of the Indenture relating to subordination that adversely affects the rights of the holders of the notes will require the consent of the holders of at least 75% in aggregate principal amount of notes then outstanding.

Notwithstanding the preceding, without the consent of any holder of notes, the issuers, the Subsidiary Guarantors and the Trustee may amend or supplement the Indenture or the notes:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated notes in addition to or in place of certificated notes;

(3) to provide for the assumption of an issuer's or Subsidiary Guarantor's obligations to holders of notes in the case of a merger or consolidation or sale of all or substantially all of such issuer's assets;

(4) to add or release Subsidiary Guarantors pursuant to the terms of the Indenture;

(5) to make any change that would provide any additional rights or benefits to the holders of notes or surrender any right or power conferred upon the issuers or the Subsidiary Guarantors by the Indenture that does not adversely affect the rights under the Indenture of any holder of the Notes;

(6) to comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act;

(7) to evidence or provide for the acceptance of appointment under the Indenture of a successor Trustee;

(8) to add any additional Events of Default; or

(9) to secure the notes and/or the Guarantees.

CONCERNING THE TRUSTEE

If the Trustee becomes a creditor of an issuer or any Subsidiary Guarantor, the Indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in aspect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign.

The holders of a majority in principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default shall occur and be continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of notes, unless such holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

ADDITIONAL INFORMATION

Anyone who receives this prospectus may obtain a copy of the Indenture and Registration Rights Agreement without charge by writing to Leviathan at El Paso Energy Building, 1001 Louisiana, Houston, Texas 77002, Attention: Investor Relations.

BOOK-ENTRY, DELIVERY AND FORM

Except as set forth below, the Series B notes will be represented by one permanent global registered note in global form, without interest coupons (the "Global notes"). The Global notes will be deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee of DTC, or will remain in the custody of the Trustee pursuant to the FAST Balance Certificate Agreement between DTC and the Trustee.

The descriptions of the operations and procedures of DTC, the Euroclear System ("Euroclear") and Cedel Bank ("Cedel") set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. Neither Leviathan nor the Initial Purchasers takes any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

DEPOSITARY PROCEDURES

DTC has advised Leviathan that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "Direct Participants") and to facilitate the clearance and settlement of transactions in those securities between Direct Participants through electronic book-entry changes in accounts of Participants. The Direct Participants include securities brokers and dealers (including the Initial Purchasers), banks, trust companies, clearing corporations and certain other organizations, including Euroclear and Cedel. Access to DTC's system is also available to other entities that clear through or maintain a direct or indirect, custodial relationship with a Direct Participant (collectively, the "Indirect Participants").

DTC has advised Leviathan that, pursuant to DTC's procedures, (i) upon deposit of the Global notes, DTC will credit the accounts of the Direct Participants designated by the Initial Purchasers with portions of the principal amount of the Global notes that have been allocated to them by the Initial Purchasers, and (ii) DTC will maintain records of the ownership interests of such Direct Participants in the Global notes and the transfer of ownership interests by and between Direct Participants. DTC will not maintain records of the ownership interests of, or the transfer of ownership interests by and between, Indirect Participants or other owners of beneficial interests in the Global notes. Direct Participants and Indirect Participants must maintain their own records of the ownership interests of, and the transfer of ownership interests by and between, Indirect Participants and other owners of beneficial interests in the Global notes.

The laws of some states in the United States require that certain persons take physical delivery in definitive, certificated form, of securities that they own. This may limit or curtail the ability to transfer beneficial interest in a Global note to such persons. Because DTC can act only on behalf of Direct Participants, which in turn act on behalf of Indirect Participants and others, the ability of a person having a beneficial interest in a Global note to pledge such interest to persons or entities that are not Direct Participants in DTC, or to otherwise take actions in respect of such interests, may be affected by the lack of physical certificates evidencing such interests. For certain other restrictions on the transferability of the notes see "-- Transfers of Interests in Global Notes for Certificated Notes."

EXCEPT AS DESCRIBED IN "-- TRANSFERS ON INTERESTS IN GLOBAL NOTES FOR CERTIFICATED NOTES," OWNERS OF BENEFICIAL INTERESTS IN THE GLOBAL NOTES WILL NOT HAVE NOTES REGISTERED IN THEIR NAMES, WILL NOT RECEIVE PHYSICAL DELIVERY OF NOTES IN CERTIFICATED FORM AND WILL NOT BE CONSIDERED THE REGISTERED OWNERS OR HOLDERS THEREOF UNDER THE INDENTURE FOR ANY PURPOSE.

Under the terms of the Indenture, the issuers, the Subsidiary Guarantors and the Trustee will treat the persons in whose names the notes are registered (including notes represented by Global notes) as the owners thereof for the purpose of receiving payments and for any and all other purposes whatsoever. Payments in respect of the principal of premium, if any, and interest and Liquidated Damages, if any, on Global notes registered in the name of DTC or its nominee will be payable by the Trustee to DTC or its nominee as the registered holder under the Indenture. Consequently, none of the issuers, the Trustee nor

any agent of the issuers or the Trustee has or will have any responsibility or liability for (i) any aspect of DTC's records or any Direct Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interests in the Global notes or for maintaining, supervising or reviewing any of DTC's records or any Direct Participant's or Indirect Participant's records relating to the beneficial ownership interests in any Global note or (ii) any other matter relating to the actions and practices of DTC or any of its Direct Participants or Indirect Participants.

DTC has advised the issuers that its current payment practice (for payments of principal, interest and the like) with respect to securities such as the notes is to credit the accounts of the relevant Direct Participants with such payment on the payment date in amounts proportionate to such Direct Participant's respective ownership interests in the Global notes as shown on DTC's records. Payments by Direct Participants and Indirect Participants to the beneficial owners of the notes will be governed by standing instructions and customary practices between them and will not be the responsibility of DTC, the Trustee, the issuers or the Subsidiary Guarantors. None of the issuers, the Subsidiary Guarantors or the Trustee will be liable for any delay by DTC or its Direct Participants or Indirect Participants in identifying the beneficial owners of the notes, and the issuers and the Trustee may conclusively relay on and will be protected in relying on instructions from DTC or its nominee as the registered owner of the notes for all purposes.

The Global notes will trade in DTC's Same-day Funds Settlement System and, therefore, transfers between Direct Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in immediately available funds. Transfers between Indirect Participants (other than Indirect Participants who hold an interest in the notes through Euroclear or CEDEL) who hold an interest through a Direct Participant will be effected in accordance with the procedures of such Direct Participant but generally will settle in immediately available funds. Transfers between and among Indirect Participants who hold interests in the notes through Euroclear and CEDEL will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes described herein, cross-market transfers between Direct Participants in DTC, on the one hand, and Indirect Participants who hold interests in the notes through Euroclear or CEDEL, on the other hand, will be effected by Euroclear's or CEDEL's respective Nominee through DTC in accordance with DTC's rules on behalf of Euroclear or CEDEL; however, delivery of instructions relating to crossmarket transactions must be made directly to Euroclear or CEDEL and within their established deadlines (Brussels time for Euroclear and UK time for CEDEL). Indirect Participants who hold interest in the notes through Euroclear and CEDEL may not deliver instructions directly to Euroclear's and CEDEL's Nominee. Euroclear and CEDEL will, if the transaction meets its settlement requirements, deliver instructions to its respective Nominee to deliver or receive interests on Euroclear's or CEDEL's behalf in the relevant Global note in DTC, and make or receive payment in accordance with normal procedures for same-day fund settlement applicable to DTC.

Because of time zone differences, the securities accounts of an Indirect Participant who holds an interest in the notes through Euroclear or CEDEL purchasing an interest in a Global Note from a Direct Participant in DTC will be credited, and any such crediting will be reported to Euroclear or CEDEL during the European business day immediately following the settlement date of DTC in New York. Although recorded in DTC's accounting records as of DTC's settlement date in New York, Euroclear and CEDEL customers will not access to the cash amount credited to their accounts as a result of a sale of an interest in a Regulation S Global Note to a DTC Participant unit the European business for Euroclear and CEDEL immediately following DTC's settlement date.

DTC has advised Leviathan that it will take any action permitted to be taken by a holder of notes only at the direction of one or more Direct Participants to whose account interests in the Global notes are credited and only in respect of such portion of the aggregate principal amount of the notes to which such Direct Participant or Direct Participants has or have given direction. However, if there is an Event of Default under the notes, DTC reserves the right to exchange Global notes (without the direction of one or more of its Direct Participants) for legended notes in certificated form, and to distribute such certificated

forms of notes to its Direct Participants. See "-- Transfers of Interests in Global Notes for Certificated Notes" below.

Although DTC, Euroclear and CEDEL have agreed to the foregoing procedures to facilitate transfers of interests in the Global notes among Direct Participants, including Euroclear and CEDEL, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. None of the issuers, the Subsidiary Guarantors, the Initial Purchasers or the Trustee shall have any responsibility for the performance by DTC, Euroclear and CEDEL or their respective Direct and Indirect Participants of their respective obligations under the rules and procedures governing any of their operations.

The information in this section concerning DTC, Euroclear and CEDEL and their book-entry systems has been obtained from sources that the issuers believe to be reliable, but the issuers take no responsibility for the accuracy thereof.

Transfers of Interests in Global Notes for Certificated Notes

An entire Global note may be exchanged for definitive notes in registered, certificated form without interest coupons ("Certificated notes") if (i) DTC (x) notifies the issuers that it is unwilling or unable to continue as depositary for the Global notes and the issuers thereupon fail to appoint a successor depositary within 90 days or (y) has ceased to be a clearing agency registered under the Exchange Act, (ii) the issuers, at their option, notify the Trustee in writing that they elect to cause the issuance of Certificated notes or (iii) there shall have occurred and be continuing a Default or an Event of Default with respect to the notes. In any such case, the issuers will notify the Trustee in writing that, upon surrender by the Direct and Indirect Participants of their interest in such Global note, Certificated notes will be issued to each person that such Direct and Indirect Participants and the DTC identify as being the beneficial owner of the related notes.

Beneficial interests in the Global notes held by any Direct or Indirect Participant may be exchanged for Certificated notes upon request to DTC, by such Direct Participant (for itself or on behalf of an Indirect Participant), to the Trustee in accordance with customary DTC procedures. Certificated notes delivered in exchange for any beneficial interest in any Global note will be registered in the names, and issued in any approved denominations, requested by DTC on behalf of such Direct or Indirect Participants (in accordance with DTC's customary procedures).

None of the issuers, the Subsidiary Guarantors or the Trustee will be liable for any delay by the holder of any Global note or DTC in identifying the beneficial owners of notes, and the issuers and the Trustee may conclusively rely on, and will be protected in relying on, instructions from the holder of the Global note or DTC for all purposes.

Same Day Settlement and Payment

The Indenture requires that payments in respect of the notes represented by the Global notes (including principal, premium, if any, interest and Liquidated Damages, if any) be made by wire transfer of immediately available same day funds to the accounts specified by the holder of interests in such Global Note. With respect to Certificated notes, the issuers will make all payments of principal, premium, if any, interest and Liquidated Damages, if any, by wire transfer of immediately available same day funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a check to each such holder's registered address. The issuers expect that secondary trading in the Certificated notes will also be settled in immediately available funds.

REGISTRATION RIGHTS; LIQUIDATED DAMAGES

Leviathan, Leviathan Finance, the Subsidiary Guarantors and the Initial Purchasers entered into the Registration Rights Agreement on May 27, 1999. For a summary discussion of the terms of the Registration Rights Agreement, see "Series A Notes Registration Rights" beginning on page 127 of this prospectus.

CERTAIN DEFINITIONS

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"Acquired Debt" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person, but excluding Indebtedness which is extinguished, retired or repaid in connection with such Person merging with or becoming a Subsidiary of such specific Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a specified Person shall be deemed to be control by the other Person; provided, further, that any third Person which also beneficially owns 10% or more of the Voting Stock of a specified Person shall not be deemed to be Affiliate of either the specified Person or the other Person merely because of such common ownership in such specified Person. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings. Notwithstanding the foregoing, the term "Affiliate" shall not include a Restricted Subsidiary of any specified Person.

"Asset Sale" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights, other than sales of inventory in the ordinary course of business consistent with past practices; provided that the sale, conveyance or other disposition of all or substantially all of the assets of Leviathan or Leviathan and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "-- Change of Control", and/or the provisions described above under the caption "-- Merger, Consolidation or Sale of Assets" and not by the provisions of the Asset Sale covenant; and

(2) the issuance of Equity Interests by any of Leviathan's Restricted Subsidiaries or the sale by Leviathan or any of its Restricted Subsidiaries of Equity Interests in any of its Restricted Subsidiaries;

Notwithstanding the preceding, the following items shall not be deemed to be Asset Sales:

(1) any single transaction or series of related transactions that: (a) involves assets having a fair market value of less than $1.0 million; or (b) results in net proceeds to Leviathan and its Restricted Subsidiaries of less than $1.0 million;

(2) a transfer of assets between or among Leviathan and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary to Leviathan or to another Restricted Subsidiary;

(4) a Restricted Payment that is permitted by the covenant described above under the caption "-- Restricted Payments;" and

(5) a transaction of the type described in the last paragraph of the covenant entitled "Asset Sales."

"Attributable Debt" in respect of a Sale and Lease-Back Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Lease-Back Transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"Available Cash" has the meaning assigned to such term in the Partnership Agreement, as in effect on the date of the Indenture.

"Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"Cash Equivalent" means:

(1) United States dollars or, in an amount up to the amount necessary or appropriate to fund local operating expenses, other currencies;

(2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than one year from the date of acquisition;

(3) certificates of deposit, time deposits and Eurodollar deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding 365 days, demand and overnight bank deposits and other similar types of investments routinely offered by commercial banks, in each case, with any domestic commercial bank having capital and surplus in excess of $500.0 million and a Thompson Bank Watch Rating of "B" or better or any commercial bank of any other country that is a member of the Organization for Economic Cooperation and Development ("OECD") and has total assets in excess of $500.0 million;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having one of the two highest ratings obtainable from Moody's Investors Service, Inc. or Standard & Poor's Ratings Group and in each case maturing within six months after the date of acquisition; and

(6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

"Cash from Operations" shall have the meaning assigned to such term in the Partnership Agreement, as in effect on the date of the Indenture.

"Change of Control" means the occurrence of any of the following:

(1) the sale, transfer, lease, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of Leviathan and its Restricted Subsidiaries taken as a whole to any "person" (as such term is used in Section 13(d)(3) of the Exchange Act) other than the El Paso Group;

(2) the adoption of a plan relating to the liquidation or dissolution of Leviathan or the General Partner; and

(3) such time as the El Paso Group ceases to own, directly or indirectly, the general partner interests of Leviathan, or members of the El Paso Group cease to serve as the only general partners of Leviathan.

Notwithstanding the foregoing, a conversion of Leviathan from a limited partnership to a corporation, limited liability company or other form of entity or an exchange of all of the outstanding limited partnership interests for capital stock in a corporation, for member interests in a limited liability company or for Equity Interests in such other form of entity shall not constitute a Change of Control, so long as following such conversion or exchange the El Paso Group beneficially owns, directly or indirectly, in the aggregate more than 50% of the Voting Stock of such entity, or continues to own a sufficient number of the outstanding shares of Voting Stock of such entity to elect a majority of its directors, managers, trustees or other persons serving in a similar capacity for such entity.

"Consolidated Cash Flow" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus:

(1) an amount equal to the dividends or distributions paid during such period in cash or Cash Equivalents to such Person or any of its Restricted Subsidiaries by a Person that is not a Restricted Subsidiary of such Person; plus

(2) an amount equal to any extraordinary loss of such Person and its Restricted Subsidiaries plus any net loss realized by such Person and its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; plus

(3) the provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(4) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with aspect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments, if any, pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income, excluding any such expenses to the extent incurred by a Person that is not a Restricted Subsidiary of the Person for which the calculation is being made; plus

(5) depreciation, depletion and amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income (excluding any such expenses to the extent incurred by a Person that is not a Restricted Subsidiary;) minus

(6) non-cash items increasing such Consolidated Net Income for such period, other than items that were accrued in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash charges of, a Restricted Subsidiary of Leviathan shall be added to Consolidated Net Income to compute Consolidated Cash Flow of Leviathan only to the extent that a corresponding amount would be permitted at the date of determination to be dividended or distributed to Leviathan by such Restricted Subsidiary without prior approval (that has not been

obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that:

(1) the aggregate Net Income (but not net loss in excess of such aggregate Net Income) of all Persons that are Unrestricted Subsidiaries shall be excluded (without duplication);

(2) the earnings included therein attributable to all entities that are accounted for by the equity method of accounting and the aggregate Net Income (but not net loss in excess of such aggregate Net Income) included therein attributable to all entities constituting Joint Ventures that are accounted for on a consolidated basis (rather than by the equity method of accounting) shall be excluded;

(3) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement (other than the Indenture or its Guarantee), instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

(4) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded; and

(5) the cumulative effect of a change in accounting principles shall be excluded.

"Consolidated Net Worth" means, with respect to any Person as of any date, the sum of:

(1) the consolidated equity of the common stockholders (or consolidated partners' capital in the case of a partnership) of such Person and its consolidated Subsidiaries as of such date as determined in accordance with GAAP; plus

(2) the respective amounts reported on such Person's balance sheet as of such date with respect to any series of preferred stock (other than Disqualified Equity) that by its terms is not entitled to the payment of dividends unless such dividends may be declared and paid only out of net earnings in respect of the year of such declaration and payment, but only to the extent of any cash received by such Person upon issuance of such preferred stock.

"Credit Facilities" means, with respect to Leviathan, Leviathan Finance or any Restricted Subsidiary, one or more debt facilities or commercial paper facilities, including the Leviathan Credit Facility, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Designated Senior Debt" means any Senior Debt permitted under the Indenture the principal amount of which is $25.0 million or more and that has been designated by Leviathan as "Designated Senior Debt."

"Disqualified Equity" means any Equity Interest that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or

prior to the date on which the notes mature. Notwithstanding the preceding sentence, any Equity Interest that would constitute Disqualified Equity solely because the holders thereof have the right to require Leviathan or a Restricted Subsidiary to repurchase such Equity Interests upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Equity if the terms of such Equity Interests provide that Leviathan or Restricted Subsidiary may not repurchase or redeem any such Equity Interests pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "-- Certain Covenants -- Restricted Payments."

"El Paso Energy" means El Paso Energy Corporation, a Delaware corporation, and its successors.

"El Paso Group" means, collectively, (1) El Paso Energy, (2) each Person of which El Paso Energy is a direct or indirect Subsidiary and (3) each Person which is a direct or indirect Subsidiary of any Person described in (1) or (2) above.

"Equity Interests" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited);

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, and any rights (other than debt securities convertible into capital stock) warrants or options exchangeable for or convertible into such capital stock; and

(5) all warrants, options or other rights to acquire any of the interests described in clauses (1) - (4) above (but excluding any debt security that is convertible into, or exchangeable for, any of the interests described in clauses (1) - (4) above).

"Equity Offering" means any sale for cash of Equity Interests of Leviathan (excluding sales made to any Restricted Subsidiary and excluding sales of Disqualified Equity).

"Existing Indebtedness" means the aggregate principal amount of Indebtedness of Leviathan and its Restricted Subsidiaries in existence on the date of the Indenture, which (excluding Indebtedness outstanding under the Leviathan Credit Facility) is zero.

"Fixed Charges" means, with respect to any Person for any period, without duplication, (A) the sum of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries (excluding for purposes of this clause (1) consolidated interest expense included therein that is attributable to Indebtedness of a Person that is not a Restricted Subsidiary of the Person for which the calculation is being made) for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts, and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments, if any, pursuant to Hedging Obligations; plus

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period (excluding for purposes of this clause (2) any such consolidated interest included therein that is attributable to Indebtedness of a Person that is not a Restricted Subsidiary); plus

(3) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its

Restricted Subsidiaries, whether or not such guarantee or Lien is called upon, provided that this clause (3) excludes interest on "claw-back", "make-well" or "keep-well" payments made by Leviathan or any Restricted Subsidiary; plus

(4) the product of (a) all dividend payments, whether or not in cash, on any series of Disqualified Equity of such Person or any of its Restricted Subsidiaries, other than dividend payments on Equity Interests payable solely in Equity Interests of Leviathan (other than Disqualified Equity) or to Leviathan or a Restricted Subsidiary of Leviathan, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP; less

(B) to the extent included in (A) above, amortization or write-off of deferred financing costs of such Person and its Restricted Subsidiaries during such period and any charge related to, or any premium or penalty paid in connection with, incurring any such Indebtedness of such Person and its Restricted Subsidiaries prior to its Stated Maturity.

In the case of both (A) and (B), such amounts will be determined after elimination of intercompany accounts among such Person and its Restricted Subsidiaries and in accordance with GAAP.

"Fixed Charge Coverage Ratio" means, with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays or redeems any Indebtedness (other than revolving credit borrowings not constituting a permanent commitment reduction) or issues or redeems Disqualified Equity subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence (and the application of the net proceeds thereof), assumption, guarantee, repayment or redemption of Indebtedness, or such issuance or redemption of Disqualified Equity, as if the same had occurred at the beginning of the applicable four-quarter reference period (and if such Indebtedness is incurred to finance the acquisition of assets (including, without limitation, a single asset, a division or segment or an entire company) that were conducting commercial operations prior to such acquisition, there shall be included pro forma net income for such assets, as if such assets had been acquired on the first day of such period).

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be deemed to have occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated without giving effect to clause (4) of the proviso set forth in the definition of Consolidated Net Income;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) interest on outstanding Indebtedness of the specified Person or any of its Restricted Subsidiaries as of the last day of the four-quarter reference period shall be deemed to have accrued at

a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on such last day after giving effect to any Hedging Obligation then in effect; and

(5) if interest on any Indebtedness incurred by the specified Person or any of its Restricted Subsidiaries on such date may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate or other rates, then the interest rate in effect on the last day of the four-quarter reference period will be deemed to have been in effect during such period.

"GAAP" means United States generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements, and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

"guarantee" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets, or through letters of credit or reimbursement, "claw-back," "make-well," or "keep-well" agreements in respect thereof, of all or any part of any Indebtedness.

"Hedging Obligations" means, with respect to any Person, the net obligations (not the notional amount) of such Person under interest rate and commodity price swap agreements, interest rate and commodity price cap agreements, interest rate and commodity price collar agreements and foreign currency and commodity price exchange agreements, options or futures contract or other similar agreements or arrangements or hydrocarbon hedge contract or forward sale contract, in each case designed to protect such Person against fluctuations in interest rates, of foreign exchange rates, or commodity prices.

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent, in respect of:

(1) borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof), other than standby letters of credit and performance bonds issued by such Person in the ordinary course of business, to the extent not drawn;

(3) banker's acceptances;

(4) representing Capital Lease Obligations;

(5) all Attributable Debt of such Person in respect of Sale and Lease-Back Transactions not involving a Capital Lease Obligation;

(6) the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable incurred in the ordinary course of business;

(7) representing Disqualified Equity; or

(8) representing any Hedging Obligations other than to (in the ordinary course of business and consistent with prior practice) hedge risk exposure in the operations, ownership of assets or the management of liabilities of Leviathan and its Restricted Subsidiaries;

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by such Person of any indebtedness of any other Person, provided that a guarantee otherwise permitted by the Indenture to be incurred by Leviathan or a

Restricted Subsidiary of Indebtedness incurred by Leviathan or a Restricted Subsidiary in compliance with the terms of the Indenture shall not constitute a separate incurrence of Indebtedness.

The amount of any Indebtedness outstanding as of any date shall be:

(1) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

For purposes of clause (7) of the preceding paragraph, Disqualified Equity shall be valued at the maximum fixed redemption, repayment or repurchase price, which shall be calculated in accordance with the terms of such Disqualified Equity as if such Disqualified Equity were repurchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture; provided, however, that if such Disqualified Equity is not then permitted by its terms to be redeemed, repaid or repurchased, the redemption, repayment or repurchase price shall be the book value of such Disqualified Equity. The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability of any guarantees at such date; provided that for purposes of calculating the amount of any non-interest bearing or other discount security, such Indebtedness shall be deemed to be the principal amount thereof that would be shown on the balance sheet of the issuer thereof dated such date prepared in accordance with GAAP, but that such security shall be deemed to have been incurred only on the date of the original issuance thereof. The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

"Investments" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including guarantees of Indebtedness or other obligations), advances (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender and commission, moving, travel and similar advances to officers and employees made in the ordinary course of business) or capital contributions, purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. For purposes of the definition of "Unrestricted Subsidiary," the definition of "Restricted Payment" and the covenant described under the "Limitation on Restricted Payments" covenant (i) "Investment" shall include the portion (proportionate to Leviathan's Equity Interest in such Subsidiary) of the fair market value of the net assets of any Subsidiary of Leviathan or any of its Restricted Subsidiaries at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, Leviathan or such Restricted Subsidiary shall be deemed to continue to have a permanent "Investment" in such Subsidiary at the time immediately before the effectiveness of such redesignation less (y) the portion (proportionate to Leviathan's or such Restricted Subsidiary's Equity Interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation, and (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the General Partner. If Leviathan or any Restricted Subsidiary of Leviathan sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of Leviathan such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of Leviathan, Leviathan shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "-- Restricted Payments."

"Leviathan Credit Facility" means the Third Amended and Restated Credit Agreement to be entered into among Leviathan, Leviathan Finance, the lenders from time to time party thereto and The Chase

Manhattan Bank, as administrative agent, including any deferrals, renewals, extensions, replacements, refinancings or refundings thereof, and any amendments, modifications or supplements thereto and any agreement providing therefor (including any restatement thereof and any increases in the amount of commitments thereunder), whether by or with the same or any other lenders, creditors, group of lenders or group of creditors and including related notes, guarantees, collateral security documents and other instruments and agreements executed in connection therewith.

"Lien" means, with respect to any asset, any mortgage, lien (statutory or otherwise), pledge, charge, security interest, hypothecation, assignment for security, claim, preference, priority or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof, any option or other agreement to grant a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statute) of any jurisdiction.

"Liquidated Damages" means all liquidated damages then owing pursuant to the Registration Rights Agreement.

"Net Income" means, with respect to any Person, the consolidated net income (loss) of such Person and its Restricted Subsidiaries, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(1) the aggregate gain (but not loss in excess of such aggregate gain), together with any related provision for taxes on such gain, realized in connection with:

(a) any Asset Sale; or

(b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(2) the aggregate extraordinary gain (but not loss in excess of such aggregate extraordinary gain), together with any related provision for taxes on such aggregate extraordinary gain (but not loss in excess of such aggregate extraordinary gain).

"Net Proceeds" means, with respect to any Asset Sale or sale of Equity Interests, the aggregate proceeds received by Leviathan or any of its Restricted Subsidiaries in cash or Cash Equivalents in respect of any Asset Sale or sale of Equity Interests (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any such sale), net of, without duplication, (i) the direct costs relating to such Asset Sale or sale of Equity Interests, including, without limitation, brokerage commissions and legal, accounting and investment banking fees, sales commissions, recording fees, title transfer fees, and any relocation expenses incurred as a result thereof, (ii) taxes paid or payable as a result thereof, in each case after taking into account any available tax credits or deductions and any tax sharing arrangements and amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale or sale of Equity Interests, (iii) all distributions and payments required to be made to minority interest holders in Restricted Subsidiaries as a result of such Asset Sale and (iv) any amounts to be set aside in any reserve established in accordance with GAAP or any amount placed in escrow, in either case for adjustment in respect of the sale price of such asset or assets or for liabilities associated with such Asset Sale or sale of Equity Interests and retained by Leviathan or any of its Restricted Subsidiaries until such time as such reserve is reversed or such escrow arrangement is terminated, in which case Net Proceeds shall include only the amount of the reserve so reversed or the amount returned to Leviathan or its Restricted Subsidiaries from such escrow arrangement, as the case may be.

"Non-Recourse Debt" means Indebtedness as to which:

(1) neither Leviathan nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender of such Indebtedness;

(2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the notes) of Leviathan or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(3) the lenders have been notified in writing that they will not have any recourse to the stock or assets of Leviathan or any of its Restricted Subsidiaries;

provided that in no event shall Indebtedness of any Person which is not a Restricted Subsidiary fail to be Non-Recourse Debt solely as a result of any default provisions contained in a guarantee thereof by Leviathan or any of its Restricted Subsidiaries provided that Leviathan or such Restricted Subsidiary was otherwise permitted to incur such guarantee pursuant to the Indenture.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursement obligations, damages and other liabilities payable under the documentation governing any Indebtedness.

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of Leviathan Gas Pipeline Partners, L.P., dated as of February 19, 1993, as such may be amended, modified or supplemented from time to time.

"Permitted Business" means (1) gathering, transporting (by barge, pipeline, ship, truck or other modes of hydrocarbon transportation), terminalling, storing, producing, acquiring, developing, exploring for, processing, dehydrating 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 (2) any other business that does not constitute a reportable segment (as determined in accordance with GAAP) for Leviathan's annual audited consolidated financial statements.

"Permitted Business Investments" means Investments by Leviathan or any of its Restricted Subsidiaries in any Unrestricted Subsidiary of Leviathan or in any Person that does not constitute a direct or indirect Subsidiary of Leviathan (a "Joint Venture"), provided that

(1) either (a) at the time of such Investment and immediately thereafter, Leviathan could incur $1.00 of additional Indebtedness under the first paragraph in the limitation of indebtedness set forth under the caption "-- Incurrence of Indebtedness and Issuance of Disqualified Equity" above or (b) such Investment is made with the proceeds of Incremental Funds;

(2) if such Unrestricted Subsidiary or Joint Venture has outstanding Indebtedness at the time of such Investment, either (a) all such Indebtedness is non-recourse to Leviathan and its Restricted Subsidiaries or (b) any such Indebtedness of such Unrestricted Subsidiary or Joint Venture that is recourse to Leviathan or any of its Restricted Subsidiaries (which shall include all Indebtedness of such Unrestricted Subsidiary or Joint Venture for which Leviathan or any of its Restricted Subsidiaries may be directly or indirectly, contingently or otherwise, obligated to pay, whether pursuant to the terms of such Indebtedness, by law or pursuant to any guaranty or "claw-back", "make-well" or "keep-well" arrangement) could, at the time such Investment is made and, if later, at the time any such Indebtedness is incurred, be incurred by Leviathan and its Restricted Subsidiaries in accordance with the limitation on indebtedness set forth in the first paragraph under the caption "-- Incurrence of Indebtedness and Issuance of Disqualified Equity" above; and

(3) such Unrestricted Subsidiary's or Joint Venture's activities are not outside the scope of the Permitted Business.

The term "Joint Venture" shall include Western Gulf Holdings, L.L.C. ("Western Gulf") and its Subsidiaries (including High Island Offshore System, L.L.C. ("HIOS") and U-T Offshore System ("UTOS") and its Subsidiaries), and no such Person shall constitute a Restricted Subsidiary for purposes of the Indenture (even if such Person is then a Subsidiary of Leviathan), until such time as the Board of

Directors of the General Partner designates, in a manner consistent with the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or a Restricted Subsidiary as an Unrestricted Subsidiary, each as described under "Certain Covenants-Designation of Restricted and Unrestricted Subsidiaries," Western Gulf or UTOS, including one or more of its Subsidiaries, as the case may be, as a Restricted Subsidiary or an Unrestricted Subsidiary.

"Permitted Investments" means:

(1) any Investment in, or that results in the creation of, any Restricted Subsidiary of Leviathan;

(2) any Investment in Leviathan or in a Restricted Subsidiary of Leviathan (excluding redemptions, purchases, acquisitions or other retirements of Equity Interests in Leviathan) at any one time outstanding;

(3) any Investment in cash or Cash Equivalents;

(4) any Investment by Leviathan or any Restricted Subsidiary of Leviathan in a Person if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of Leviathan; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Leviathan or a Restricted Subsidiary of Leviathan;

(5) any Investment made as a result of the receipt of consideration consisting of other than cash or Cash Equivalents from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "-- Repurchase at the Option of Holders -- Asset Sales;"

(6) any acquisition of assets solely in exchange for the issuance of Equity Interests (other than Disqualified Equity) of Leviathan;

(7) payroll advances in the ordinary course of business and other advances and loans to officers and employees of Leviathan or any of its Restricted Subsidiaries, so long as the aggregate principal amount of such advances and loans does not exceed $1.0 million at any one time outstanding;

(8) Investments in stock, obligations or securities received in settlement of debts owing to Leviathan or any of its Restricted Subsidiaries as a result of bankruptcy or insolvency proceedings or upon the foreclosure, perfection or enforcement of any Lien in favor of Leviathan or any such Restricted Subsidiary, in each case as to debt owing to Leviathan or any of its Restricted Subsidiary that arose in the ordinary course of business of Leviathan or any such Restricted Subsidiary;

(9) any Investment in Hedging Obligations;

(10) any Investments in prepaid expenses, negotiable instruments held for collection and lease, utility, workers' compensation and performance and other similar deposits and prepaid expenses made in the ordinary course of business;

(11) any Investments required to be made pursuant to any agreement or obligation of Leviathan or any Restricted Subsidiary in effect on the Issue Date and listed on a schedule to the Indenture; and

(12) other Investments in any Person engaged in a Permitted Business (other than an Investment in an Unrestricted Subsidiary) having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (12) since the date of the Indenture and existing at the time the Investment, which is the subject of the determination, was made, not to exceed $5.0 million.

"Permitted Junior Securities" means: (1) nonmandatorily redeemable Equity Interests in Leviathan or any Subsidiary Guarantor, as reorganized or readjusted; or (2) debt securities of Leviathan or any

Subsidiary Guarantor as reorganized or readjusted that are subordinated to all Senior Debt and any debt securities issued in exchange for Senior Debt to substantially the same extent as, or to a greater extent than, the notes and the Guarantees are subordinated to Senior Debt pursuant to the Indenture, provided that the rights of the holders of Senior Debt under the Leviathan Credit Agreement are not altered or impaired by such reorganization or readjustment.

"Permitted Liens" means:

(1) Liens on the assets of Leviathan and any Subsidiary securing Senior Debt;

(2) easements, rights-of-way, restrictions, minor defects and irregularities in title and other similar charges or encumbrances not interfering in any material respect with the business of Leviathan or its Restricted Subsidiaries;

(3) Liens securing reimbursement obligations of Leviathan or a Restricted Subsidiary with respect to letters of credit encumbering only documents and other property relating to such letters of credit and the products and proceeds thereof;

(4) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual or warranty requirements of Leviathan and its Restricted Subsidiaries;

(5) Liens in favor of Leviathan or any of the Restricted Subsidiaries;

(6) any interest or title of a lessor in the property subject to a Capital Lease Obligation;

(7) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with Leviathan or any Restricted Subsidiary of Leviathan, provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with Leviathan or such Restricted Subsidiary;

(8) Liens on property existing at the time of acquisition thereof by Leviathan or any Restricted Subsidiary of Leviathan, provided that such Liens were in existence prior to the contemplation of such acquisition and relate solely to such property, accessions thereto and the proceeds thereof;

(9) Liens to secure the performance of tenders, bids, leases, statutory obligations, surety or appeal bonds, government contracts, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(10) Liens on any property or asset acquired, constructed or improved by Leviathan or any Restricted Subsidiary (a "Purchase Money Lien"), which (A) are in favor of the seller of such property or assets, in favor of the Person constructing or improving such asset or property, or in favor of the Person that provided the funding for the acquisition, construction or improvement of such asset or property, (B) are created within 360 days after the date of acquisition, construction or improvement, (C) secure the purchase price or construction or improvement cost, as the case may be, of such asset or property in an amount up to 100% of the fair market value (as determined by the Board of Directors of the General Partner) of such acquisition, construction or improvement of such asset or property, and (D) are limited to the asset or property so acquired, constructed or improved (other than proceeds thereof, accessions thereto and upgrades thereof);

(11) Liens to secure performance of Hedging Obligations of Leviathan or a Restricted Subsidiary;

(12) Liens existing on the date of the Indenture and Liens on any extensions, refinancing, renewal, replacement or defeasance of any Indebtedness or other obligation secured thereby;

(13) Liens on and pledges of the Equity Interests of any Unrestricted Subsidiary or any Joint Venture owned by Leviathan or any Restricted Subsidiary to the extent securing Non-Recourse Debt or Indebtedness (other than Permitted Debt) otherwise permitted by the first paragraph under "-- Incurrence of Indebtedness and Issuance of Disqualified Equity;"

(14) statutory Liens of landlords and warehousemen's, carriers', mechanics', suppliers', materialman's, repairmen's, or other like Liens (including contractual landlord's liens) arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings, if a reserve or appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor;

(15) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other similar types of social security, old age pension or public liability obligations;

(16) Liens on pipelines or pipeline facilities that arise by operation of law;

(17) Liens arising under operating agreements, joint venture agreements, partnership agreements, oil and gas leases, farm out agreements, 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 agreements arising in the ordinary course of Leviathan's or any Restricted Subsidiary's business that are customary in the Permitted Business;

(18) judgment and attachment Liens not giving rise to a Default or Event of Default;

(19) Liens securing the Obligations of the issuers under the notes and the indenture and of the Subsidiary Guarantors under the Guarantees;

(20) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(21) Liens arising from protective filings made in the appropriate office(s) for the filing of a financing statement in the applicable jurisdiction(s) in connection with any lease, consignment or similar transaction otherwise permitted hereby, which filings are made for the purpose of perfecting the interest of the secured party in the relevant items, if the transaction were subsequently classified as a sale secured lending arrangement;

(22) Liens arising out of consignment or similar arrangements for sale of goods;

(23) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(24) Liens securing any Indebtedness which includes a covenant that limits liens in a manner substantially similar to the covenant entitled "Liens;" and

(25) Liens incurred in the ordinary course of business of Leviathan or any Restricted Subsidiary of Leviathan with respect to obligations that do not exceed $5.0 million at any one time outstanding.

"Permitted Refinancing Indebtedness" means any Indebtedness of Leviathan or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of Leviathan or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount of (or accreted value, if applicable), plus accrued interest on the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of necessary fees and expenses incurred in connection therewith and any premiums paid on the Indebtedness refinanced);

(2) such Permitted Refinancing Indebtedness has a final maturity date no earlier than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted

Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the notes or the Guarantees, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the notes or the Guarantees, as the case may be, on terms at least as favorable to the holders of notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(4) such Indebtedness is incurred either by Leviathan or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Restricted Investment" means an Investment other than a Permitted Investment or a Permitted Business Investment.

"Restricted Subsidiary" of a Person means any Subsidiary of the referenced Person that is not an Unrestricted Subsidiary, provided that UTOS, Western Gulf and their Subsidiaries (including HIOS) shall not constitute a Restricted Subsidiary of Leviathan, even if such Person is then a Subsidiary of Leviathan, until such time as either such entity becomes a Restricted Subsidiary in the manner provided in the final paragraph under the definition of "Permitted Business Investments" above. Notwithstanding anything in the Indenture to the contrary, Leviathan Finance shall be designated as a Restricted Subsidiary of Leviathan.

"Senior Debt" means:

(1) all Indebtedness outstanding under Credit Facilities and all Hedging Obligations with respect thereto;

(2) any other Indebtedness permitted to be incurred by Leviathan and the Restricted Subsidiaries under the terms of the Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the notes; and

(3) all Obligations with respect to the items listed in the preceding clauses (1) and (2).

Notwithstanding anything to the contrary in the preceding, Senior Debt will not include:

(1) any Indebtedness that is expressly subordinate or junior in right of payment to any Indebtedness of Leviathan or any Subsidiary Guarantor;

(2) Indebtedness evidenced by the notes or the Guarantees;

(3) any liability for federal, state, local or other taxes owed or owing by Leviathan or any Subsidiary Guarantor;

(4) any Indebtedness of Leviathan or any of its Subsidiaries to any of its Subsidiaries or other Affiliates;

(5) any trade payables; or

(6) any Indebtedness that is incurred in violation of the Indenture.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act and the Exchange Act, as such Regulation is in effect on the date hereof.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to

repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof

"Subsidiary" means, with respect to any Person:

(1) any corporation, association or other business entity of which more than 50% of the Voting Stock is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (whether general or limited), limited liability company or joint venture (a) the sole general partner or the managing general partner or managing member of which is such Person or a Subsidiary of such Person, or (b) if there are more than a single general partner or member, either (i) the only general partners or managing members of which are such Person and/or one or more Subsidiaries of such Person (or any combination thereof) or (ii) such Person owns or controls, directly or indirectly, a majority of the outstanding general partner interests, member interests or other Voting Stock of such partnership, limited liability company or joint venture, respectively;

provided, however, that each of Western Gulf and its Subsidiaries (including HIOS and East Breaks) shall be deemed not to be a Subsidiary of Leviathan or any of its Subsidiaries unless, and to the extent, any of Western Gulf or any of its Subsidiaries is redesignated as a Subsidiary of Leviathan in accordance with the terms of the Indenture.

"Subsidiary Guarantors" means each of:

(1) Delos Offshore Company, L.L.C.; Ewing Bank Gathering Company, L.L.C.; Flextrend Development Company, L.L.C.; Green Canyon Pipe Line Company, L.L.C.; Leviathan Oil Transport Systems, L.L.C.; Manta Ray Gathering Company, L.L.C.; Poseidon Pipeline Company, L.L.C.; Sailfish Pipeline Company, L.L.C.; Stingray Holding, L.L.C.; Tarpon Transmission Company; Transco Hydrocarbons Company, L.L.C.; Texam Offshore Gas Transmission, L.L.C.; Transco Offshore Pipeline Company, L.L.C.; VK Deepwater Gathering Company, L.L.C.; VK-Main Pass Gathering Company, L.L.C.; and, as a result of the acquisition from El Paso Energy of an additional interest in Viosca Knoll Gathering Company as described in this prospectus, Viosca Knoll Gathering Company; and

(2) any other Subsidiary that executes a Guarantee in accordance with the provisions of the Indenture; and

(3) their respective successors and assigns.

Notwithstanding anything in the Indenture to the contrary, Leviathan Finance shall not be a Subsidiary Guarantor.

"U.S. Government Obligations" means securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged; (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case under clauses (i) or (ii) above, are not callable or redeemable at the option of the issuers thereof: or (iii) depository receipts issued by a bank or trust company as custodian with respect to any such U.S. Government Obligations or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a Depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such Depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation evidenced by such Depository receipt.

"Unrestricted Subsidiary" means any Subsidiary of Leviathan (other than Leviathan Finance) that is designated by the Board of Directors of the General Partner as an Unrestricted Subsidiary pursuant to a

Board Resolution, provided that, at the time of such designation, (x) no portion of the Indebtedness or other obligation of such Subsidiary (whether contingent or otherwise and whether pursuant to the terms of such Indebtedness or the terms governing the organization of such Subsidiary or by law (a) is guaranteed by Leviathan or any other Restricted Subsidiary, (B) is recourse to or obligates Leviathan or any Restricted Subsidiary in any way (including any "claw-back," "keep-well," "make-well" or other agreements, arrangements or understandings to maintain the financial performance or results of operations of such Subsidiary or to otherwise infuse or contribute cash to such Subsidiary). or (C) subjects any property or assets of Leviathan or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction of such Indebtedness, unless such Investment or Indebtedness is permitted by the provisions of the Indenture described above under the captions "-- Restricted Payments" and "-- Incurrence of Indebtedness and Issuance of Disqualified Equity," (y) no Equity Interests of a Restricted Subsidiary are held by such Subsidiary, directly or indirectly, and (z) the amount of Leviathan's Investment, as determined at the time of such designation, in such Subsidiary since the Issue Date to the date of designation is treated as of the date of such designation as a Restricted Investment, Permitted Investment or Permitted Business Investment, as applicable.

Any designation of a Subsidiary of Leviathan as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolutions of the Board of Directors of the General Partner giving effect to such designation and an Officers' Certificate certifying that such designation compiled with the preceding conditions and was permitted by the covenant described above under the caption "--Certain Covenants-Restricted Payments." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of Leviathan as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "Incurrence of Indebtedness and Issuance of Preferred Stock," Leviathan shall be in default of such covenant. The Board of Directors of the General Partner may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Leviathan of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "-- Certain Covenants -- Incurrence of Indebtedness and Issuance of Disqualified Equity," calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"Voting Stock" of any Person as of any date means the Equity Interests of such Person pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers, general partners or trustees of any Person (irrespective of whether or not, at the time, Equity Interests of any other class or classes shall have, or might have, voting power by reason of the occurrence of any contingency) or, with respect to a partnership (whether general or limited), any general partner interest in such partnership.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"Wholly Owned Restricted Subsidiary" means any Restricted Subsidiary of which all of the outstanding Equity Interests (other than directors' qualifying shares, if any, or other ownership interests required by applicable law to be held by third parties) shall at the time be owned by Leviathan and its Restricted Subsidiaries; provided that up to 1.0101% of such Person may be owned by the General Partner.

SERIES A NOTES REGISTRATION RIGHTS

The issuers, the Subsidiary Guarantors and the Initial Purchasers entered into the Registration Rights Agreement on May 27, 1999. In the Registration Rights Agreement, the issuers and Subsidiary Guarantors agreed to file the Exchange Offer Registration Statement with the SEC within 60 days after the Closing Date, and use their respective best efforts to have it declared effective at the earliest possible time, but in no event later than 150 days after the Closing Date. The issuers and the Subsidiary Guarantors also agreed to use their best efforts to cause the Exchange Offer Registration Statement to be effective continuously, to keep the Exchange Offer open for a period of not less than 20 business days and cause the Exchange Offer to be consummated no later than the 30th business day after it is declared effective by the SEC. The Registration Rights Agreement provides the following. Pursuant to the Exchange Offer, certain holders of notes which constitute Transfer Restricted Securities may exchange their Transfer Restricted Securities for a new series of registered notes containing terms substantially identical in all material respects to the notes (the "Series B notes"). To participate in the Exchange Offer, each holder must represent that it is not an affiliate of Leviathan, that it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Series B notes, and that it is acquiring the Series B notes in the Exchange Offer in its ordinary course of business.

If (i) the Exchange Offer is not permitted by applicable law or SEC policy or (ii) any holder of notes which are Transfer Restricted Securities notifies Leviathan prior to the 20th business day following the consummation of the Exchange Offer that (a) it is prohibited by law or SEC policy from participating in the Exchange Offer, (b) it may not resell the Series B notes acquired by it in the Exchange Offer to the public without delivering a prospectus, and the prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by it, or (c) it is a broker-dealer and holds notes acquired directly from Leviathan or any of the Leviathan's affiliates, the issuers and the Subsidiary Guarantors will file with the SEC a Shelf Registration Statement to register for public resale the Transfer Restricted Securities held by any such holder who provides Leviathan with certain information for inclusion in the Shelf Registration Statement.

For the purposes of the Registration Rights Agreement, "Transfer Restricted Securities" means each Series A note or Series B note until the earliest of the date of which (i) such Series A note or Series B note is exchanged in the Exchange Offer and entitled to be resold to the public by the holder thereof without complying with the prospectus delivery requirements of the Securities Act, (ii) such Series A note or Series B note has been disposed of in accordance with the Shelf Registration Statement, (iii) such Series A note or Series B note is disposed of by a Broker-Dealer pursuant to the "Plan of Distribution" beginning on page 137 contemplated by the Exchange Offer Registration Statement (including delivery of the Prospectus contained therein) or (iv) such Series A note or Series B note is distributed to the public pursuant to Rule 144 under the Securities Act.

The Registration Rights Agreement provides that (1) if the issuers and the Subsidiary Guarantors fail to file an Exchange Offer Registration Statement with the SEC on or prior to the 60th day after the Closing Date, (2) if the Exchange Offer Registration Statement is not declared effective by the SEC on or prior to the 150th day after the Closing Date, (3) if the Exchange Offer is not consummated on or before the 30th business day after the Exchange Offer Registration Statement is declared effective, (4) if obligated to file the Shelf Registration Statement and the issuers and the Subsidiary Guarantors fail to file the Shelf Registration Statement with the SEC on or prior to the 60th day after such filing obligation arises, (5) if obligated to file a Shelf Registration Statement and the Shelf Registration Statement is not declared effective on or prior to the 150th day after the obligation to file a Shelf Registration Statement arises, or (6) subject to certain conditions, if the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, is declared effective but thereafter ceases to be effective or useable in connection with resales of the Transfer Restricted Securities, for such time of non-effectiveness or non-usability (each, a "Registration Default"), the issuers and the Subsidiary Guarantors agree to pay to each holder of Transfer Restricted Securities affected thereby liquidated damages ("Liquidated Damages") in an amount equal to $0.05 per week per $1,000 in original principal amount of Transfer Restricted Securities held by such holder for each week or portion thereof that the Registration Default

continues for the first 90 day period immediately following the occurrence of such Registration Default. The amount of the Liquidated Damages shall increase by an additional $0.05 per week per $1,000 in original principal amount of Transfer Restricted Securities with respect to each subsequent 90 day period until all Registration Defaults have been cured, up to a maximum amount of Liquidated Damages of $0.50 per week per $1,000 in principal amount of Transfer Restricted Securities. None of the issuers and the Subsidiary Guarantors shall be required to pay Liquidated Damages for more than one Registration Default at any given time. Upon curing all Registration Defaults, Liquidated Damages will cease to accrue.

All accrued Liquidated Damages shall be paid by the issuers and the Subsidiary Guarantors to holders entitled thereto by wire transfer to the accounts specified by them or by mailing checks to their registered address if no such accounts have been specified.

Holders of the Series A notes will be required to make certain representations to the issuers (as described in the Registration Rights Agreement) in order to participate in the Exchange Offer and will be required to deliver information to be used in connection with the Shelf Registration Statement and to provide comments on the Shelf Registration Statement within the time periods set forth in the Registration Rights Agreement in order to have their notes included in the Shelf Registration Statement.

If the issuers effect the Registered Exchange Offer, the issuers will be entitled to close the Registered Exchange Offer 20 business days after the commencement thereof; provided that the issuers have accepted all Series A notes theretofore validly rendered in accordance with the terms of the Exchange Offer and no brokers/dealers continue to hold any Series A notes.

The summary herein of certain provisions of the Registration Rights Agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Registration Rights Agreement, a copy of which has been filed with the SEC and is available upon request to Leviathan.

DESCRIPTION OF OTHER INDEBTEDNESS

LEVIATHAN CREDIT FACILITY

We have a revolving credit facility with a syndicate of commercial banks to provide up to $375.0 million of available credit, subject to customary terms and conditions, including certain limitations on incurring additional indebtedness (including borrowings under this facility) if certain financial targets are not achieved and maintained. In addition, we would be required to prepay a portion of the balance outstanding under our credit facility to the extent such financial targets are not achieved and maintained. As of June 1, 1999 and as of December 31, 1998 and 1997, we had $250.0 million, $338.0 million and $238.0 million, respectively, outstanding under our revolving credit facility. At our election, interest under our revolving credit facility is determined by reference to the reserve-adjusted London interbank offer rate ("LIBOR"), the prime rate or the 90-day average certificate of deposit rate. The interest rate at June 1, 1999 and at December 31, 1998 and 1997 was 7.5%, 7.1% and 6.6% per annum, respectively. We pay a commitment fee on the unused and available to be borrowed portion of the revolving credit facility. This fee varies between 0.25% and 0.375% per annum and was 0.375% per annum at December 31, 1998. Concurrently with the closing of this offering, we amended our revolving credit facility to, among other things, increase the commitment fee to 0.50% per annum and extend the maturity from December 1999 to May 2002.

We may use amounts remaining under the revolving credit facility for general partnership purposes, including financing capital expenditures, working capital requirements, and, subject to certain limitations, distributions to unitholders. We may also use our revolving credit facility to issue letters of credit from time to time; however, no letters of credit are currently outstanding. The revolving credit facility is guaranteed by the general partner and each of our subsidiaries, and is collateralized by our management agreement, substantially all of our assets and the general partner's 1.0% general partner interest and approximate 1.0% nonmanaging interest in certain of our subsidiaries.

Interest and other financing costs totaled $21.3 million, $15.9 million and $17.5 million for the years ended December 31, 1998, 1997 and 1996, respectively. During the years ended December 31, 1998, 1997 and 1996, we capitalized $1.1 million, $1.7 million and $11.9 million, respectively, of such interest costs in connection with construction projects and drilling activities in progress during such periods. At December 31, 1998 and 1997, the unamortized portion of debt issue costs totaled $2.5 million and $3.7 million, respectively.

JOINT VENTURE CREDIT ARRANGEMENTS

Each of Poseidon, Western Gulf and Stingray is a party to a credit agreement (Viosca Knoll was a party to a credit agreement prior to June 1, 1999) under which it has outstanding obligations that may restrict the payment of distributions to its owners. Poseidon has a revolving credit facility with a syndicate of commercial banks to provide up to $150.0 million for other working capital needs. Poseidon's ability to borrow money under the facility is subject to certain customary terms and conditions, including certain limitations on incurring additional indebtedness (including borrowings under this credit facility) if certain financial targets are not achieved and maintained. In addition, Poseidon would be required to prepay a portion of the balance outstanding under this credit facility to the extent such financial targets are not achieved and maintained. The Poseidon credit facility is collateralized by a substantial portion of Poseidon's assets and matures on April 30, 2001. As of December 31, 1998 and 1997, Poseidon had $131.0 million and $120.5 million, respectively, outstanding under its credit facility bearing interest at an average floating rate of 6.9% and 7.2% per annum, respectively. As of June 1, 1999, Poseidon had $135.5 million outstanding under its credit facility bearing interest at a floating rate of 6.2% per annum and had approximately $14.5 million of additional borrowing available under this facility.

Stingray has an existing term loan agreement with a syndicate of commercial banks which matures on March 31, 2003. This credit agreement requires Stingray to make 18 quarterly principal payments of approximately $1.6 million commencing December 31, 1998, and is principally collateralized by current

and future natural gas transportation contracts between Stingray and its customers. As of December 31, 1998 and 1997, Stingray had $26.9 million and $17.4 million, respectively, outstanding under this credit agreement bearing interest at an floating rate of 6.5% per annum. On the earlier to occur of March 31, 2003 or the accelerated due date pursuant to the Stingray credit agreement, if Stingray has not paid all amounts due under its credit agreement, we are obligated to pay the lesser of (1) $8.5 million, (2) the aggregate amount of distributions received by us from Stingray subsequent to January 1, 1998 or (3) 50.0% of any then outstanding amounts due pursuant to the Stingray credit agreement. We do not expect to have to pay any amount pursuant to this obligation. As of June 1, 1999, Stingray had $25.3 million outstanding under this credit facility bearing interest at a floating rate of 6.3% per annum.

In January 1999, Western Gulf entered into a revolving credit facility with a syndicate of commercial banks to provide up to $100.0 million for the construction of the East Breaks system and for other working capital needs of Western Gulf and East Breaks. Western Gulf's ability to borrow money under this credit facility is subject to customary terms and conditions, including certain limitations on incurring additional indebtedness (including borrowings under this credit facility) if certain financial targets are not achieved and maintained. In addition, Western Gulf would be required to prepay a portion of the balance outstanding under this credit facility to the extent such financial targets are not achieved and maintained. This credit facility is secured by Western Gulf's ownership interest in HIOS and East Breaks, as well as by all of East Breaks' material contracts and assets and supported by the guarantee of East Breaks. In addition, we are obligated to return up to $2.0 million in distributions paid to us by Western Gulf under certain circumstances. As of June 1, 1999, Western Gulf had $47.1 million outstanding under this credit facility bearing interest at a floating rate of 6.4% per annum and had approximately $52.9 million of additional funds available under this facility.

Prior to June 1, 1999, Viosca Knoll had a revolving credit facility with a syndicate of commercial banks to provide up to $100.0 million for the original construction of the Viosca Knoll system and for other working capital needs, including funds for a one-time distribution of $25.0 million to the partners in Viosca Knoll. Upon the consummation of the acquisition of the Viosca Knoll interest, we repaid in full and terminated the Viosca Knoll credit facility. Viosca Knoll's ability to borrow money under its credit facility was subject to certain customary terms and conditions, including certain limitations on incurring additional indebtedness (including borrowings under this credit facility) if certain financial targets were not achieved and maintained. In addition, Viosca Knoll was required to prepay a portion of the balance outstanding under this credit facility to the extent such financial targets were not achieved and maintained. The Viosca Knoll credit facility was collateralized by all of Viosca Knoll's material contracts and agreements, receivables and inventory, and matured on December 20, 2001. If Viosca Knoll failed to pay any principal, interest or other amounts due under to the Viosca Knoll credit facility, Leviathan was obligated to reimburse Viosca Knoll or pay to the banks distributions Leviathan had received from Viosca Knoll up to a maximum of $2.5 million. As of December 31, 1998 and 1997, Viosca Knoll had $66.7 million and $52.2 million, respectively, outstanding under the Viosca Knoll credit facility bearing interest at an average floating rate of 6.7% per annum.

THE PARTNERSHIP AGREEMENT

The following paragraphs are a summary of certain provisions of our Partnership Agreement. The following discussion is qualified in its entirety by reference to the Partnership Agreement.

PURPOSE

Our stated purposes under the Partnership Agreement are to serve as the managing member of its subsidiaries and to engage in any business activity permitted under Delaware law. The general partner is generally authorized to perform all acts deemed necessary to carry out these purposes and to conduct Leviathan's business. The partnership will continue in existence until December 31, 2043, unless sooner dissolved pursuant to the terms of the Partnership Agreement.

AUTHORITY OF THE GENERAL PARTNER

The general partner has a power of attorney to take certain actions, including the execution and filing of documents, on Leviathan's behalf and with respect to the Partnership Agreement. However, the Partnership Agreement limits the authority of the general partner as follows:

- Without the prior approval of holders of at least a majority of the units, the general partner may not, among other things, (a) sell or exchange all or substantially all of Leviathan's assets (whether in a single transaction or a series of related transactions) or (b) approve on Leviathan's behalf the sale, exchange or other disposition of all or substantially all of the assets of Leviathan's subsidiaries; however, Leviathan or its subsidiaries may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of their assets without such approval;

- With certain exceptions generally described below under "-- Amendment of Partnership Agreement," an amendment to a provision of the Partnership Agreement generally requires the approval of the holders of at least 66 2/3% of the outstanding units;

- With certain exceptions described below, any amendment that would materially and adversely affect the rights and preference of any type or class of partnership interests in relation to other types or classes of partnership interests will require the approval of the holders of at least a majority of such type or class of partnership interest (excluding those held by the general partner and its affiliates); and

- In general, the general partner may not take any action, or refuse to take any reasonable action, the effect of which would be to cause Leviathan or its subsidiaries to be taxable as a corporation or to be treated as an association taxable as a corporation for federal income tax purposes, without the consent of the holders of at least 66 2/3% of the outstanding units, including the vote of the holders of a majority of the preference units (other than preference units held by the general partner and its affiliates).

WITHDRAWAL OR REMOVAL OF THE GENERAL PARTNER

The general partner has agreed not to voluntarily withdraw as general partner of Leviathan on or prior to December 31, 2002 (with limited exceptions described below) without the approval of at least a majority of the remaining outstanding units and by providing an opinion of counsel that (following the selection of a successor) its withdrawal would not result in the loss of limited liability or cause Leviathan or its subsidiaries to be taxed as an entity for federal income tax purposes. However, the general partner may withdraw without such approval of the unitholders, upon 90 days' notice, if more than 50.0% of the outstanding preference units are held or controlled by one person and its affiliates other than the withdrawing general partner and its affiliates.

After December 31, 2002, the general partner may withdraw as such general partner by giving 90 days' written notice. If such an opinion of counsel cannot be obtained, Leviathan and/or its subsidiaries, as the case may be, will be dissolved as a result of such withdrawal.

The general partner may not be removed, with or without cause, as general partner of Leviathan except upon approval by the affirmative vote of (after the closing of the Viosca Knoll transaction) the holders of not less than 55.0% of the outstanding units, subject to the satisfaction of certain conditions.

In the event of withdrawal of the general partner where such withdrawal violates the Partnership Agreement or removal of the general partner for "cause," a successor general partner will have the option to acquire the general partner interest of the departing general partner (the "Departing Partner") in Leviathan and, if requested by the Departing Partner, its nonmanaging interests in its subsidiaries, for a fair market value cash payment. Under all other circumstances where the general partner withdraws or is removed by the limited partners, the Departing Partner will have the option to require the successor general partner to acquire the general partner and nonmanaging interests of the Departing Partner for a fair market value cash payment.

The general partner may transfer all, but not less than all, of its general partner interest in Leviathan and its nonmanaging interests in its subsidiaries without the approval of the limited partners (1) to an affiliate of the general partner or (2) upon its merger or consolidation into another entity or the transfer of all or substantially all of its assets to another entity. In the case of any other transfer, in addition to the foregoing requirements, the approval of the holders of at least a majority of the outstanding units is required, excluding for purposes of such determination units held by the general partner and its affiliates. However, no approval of the unitholders is required for transfers of the stock or other securities of the general partner.

REDEMPTION AND LIMITED CALL RIGHT

After approximately August 2000, any or all of the outstanding preference units may be redeemed at any time at Leviathan's option, exercised in the sole discretion of the general partner, upon at least 30 but not more than 60 days' notice. If, after giving effect to an anticipated redemption, fewer than 1,000,000 preference units would be held by persons other than the general partner and its affiliates, Leviathan must redeem all such preference units if it redeems any preference units.

If at any time not more than 15.0% of the issued and outstanding units of any class are held by persons other than the general partner and its affiliates, the general partner will have the right, which it may assign and transfer to any of its affiliates or to Leviathan, to purchase all, but not less than all, of the outstanding units held by such nonaffiliated persons, as of a record date to be selected by the general partner on at least 30 but not more than 60 days' notice.

AMENDMENT OF PARTNERSHIP AGREEMENT

Amendments to the Partnership Agreement may be proposed only by the general partner. Proposed amendments (other than those described below) must be approved by holders of at least 66 2/3% of the outstanding units, except (1) that any amendment that would have a disproportionate material adverse effect on a class of units will require the approval of the holders of at least a majority of the outstanding units (excluding those held by the general partner and its affiliates) of the class so affected or (2) as otherwise provided in the Partnership Agreement. No provision of the Partnership Agreement that establishes a percentage of outstanding units required to take any action may be amended or otherwise modified to reduce such voting requirement without the approval of the holders of that percentage of outstanding Units constituting the voting requirement sought to be amended.

In general, amendments which would enlarge the obligations of the limited partners or the general partner require the consent of the limited partner or general partner, as applicable. Notwithstanding the foregoing, the Partnership Agreement permits the general partner to make certain amendments to the Partnership Agreement without the approval of any limited partner, including, subject to certain limitations, (1) an amendment that in the sole discretion of the general partner is necessary or desirable in connection with the authorization of additional preference units or other equity securities of Leviathan, (2) any amendment made, the effect of which is to separate into a separate security, separate and apart from the units, the right of preference unitholders to receive any arrearage, and (3) several other

amendments expressly permitted in the Partnership Agreement to be made by the general partner acting alone.

In addition, the general partner may make amendments to the Partnership Agreement without the approval of any limited partner if such amendments do not adversely affect the limited partners in any material respect, or are required by law or by the Partnership Agreement.

No other amendments to the Partnership Agreement will become effective without the approval of at least 95.0% of the units unless Leviathan obtains an opinion of counsel to the effect that such amendment will not cause Leviathan to be taxable as a corporation or otherwise taxed as an entity for federal income tax purposes and will not affect the limited liability of any limited partner or any member of Leviathan's subsidiaries.

MEETINGS; VOTING

Record holders of units on the record date set pursuant to the Partnership Agreement will be entitled to notice of, and to vote at, meetings of limited partners. Meetings of the limited partners may only be called by the general partner or, with respect to meetings called to remove the general partner, by limited partners owning 55% or more of the outstanding units.

The general partner does not anticipate that any meeting of limited partners will be called in the foreseeable future (or that action by written consent will occur). Representation in person or by proxy of two-thirds (or a majority, if that is the vote required to take action at the meeting in question) of the outstanding units of the class for which a meeting is to be held will constitute a quorum at a meeting of limited partners. Except for (a) a proposal for removal or withdrawal of the general partner, (b) the sale of all or substantially all of the Partnership's assets or (c) certain amendments to the Partnership Agreement described above, substantially all matters submitted for a vote are determined by the affirmative vote, in person or by proxy, of holders of at least a majority of the outstanding units.

Each record holder of a unit has one vote per unit, according to his percentage interest in Leviathan. However, the Partnership Agreement does not restrict the general partner from issuing units having special or superior voting rights.

INDEMNIFICATION

The Partnership Agreement provides that Leviathan:

- will indemnify the general partner, any Departing Partner and any person who is or was an officer or director of the general partner or any Departing Partner, to the fullest extent permitted by law, and

- may indemnify, to the fullest extent permitted by law, (a) any person who is or was an affiliate of the general partner or any Departing Partner, (b) any person who is or was an employee, partner, agent or trustee of the general partner, any Departing Partner or any such affiliate, or (c) any person who is or was serving at the request of Leviathan as an officer, director, employee, partner, member or agent of another corporation, partnership, joint venture, trust, committee or other enterprise;

(each, as well as any employee, partner or agent of the general partner, any Departing Partner or any of their affiliates, an "Indemnitee") from and against any and all claims, damages, expenses and fines, whether civil, criminal, administrative or investigative, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as (1) the general partner, Departing Partner or an affiliate of either, (2) an officer, director, employee, partner, agent or trustee of the general partner, any Departing Partner or any of their affiliates or (3) a person serving at the request of Leviathan in any other entity in a similar capacity. Indemnification will be conditioned on the determination that, in each case, the Indemnitee acted in good faith, in a manner which such Indemnitee

believed to be in, or not opposed to, the best interests of Leviathan and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful.

The above indemnification may result in indemnification of Indemnitees for negligent acts, and may include indemnification for liabilities under the Securities Act. Leviathan has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. Any indemnification under these provisions will be only out of Leviathan's assets. Leviathan is authorized to purchase (or to reimburse the general partner or its affiliates for the cost of) insurance against liabilities asserted against and expenses incurred by such persons in connection with Leviathan's activities, whether or not Leviathan would have the power to indemnify such Person against such liabilities under the provisions described above.

GENERAL PARTNER EXPENSES

Our general partner will be reimbursed for its direct and indirect expenses incurred on our behalf on a monthly or other appropriate basis as provided for in the Partnership Agreement, including, without limitation, expenses allocated to the general partner by its affiliates and payments made by our general partner to El Paso Energy and its affiliates pursuant to the management agreement.

CONVERSION OF PREFERENCE UNITS INTO COMMON UNITS.

On May 14, 1999, we notified the holders of our 1,016,906 outstanding preference units of their right to convert their preference units into an equal number of common units prior to 90 days after such notice is mailed. This is the second conversion opportunity that holders of preference units have been offered.

The first opportunity began on May 7, 1998, pursuant to which the holders of 17,058,094 preference units, representing approximately 94.0% of the preference units then outstanding, were converted to common units, effective as of August 5, 1998. As a result of that conversion, the common units then (including the 6,291,894 common units held by the general partner) became the primary listed security on the NYSE under the symbol "LEV". A total of 1,016,906 preference units remain outstanding and now trade as our secondary listed security on the NYSE under the symbol "LEV.P".

LIMITED LIABILITY

Assuming that a limited partner does not take part in the control of Leviathan's business, and that he otherwise acts in conformity with the provisions of the Partnership Agreement, his liability under Delaware law will be limited, subject to certain possible exceptions, generally to the amount of capital he is obligated to contribute to Leviathan in respect of his units plus his share of any of Leviathan's undistributed profits and assets.

TERMINATION, DISSOLUTION AND LIQUIDATION

Leviathan will continue until December 31, 2043, unless sooner dissolved pursuant to the Partnership Agreement. Leviathan will be dissolved upon (a) the election of the general partner to dissolve Leviathan, if approved by the holders of at least 66 2/3% of the outstanding units, (b) the sale, exchange or other disposition of all or substantially all of Leviathan's assets and properties or its subsidiaries, (c) bankruptcy or dissolution of the general partner or (d) withdrawal or removal of the general partner or any other event that results in its ceasing to be the general partner (other than by reason of transfer in accordance with the Partnership Agreement or withdrawal or removal following approval of a successor). Notwithstanding the foregoing, Leviathan shall not be dissolved if within 90 days after such event the Partners agree in writing to continue its business and to the appointment, effective as of the date of such event, of a successor general partner.

Upon a dissolution pursuant to clause (c) or (d) above, the holders of at least 66 2/3% of the outstanding units may also elect, within certain time limitations, to reconstitute Leviathan and continue its business on the same terms and conditions set forth in the Partnership Agreement by forming a new

limited partnership on terms identical to those set forth in the Partnership Agreement and having as a general partner an entity approved by the holders of at least 66 2/3% of the outstanding units, subject to Leviathan's receipt of an opinion of counsel that such reconstitution, continuation and approval will not result in the loss of the limited liability of unitholders or cause Leviathan, the reconstituted limited partnership or Leviathan's subsidiaries to be taxable as a corporation or otherwise subject to taxation as an entity for federal income tax purposes.

Upon dissolution of Leviathan, unless it is reconstituted and continued as a new limited partnership, a liquidator will liquidate Leviathan's assets and apply the proceeds of the liquidation in the order of priority set forth in the Partnership Agreement. The liquidator may defer liquidation or distribution of Leviathan's assets and/or distribute assets to Partners in kind if it determines that a sale or other disposition of Leviathan's assets would be unsuitable.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

GENERAL

The following is a summary of certain U.S. federal income tax consequences associated with the exchange of Series A notes for Series B notes pursuant to the exchange offer, and does not purport to be a complete analysis of all potential tax effects. This summary is based upon the Internal Revenue Code of 1986, as amended, existing and proposed regulations thereunder, published rulings and court decisions, all as in effect and existing on the date of this prospectus and all of which are subject to change at any time, which change may be retroactive. This summary is not binding on the Internal Revenue Service ("IRS") or on the courts, and no ruling will be requested from the IRS on any issues described below. There can be no assurance that the IRS will not take a different position concerning the matters discussed below. This summary applies only to those persons who are the initial holders of Series A notes, who acquired Series A notes for cash and who hold Series A notes as capital assets, and assumes that the Series A notes were not issued with "original issue discount," as defined in the Internal Revenue Code. It does not address the tax consequences to taxpayers who are subject to special rules, such as financial institutions, tax-exempt organizations, insurance companies and persons who are not "U.S. Holders," or the effect of any applicable U.S. federal estate and gift tax laws or state, local or foreign tax laws. For purposes of this summary, a "U.S. Holder" means a beneficial owner of a note who purchased the notes pursuant to the offering that is for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (A) a court within the U.S. is able to exercise primary supervision over the administration of the trust, and (B) one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust.

EXCHANGE OFFER

The exchange of Series A notes for Series B notes pursuant to the exchange offer should not constitute a taxable exchange for U.S. federal income tax purposes. Accordingly, a U.S. Holder should not recognize gain or loss upon the receipt of Series B notes pursuant to the exchange offer, and a U.S. Holder should be required to include interest on the Series B notes in gross income in the manner and to the extent interest income was includible under the Series A notes. A U.S. Holder's holding period for the Series B notes should include the holding period of the Series A notes exchanged therefor, and such U.S. Holder's adjusted basis in the Series B notes should be the same as the basis of the Series A notes exchanged therefor immediately before the exchange.

THE FOREGOING DISCUSSION IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY. ACCORDINGLY, EACH HOLDER SHOULD CONSULT WITH ITS OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THE EXCHANGE OFFER WITH RESPECT TO ITS PARTICULAR SITUATION, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX LAWS.

PLAN OF DISTRIBUTION

Based on interpretations by the staff of the SEC set forth in no action letters issued to third parties, we believe that you may transfer Series B notes issued under the exchange offer in exchange for Series A notes unless you are:

- our "affiliate" within the meaning of Rule 405 under the Securities Act;
- a broker-dealer that acquired Series A notes directly from us; or
- a broker-dealer that acquired Series A notes as a result of market-making or other trading activities without compliance with the registration and prospectus delivery provisions of the Securities Act;

provided that you acquire the Series B notes in the ordinary course of your business and you are not engaged in, and do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of the Series B notes. Broker-dealers receiving Series B notes in the exchange offer will be subject to a prospectus delivery requirement with respect to resales of the Series B notes.

To date, the staff of the SEC has taken the position that participating broker-dealers may fulfill their prospectus delivery requirements with respect to transactions involving an exchange of securities such as this exchange offer, other than a resale of an unsold allotment from the original sale of the Series A notes, with the prospectus contained in the exchange offer registration statement. Pursuant to the registration agreement, we have agreed to permit participating broker-dealers to use this prospectus in connection with the resale of Series B notes.

If you wish to exchange your Series A notes for Series B notes in the exchange offer, you will be required to make certain representations to us as set forth in "The Exchange Offer -- Exchange Terms" and "-- Procedures for Tendering Series A Notes -- Other Matters" of this prospectus beginning on pages 75 and 78, respectively, and in the letter of transmittal. In addition, if you are a broker-dealer who receives Series B notes for your own account in exchange for Series A notes that were acquired by you as a result of market-making activities or other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale by you of those Series B notes. See "The Exchange Offer -- Resale of Series B Notes" beginning on page 76 of this prospectus.

We will not receive any proceeds from any sale of Series B notes by broker-dealers. Broker-dealers who receive Series B notes for their own account in the exchange offer may sell them from time to time in one or more transactions in the over-the-counter market:

- in negotiated transactions;
- through the writing of options on the Series B notes or a combination of such methods of resale;
- at market prices prevailing at the time of resale; or
- at prices related to the prevailing market prices or negotiated prices.

Any resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any broker-dealer or the purchasers of any Series B notes. Any broker-dealer that resells Series B notes it received for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of Series B notes may be deemed to be an "underwriter" within the meaning of the Securities Act, and any profit on any resale of Series B notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

We have agreed to pay all expenses incidental to the exchange offer other than commissions and concessions of any brokers or dealers and will indemnify holders of the Series A notes, including any

broker-dealers, against certain liabilities, including liabilities under the Securities Act, as set forth in the registration rights agreement.

LEGAL MATTERS

Certain legal matters with respect to the offering of the Series B notes being offered will be passed upon for us by Akin, Gump, Strauss, Hauer & Feld, L.L.P., Houston, Texas.

EXPERTS

The consolidated financial statements of Leviathan Gas Pipeline Partners, L.P. and its subsidiaries as of December 31, 1998 and 1997 and for each of the three years in the period ended December 31, 1998 included in this Registration Statement have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The financial statements of Viosca Knoll Gathering Company as of December 31, 1998 and 1997 and for each of the three years in the period ended December 31, 1998 included in this Registration Statement have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The statements of financial position of High Island Offshore System, L.L.C. as of December 31, 1998 and 1997 and the related statements of income, members' equity, and cash flows for each of the three years in the period ended December 31, 1998 included in this Registration Statement have been so included in reliance on the report of Deloitte & Touche LLP, independent auditors, given upon the authority of said firm as experts in auditing and accounting.

The financial statements of Poseidon Oil Pipeline Company, L.L.C. as of December 31, 1998 and 1997 and for the years ended December 31, 1998 and 1997 and for the period from inception (February 14, 1996) through December 31, 1996 included in this Registration Statement have been so included in reliance on the report of Arthur Andersen LLP, independent public accountants, given on the authority of said firm as experts in auditing and accounting.

The financial statements of Neptune Pipeline Company, L.L.C. as of December 31, 1998 and 1997 and for the years then ended included in this Registration Statement have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The balance sheet of Leviathan Finance Corporation as of April 30, 1999 included in this Registration Statement has been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The balance sheet of Leviathan Gas Pipeline Company as of December 31, 1998 included in this Registration Statement has been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The information derived from the report of Netherland, Sewell & Associates, Inc., independent petroleum engineers, with respect to estimated oil and natural gas reserves of Leviathan Gas Pipeline Partners, L.P. and its subsidiaries included in this Registration Statement have been so included in reliance upon the authority of said firm as experts with respect to such matters contained in their report.

INDEX TO FINANCIAL STATEMENTS

INDEX TO FINANCIAL STATEMENTS -- (CONTINUED)

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

The unaudited pro forma condensed consolidated financial statements as of and for the three months ended March 31, 1999 and for the year ended December 31, 1998 have been prepared based on the historical consolidated balance sheet and statements of operations of Leviathan Gas Pipeline Partners, L.P. and its subsidiaries ("Leviathan"). The historical balance sheet and statements of operations were adjusted to give effect to the transactions identified below (the "Transactions"). The balance sheet was adjusted by giving effect to the Transactions as if they had occurred on March 31, 1999 and the statements of operations for the three months ended March 31, 1999 and for the year ended December 31, 1998 were adjusted by giving effect to the Transactions as if they had occurred on January 1, 1999 and January 1, 1998, respectively.

Leviathan, a publicly held Delaware master limited partnership, is primarily engaged in the gathering and transportation and production of natural gas and crude oil in the Gulf of Mexico (the "Gulf"). Through its subsidiaries and joint ventures, Leviathan owns interests in certain significant assets, including (i) eight natural gas pipelines, (ii) a crude oil pipeline system, (iii) six strategically-located multi-purpose platforms, (iv) a dehydration facility, (v) four producing oil and natural gas properties and (vi) a 100% working interest in a non-producing oil and natural gas unit comprised of Ewing Bank Blocks 958, 959, 1002 and 1003.

The unaudited pro forma financial information gives effect to the following Transactions:

(1) The sale of $175.0 million of Senior Subordinated Notes due May 2009 (the "Notes"). Proceeds from the Notes will be used (a) to fund the cash portion of the acquisition of the additional interest in Viosca Knoll Gathering Company ("Viosca Knoll") as described in (2) and (3) below, (b) to repay outstanding principal under Viosca Knoll's credit facility discussed in (4) below, (c) to reduce the balance outstanding on Leviathan's $375.0 million credit facility, as amended and restated, (the "Credit Facility") and (d) to pay fees and expenses incurred in connection with the sale of the Notes and the amendment and restatement of the Credit Facility.

(2) The Boards of Directors of Leviathan Gas Pipeline Company ("General Partner"), a wholly owned indirect subsidiary of El Paso Energy Corporation ("El Paso Energy") and general partner of Leviathan, and El Paso Energy and the unitholders of Leviathan have approved, subject to the execution of definitive agreements, the acquisition by Leviathan of an additional 49.0% interest in Viosca Knoll from El Paso Energy (currently owned 50.0% by Leviathan and 50.0% by El Paso Energy), for approximately $85.3 million (subject to adjustment for 49% of Viosca Knoll's distributions to its partners from the effective date of January 1, 1999 through closing).

(3) The total consideration of $85.3 million consists of 25% cash (up to a maximum of $21.3 million) and 75% common units of Leviathan (at least 2,647,826 common units). The actual number of common units issued by Leviathan will depend on the market price of the common units during the applicable trading reference period. Such number would be determined by dividing $64.0 million by the Market Price. The "Market Price" is the average closing sales price for a common unit as reported on the New York Stock Exchange for the ten trading day period ending two days prior to the closing date; provided that, for the purposes of such calculation, the Market Price will not be less than $19.95 per common unit or more than $24.15 per common unit. Accordingly, Leviathan will neither issue less than 2,647,826 nor more than 3,205,263 common units in connection with the acquisition of the Viosca Knoll interest, subject to adjustment in the event of any split or unit distribution. During the six month period commencing on the day after the first anniversary of the closing date of Leviathan would have an option to acquire the remaining 1.0% interest in Viosca Knoll for a cash payment equal to the sum of $1.7 million plus the amount of additional distributions (paid, payable or in arrears) which would have been paid, accrued or been in arrears had Leviathan

acquired the remaining 1.0% of Viosca Knoll at the initial closing by issuing additional common units in lieu of a cash payment of $1.7 million.

(4) Immediately prior to closing, El Paso Energy will contribute to Viosca Knoll an amount of cash equal to 50.0% of the amount outstanding under Viosca Knoll's current credit facility (the "Capital Contribution"). Viosca Knoll will use the proceeds from the Capital Contribution to reduce the principal amount outstanding.

(5) Additionally, at the closing, as required by Leviathan's Amended and Restated Agreement of Limited Partnership, the General Partner will contribute approximately $620,000 to Leviathan in order to maintain its 1.0% capital account balance.

(6) The amendment of the Credit Facility to extend its maturity from December 1999 to May 2002.

The unaudited pro forma condensed consolidated financial statements are not necessarily indicative of Leviathan's consolidated financial condition or results of operations that might have occurred had the Transactions been completed at the beginning of the period or as of the dates specified, and do not purport to indicate Leviathan's consolidated financial position or results of operations for any future period or at any future date. The unaudited pro forma condensed consolidated financial statements should be read in the context of the related historical consolidated financial statements and notes thereto appearing elsewhere in this prospectus.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
MARCH 31, 1999
(IN THOUSANDS)

	HISTORICAL		PRO FORMA ADJUSTMENTS		
	LEVIATHAN	VIOSCA KNOLL	FINANCING	ACQUISITION	PRO FORMA
ASSETS					
Current assets:					
Cash and cash equivalents	$ 6,371	$ 1,593	$ 175,000(a) (6,500)(a) (3,250)(h) (111,406)(i)	$ 33,350(b) (33,350)(c) (21,244)(d) 621(e) (33,350)(g)	$ 7,835
Accounts receivable	4,494	3,868	--	--	8,362
Other current assets	169	415	--	--	584
Total current assets	11,034	5,876	53,844	(53,973)	16,781
Property and equipment, net	240,570	96,725	--	32,619(f)	369,914
Equity investments	187,563	--	--	82,727(d) (100,167)(f)	170,123
Other noncurrent assets	4,073	203	6,500(a) 3,250(h)	(203)(g)	13,823
Total assets	$443,240	$102,804	$ 63,594	$ (38,997)	$570,641
LIABILITIES AND PARTNERS' CAPITAL					
Current liabilities:					
Accounts payable and accrued liabilities	$ 7,125	$ 864	$ --	$ --	$ 7,989
Notes payable, current portion	355,000	--	(355,000)(h)	--	--
Total current liabilities	362,125	864	(355,000)	--	7,989
Notes payable	--	66,700	355,000(h) (111,406)(i)	(33,350)(c) (33,350)(g)	243,594
Long-term debt	--	--	175,000(a)	--	175,000
Deferred income taxes	908	--	--	--	908
Other noncurrent liabilities	10,401	360	--	--	10,761
Total liabilities	373,434	67,924	63,594	(66,700)	438,252
Minority interests	(1,118)	--	--	682(f) (3)(g)	(439)
Partners' capital:					
Preference unitholders	7,134	--	--	(4)(g)	7,130
Common unitholders	81,487	--	--	61,483(d) (158)(g)	142,812
General Partner	(17,697)	--	--	621(e) (38)(g)	(17,114)
Viosca Knoll partners' capital	--	34,880	--	33,350(b) (68,230)(f)	--
	70,924	34,880	--	27,024	132,828
Total liabilities and partners' capital	$443,240	$102,804	$ 63,594	$ (38,997)	$570,641

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 1999
(IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

	HISTORICAL		PRO FORMA ADJUSTMENTS		
	LEVIATHAN	VIOSCA KNOLL	FINANCING	ACQUISITION	PRO FORMA
Revenue:					
Oil and natural gas sales	$ 6,805	$ 19	$ --	$ --	$ 6,824
Gathering, transportation and platform services	4,373	7,342	--	--	11,715
Equity in earnings	10,701	--	--	(2,516)(d)	8,185
	21,879	7,361	--	(2,516)	26,724
Costs and expenses:					
Operating expenses	2,594	229	--	--	2,823
Depreciation, depletion and amortization	6,719	950	--	322(e)	7,991
General and administrative expenses and management fee	3,130	41	--	--	3,171
	12,443	1,220	--	322	13,985
Operating income	9,436	6,141	--	(2,838)	12,739
Interest and other income	103	16	--	--	119
Interest and other financing costs	(6,102)	(1,125)	6,102(b) (4,539)(c) (160)(c) (4,491)(f)	1,125(a)	(9,190)
Minority interests in (income) loss	(37)	--	31	(95)(g)	(101)
Income before income taxes	3,400	5,032	(3,057)	(1,808)	3,567
Income tax benefit	99	--	--	--	99
Net income	$ 3,499	$ 5,032	$(3,057)	$(1,808)	$ 3,666
Weighted average number units outstanding	24,367			2,819(h)	27,186
Basic and diluted net income per unit	$ 0.12				$ 0.11

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1998
(IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

	HISTORICAL		PRO FORMA ADJUSTMENTS		
	LEVIATHAN	VIOSCA KNOLL	FINANCING	ACQUISITION	PRO FORMA
Revenue:					
Oil and natural gas sales	$31,411	$ 528	$ --	$ --	$ 31,939
Gathering, transportation and platform services	17,320	28,806	--	--	46,126
Equity in earnings	26,724	--	--	(9,113)(d)	17,611
	75,455	29,334	--	(9,113)	95,676
Costs and expenses:					
Operating expenses	11,369	2,877	--	--	14,246
Depreciation, depletion and amortization	29,267	3,860	--	1,431(e)	34,558
Impairment, abandonment and other	(1,131)	--	--	--	(1,131)
General and administrative expenses and management fee	16,189	154	--	--	16,343
	55,694	6,891	--	1,431	64,016
Operating income	19,761	22,443	--	(10,544)	31,660
Interest and other income	771	50	--	--	821
Interest and other financing costs	(20,242)	(4,267)	20,242(b) (18,156)(c) (650)(c) (13,773)(f)	4,267(a)	(32,579)
Minority interests in (income) loss	(15)	--	125	(346)(g)	(236)
Income before income taxes	275	18,226	(12,212)	(6,623)	(334)
Income tax benefit	471	--	--	--	471
Net income	$ 746	$18,226	$(12,212)	$ (6,623)	$ 137
Weighted average number units outstanding	24,367			2,819(h)	27,186
Basic and diluted net income per unit	$ 0.02				$ 0.00

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma condensed consolidated financial statements have been prepared to reflect the Transactions described on pages F-3 and F-4 and the application of the adjustments to the historical amounts as described below:

BALANCE SHEET

(a) To record the proceeds from the sale of $175.0 million of Notes and the payment of $6.5 million of fees and expenses incurred in connection with the sale of the Notes.

(b) To record the Capital Contribution from El Paso Energy to Viosca Knoll as described in Transaction (4).

(c) To reduce notes payable of Viosca Knoll using the proceeds from the Capital Contribution.

(d) To record the purchase of an additional 49.0% interest in Viosca Knoll from El Paso Energy with a cash payment of $20,494,000 and the issuance of 2,709,983 common units at $22.6875 per unit, and $750,000 of estimated acquisition costs. The cash payment is calculated as $85,260,000 (original purchase price) less $3,283,000 which represents 49.0% of Viosca Knoll's cash distributions to its partners from the effective date of the Viosca Knoll transaction (January 1, 1999) through March 31, 1999 multiplied by 25.0%. The $22.6875 unit price is based on the closing sales price of Leviathan's common units on May 14, 1999.

(e) To record the additional capital contribution (1.0%) by the General Partner described in the Transaction (5).

(f) To record eliminating and consolidating entries related to Leviathan's investment in Viosca Knoll. For purposes of a preliminary purchase price allocation, the excess of the purchase price over the net book value of Viosca Knoll's assets has been allocated to property and equipment.

(g) To repay the remaining outstanding principal balance under Viosca Knoll's credit facility, cancel this credit facility and write off the associated debt issue costs.

(h) To pay fees and expenses associated with the amendment and extension of the Credit Facility and reclassify the outstanding balance of the Credit Facility as long-term.

(i) To reduce the balance outstanding under the Credit Facility using the remaining proceeds from the Notes calculated as follows (in thousands):

Proceeds from the Notes	$175,000
Fees and expenses related to sale of the Notes	(6,500)
Cash portion of the acquisition of the additional Viosca Knoll interest	(20,494)
Repayment and cancellation of Viosca Knoll's credit facility	(33,350)
Fees and expenses associated with the amended and restated Credit Facility	(3,250)
Remaining proceeds from the Notes used to reduce Credit Facility	$111,406

STATEMENT OF OPERATIONS

(a) To reverse interest expense related to Viosca Knoll's credit facility which was repaid with the proceeds from the Capital Contribution and the Notes.

(b) To reverse Leviathan's historical interest expense.

(c) To record interest expense on the Notes at a rate of 10 3/8% per annum and the amortization of debt issue costs related to the Notes over ten years.

(d) To reverse Leviathan's historical equity in earnings of Viosca Knoll.

(e) To record depreciation expense associated with the allocation of the excess purchase price to property and equipment. Such equipment will be depreciated on a straight-line basis over the remaining useful lives of the assets which approximate 25 years.

(f) To record interest expense and amortization costs related to the amended and restated Credit Facility calculated as follows (in thousands):

THREE MONTHS ENDED MARCH 31, 1999

Credit Facility debt issue costs:	
Balance of debt issue costs as of January 1, 1999	$ 2,712
Amendment and restatement fees	3,250
	5,962
Life of Credit Facility	3 years
Quarterly debt issue cost amortization	$ 497(x)
Credit Facility interest expense:	
Outstanding balance as of January 1, 1999	$338,000
Reduction of Credit Facility using proceeds from the Notes	(111,406)
Outstanding balance at beginning of quarter	226,594
Quarterly borrowings	17,000
Outstanding balance at end of quarter	$243,594
Average outstanding balance	$235,094
Assumed average interest rate	7.5%
Assumed quarterly interest expense	$ 4,408
Less capitalized interest	(439)
Commitment fees	25
	497see(x) above
Amortization of debt issue costs	
Adjusted interest expense	$ 4,491

	YEAR ENDED DECEMBER 31, 1998
Credit Facility debt issue costs:	
Balance of debt issue costs as of January 1, 1998.....	$3,749
Amendment and restatement fees.....	3,250
	6,999
Life of Credit Facility.....	3years
Annual debt issue cost amortization.....	$2,333(y)

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER	TOTAL
Credit Facility interest expense:					
Outstanding balance as of January 1, 1998...	$ 238,000				
Reduction of Credit Facility using proceeds from the Notes.....	(110,585)(1)				
Outstanding balance at beginning of quarter.....	127,415	$140,415	$159,415	$180,415	
Quarterly borrowings...	13,000	19,000	21,000	47,000	
Outstanding balance at end of quarter.....	$ 140,415	$159,415	$180,415	$227,415	
Average outstanding balance.....	$ 133,915	$149,915	$169,915	$203,915	
Assumed average interest rate.....	7.5%	7.5%	7.5%	7.5%	
Assumed quarterly interest expense.....	$ 2,511	$ 2,811	$ 3,186	$ 3,823	$12,331
Less capitalized interest					(1,066)
Commitment fees					175
Amortization of debt issue costs					2,333see(y) above
Adjusted interest expense					$13,773

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(1) Calculated as follows (in thousands):

Proceeds from the Notes.....	$175,000
Fees and expenses related to sale of the Notes.....	(6,500)
Cash portion of the acquisition of the additional Viosca Knoll interest (25% of the original purchase price of $85,260,000).....	(21,315)
Repayment and cancellation of Viosca Knoll's credit facility.....	(33,350)
Fees and expenses associated with the amended and restated Credit Facility.....	(3,250)
Remaining proceeds from the Notes used to reduce Credit Facility.....	$110,585

(g) To adjust minority interest in income for the approximate 1.0% minority interest ownership in certain of Leviathan's subsidiaries and the 1.0% minority interest ownership in Viosca Knoll.

(h) To adjust weighted average units outstanding for the common units issued (2,818,512 common units based on 75% of the purchase price on the effective date of the transaction of January 1, 1999 and 1998 of $85,260,000 and the closing price of Leviathan's common units on May 14, 1999 of $22.6875) in Transaction (3).

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1999	1998
Revenue		
Oil and natural gas sales	$ 6,805	$ 9,135
Gathering, transportation and platform services	4,373	3,260
Equity in earnings	10,701	5,319
	21,879	17,714
Costs and expenses		
Operating expenses	2,594	2,837
Depreciation, depletion and amortization	6,719	7,867
General and administrative expenses and management fee	3,130	4,950
	12,443	15,654
Operating income	9,436	2,060
Interest income and other	103	84
Interest and other financing costs	(6,102)	(3,722)
Minority interest in (income) loss	(37)	13
Income (loss) before income taxes	3,400	(1,565)
Income tax benefit	99	141
Net income (loss)	$ 3,499	$(1,424)
Weighted average number of units outstanding	24,367	24,367
Basic and diluted net income (loss) per unit (Note 8)	$ 0.12	$ (0.05)

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	MARCH 31, 1999 (UNAUDITED)	DECEMBER 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,371	$ 3,108
Accounts receivable	4,494	8,588
Other current assets	169	247
Total current assets	11,034	11,943
Equity investments	187,563	186,079
Property and equipment:		
Pipelines	66,844	64,464
Platforms and facilities	124,387	123,912
Oil and natural gas properties, at cost, using successful efforts method	155,514	152,750
	346,745	341,126
Less accumulated depreciation, depletion, amortization and impairment	106,175	99,134
Property and equipment, net	240,570	241,992
Other noncurrent assets	4,073	2,712
Total assets	$443,240	$442,726
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable and accrued liabilities	$ 7,125	$ 11,167
Notes payable	355,000	338,000
Total current liabilities	362,125	349,167
Other noncurrent liabilities	11,309	11,661
Total liabilities	373,434	360,828
Minority interest	(1,118)	(998)
Partners' capital	70,924	82,896
Total liabilities and partners' capital	$443,240	$442,726

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1999	1998
Cash flows from operating activities:		
Net income (loss)	$ 3,499	$ (1,424)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	6,719	7,867
Distributed (undistributed) earnings in equity investees	(611)	1,006
Other noncash items	279	1,651
Working capital changes	130	4,099
Net cash provided by operating activities	10,016	13,199
Cash flows from investing activities:		
Additions to pipelines, platforms and facilities	(2,855)	(13,190)
Investments in equity investees	(873)	(3,338)
Development of oil and natural gas properties	(2,764)	(43)
Other	(365)	--
Net cash used in investing activities	(6,857)	(16,571)
Cash flows from financing activities:		
Proceeds from notes payable	22,000	23,000
Repayments of notes payable	(5,000)	(10,000)
Debt issuance costs	(1,268)	--
Distributions to partners	(15,628)	(14,794)
Net cash provided by (used in) financing activities	104	(1,794)
Increase (decrease) in cash and cash equivalents	3,263	(5,166)
Cash and cash equivalents:		
Beginning of period	3,108	6,430
End of period	$ 6,371	$ 1,264

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL
(IN THOUSANDS)

	PREFERENCE UNITS	PREFERENCE UNITHOLDERS	COMMON UNITS	COMMON UNITHOLDERS	GENERAL PARTNER(A)	TOTAL
Partners' capital at December 31, 1998	1,017	$7,351	23,350	$ 90,972	$(15,427)	$ 82,896
Net income for the three months ended March 31, 1999 (unaudited)	--	63	--	2,773	663	3,499
Cash distributions (unaudited)	--	(280)	--	(12,258)	(2,933)	(15,471)
Partners' capital at March 31, 1999 (unaudited)	1,017	$7,134	23,350	$ 81,487	$(17,697)(b)	$ 70,924

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(a) Leviathan Gas Pipeline Company, an indirect subsidiary of El Paso Energy Corporation, owns a 1% general partner interest in Leviathan Gas Pipeline Partners, L.P. ("Leviathan").

(b) Pursuant to the terms of Leviathan's partnership agreement, no partner shall have any obligation to restore any negative balance in its capital account upon liquidation of Leviathan. Therefore, any net gains from the dissolution of Leviathan's assets would be allocated first to any then-outstanding deficit capital account balance before any of the remaining net proceeds would be distributed to the partners in accordance with their ownership percentages.

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 -- ORGANIZATION AND BASIS OF PRESENTATION:

Leviathan Gas Pipeline Partners, L.P. ("Leviathan"), a publicly held Delaware master limited partnership, is a provider of integrated energy services, including natural gas and oil gathering, transportation, midstream and other related services in the Gulf of Mexico (the "Gulf"). Through its subsidiaries and joint ventures, Leviathan owns interests in significant assets, including (i) eight existing natural gas pipelines (the "Gas Pipelines"), (ii) a crude oil pipeline system, (iii) six strategically-located multi-purpose platforms, (iv) production handling and dehydration facilities, (v) four producing oil and natural gas properties and (vi) a non-producing oil and natural gas property, the Ewing Bank 958 Unit, comprised of Ewing Bank Blocks 958, 959, 1002 and 1003, formerly referred to as the Sunday Silence property.

Leviathan Gas Pipeline Company ("General Partner"), a Delaware corporation and wholly owned indirect subsidiary of El Paso Energy Corporation ("El Paso Energy"), is the general partner of Leviathan, and as such, performs all management and operational functions for Leviathan and its subsidiaries.

As of March 31, 1999, Leviathan had 23,349,988 Common Units and 1,016,906 Preference Units outstanding. Preference Units and Common Units totaling 18,075,000 are owned by the public, representing a 72.7% effective limited partner interest in Leviathan. The General Partner, through its ownership of a 25.3% limited partner interest in the form of 6,291,894 Common Units, its 1% general partner interest in Leviathan and its approximate 1% nonmanaging interest in certain subsidiaries of Leviathan, owns a 27.3% effective interest in Leviathan. See Note 5.

The 1998 Annual Report on Form 10-K for Leviathan includes a summary of significant accounting polices and other disclosures and should be read in conjunction with this Form 10-Q. The condensed consolidated financial statements at March 31, 1999, and for the three months ended March 31, 1999 and 1998 are unaudited. The condensed balance sheet at December 31, 1998, is derived from audited financial statements. These financial statements do not include all disclosures required by generally accepted accounting principles, but have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. In the opinion of management, all material adjustments necessary to present fairly the consolidated financial position and results of operations for such periods have been included. All such adjustments are of a normal recurring nature. Results of operations for any interim period are not necessarily indicative of the results of operations for the entire year due to the seasonal nature of Leviathan's businesses.

NOTE 2 -- EQUITY INVESTMENTS:

Leviathan owns interests of 50% in Viosca Knoll Gathering Company ("Viosca Knoll"), 36% in Poseidon Oil Pipeline Company, L.L.C. ("POPCO"), 50% in Stingray Pipeline Company ("Stingray"), an indirect 40% in each of High Island Offshore System, L.L.C. ("HIOS") and in East Breaks Gathering Company, L.L.C. ("East Breaks"), 33.3% in U-T Offshore System ("UTOS"), 50% in West Cameron Dehydration Company, L.L.C. ("West Cameron Dehy") and an indirect 25.67% interest in each of Manta Ray Offshore Gathering Company, L.L.C. ("Manta Ray Offshore") and Nautilus Pipeline Company, L.L.C. ("Nautilus") (collectively, the "Equity Investees"). The summarized financial information for these investments, which are accounted for using the equity method, is as follows:

SUMMARIZED HISTORICAL OPERATING RESULTS
THREE MONTHS ENDED MARCH 31, 1999
(IN THOUSANDS)
(UNAUDITED)

	HIOS(A)	VIOSCA KNOLL	STINGRAY	WEST CAMERON DEHY	POPCO	UTOS	MANTA RAY OFFSHORE(B)	NAUTILUS(B)	TOTAL
Operating revenue.....	$10,006	$ 7,361	$ 4,432	$831	$16,778	$993	$ 3,446	$ 2,051	
Other income.....	58	16	600	6	118	19	764	(234)	
Operating expenses.....	(3,858)	(270)	(3,158)	(75)	(1,671)	(452)	(1,040)	(501)	
Depreciation.....	(1,091)	(950)	(1,901)	(4)	(1,911)	(140)	(1,221)	(1,479)	
Interest expense.....	--	(1,125)	--	(8)	(2,116)	--	--	--	
Net earnings (loss).....	5,115	5,032	(27)	750	11,198	420	1,949	(163)	
Ownership percentage.....	40%	50%(c)	50%	50%	36%	33.3%	25.67%	25.67%	
	2,046	2,516	(14)	375	4,031	140	500	(42)	
Adjustments:									
Depreciation(d).....	179	--	213	--	(30)	9	(87)	--	
Contract amortization(d).....	(26)	--	--	--	--	--	--	--	
Other.....	32	--	899(e)	--	--	18	--	(58)	
Equity in earnings (loss).....	$2,231	$ 2,516	$ 1,098	$375	$4,001	$167	$ 413	$ (100)	$10,701
Distributions(f).....	$1,600	$ 3,350	$ --	$275	$2,639	$333	$ 1,366	$ 527	$10,090

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(a) As a result of restructuring the joint venture arrangement in December 1998, the partners of the High Island Offshore System, a Delaware partnership, (i) created a holding company, Western Gulf Holdings, L.L.C. ("Western Gulf"), (ii) converted the Delaware partnership into a limited liability company and (iii) formed East Breaks. Western Gulf owns 100% of each of HIOS and East Breaks. HIOS owns a regulated natural gas system, and East Breaks is currently constructing an unregulated natural gas system. Leviathan believes the disclosure of separate financial data for HIOS and East Breaks is more meaningful than the consolidated results of Western Gulf, however, East Breaks only had construction activity during the period.

(b) Leviathan owns a 25.67% interest in Neptune Pipeline Company, L.L.C. ("Neptune"). Neptune owns a 99% member interest in each of Manta Ray Offshore, which owns an unregulated natural gas system, and Nautilus, which owns a regulated natural gas system. Leviathan believes the disclosure of separate financial data for Manta Ray Offshore and Nautilus is more meaningful than the consolidated results of Neptune.

(c) Leviathan has entered into an agreement to acquire an additional 49% interest in Viosca Knoll from El Paso Energy, and has an option to purchase the remaining 1% interest. See Note 5 for a further description of such agreement.

(d) Adjustments result from purchase price adjustments made in accordance with Accounting Principles Board Opinion No. 16, "Business Combinations."

(e) Adjustments resulting from changes in prior period estimates of reserves for uncollectible revenues.

(f) Future distributions are at the discretion of Equity Investees' management committees and could further be restricted by the terms the Equity Investees' respective credit agreements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

SUMMARIZED HISTORICAL OPERATING RESULTS
THREE MONTHS ENDED MARCH 31, 1998
(IN THOUSANDS)
(UNAUDITED)

	HIOS	VIOSCA KNOLL	STINGRAY	WEST CAMERON DEHY	POPCO	UTOS	MANTA RAY OFFSHORE(A)	NAUTILUS(A)	TOTAL
Operating revenue	$10,928	$7,027	$ 5,519	$565	$8,097	$1,091	$ 1,533	$ 638	
Other income	55	11	224	1	75	25	118	10	
Operating expenses	(4,047)	(651)	(3,439)	(46)	(888)	(601)	(305)	(253)	
Depreciation	(1,192)	(930)	(1,808)	(4)	(2,196)	(140)	(1,031)	(1,411)	
Interest expense	--	(929)	(305)	--	(2,198)	--	--	(12)	
Net earnings (loss)	5,744	4,528	191	516	2,890	375	315	(1,028)	
Ownership percentage	40%	50%	50%	50%	36%	33.3%	25.67%	25.67%	
	2,298	2,264	96	258	1,040	125	81	(264)	
Adjustments:									
Depreciation(b)	190	--	234	--	(30)	8	(87)	--	
Contract amortization(b)	(26)	--	(95)	--	--	--	--	--	
Other	(41)	--	(12)	--	--	(10)	--	(710)(c)	
Equity in earnings (loss)	$ 2,421	$2,264	$ 223	$258	$1,010	$ 123	$ (6)	$ (974)	$5,319
Distributions	$ 2,400	$2,150	$ 1,000	$275	$ --	$ --	$ 500	$ --	$6,325

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(a) Leviathan owns a 25.67% interest in Neptune. Neptune owns a 99% member interest in each of Manta Ray Offshore, which owns an unregulated natural gas system, and Nautilus, which owns a regulated natural gas system. Leviathan believes the disclosure of separate financial data for Manta Ray Offshore and Nautilus is more meaningful than the consolidated results of Neptune.

(b) Adjustments result from purchase price adjustments made in accordance with Accounting Principles Board Opinion No. 16, "Business Combinations."

(c) Primarily relates to a revision of the allowance for funds used during construction ("AFUDC") which represents the estimated costs, during the construction period, of funds used for construction purposes.

NOTE 3 -- BUSINESS SEGMENT INFORMATION:

Leviathan's operations consist of three segments: (i) gathering, transportation, and platform services, (ii) oil and natural gas and (iii) equity investments. All of Leviathan's operations are conducted in the Gulf. The gathering, transportation, and platform services segment owns interests in natural gas systems and platforms strategically located offshore Texas, Louisiana, and Mississippi that provide services to producers, marketers, other pipelines and end-users for a fee. Leviathan is engaged in the development and production of hydrocarbons through its oil and natural gas segment. Equity investments primarily include Leviathan's nonregulated and regulated gathering and transportation activities that are conducted through joint ventures, organized as general partnerships or limited liability companies, with subsidiaries of major energy companies. The operational and administrative activities of Leviathan's equity investments are primarily conducted by the major energy companies and management decisions related to the operations are made by management committees comprised of representatives of each partner or member, as applicable, with authority appointed in direct relationship to ownership interests (Note 2). Leviathan evaluates segment performance based on net cash flows which consists of operating income (loss) plus depletion, depreciation, abandonment, and impairment included in determining operating income (loss) and, for equity investees, cash distributions. The accounting policies of the individual segments are the

same as those of Leviathan. The following table summarizes certain financial information for each business segment (in thousands):

	GATHERING, TRANSPORTATION AND PLATFORM SERVICES	OIL AND NATURAL GAS	EQUITY INVESTMENTS	SUBTOTAL	ELIMINATIONS AND OTHER	TOTAL
THREE MONTHS ENDED MARCH 31, 1999:						
Revenue from external customers	$ 4,373	$ 6,805	$ 10,701	$ 21,879	$ --	$ 21,879
Intersegment revenue	2,874	--	--	2,874	(2,874)	--
Depreciation, depletion and amortization	(1,920)	(4,799)	--	(6,719)	--	(6,719)
Operating income (loss)	2,943	(2,866)	9,359	9,436	--	9,436
Net cash flows	4,863	1,933	8,748	15,544	--	15,544
Segment assets	156,199	88,360	188,065	432,624	10,616	443,240
THREE MONTHS ENDED MARCH 31, 1998:						
Revenue from external customers	$ 3,260	$ 9,135	$ 5,319	$ 17,714	$ --	$ 17,714
Intersegment revenue	2,589	--	--	2,589	(2,589)	--
Depreciation, depletion and amortization	(1,616)	(6,251)	--	(7,867)	--	(7,867)
Operating income (loss)	429	(2,048)	3,679	2,060	--	2,060
Net cash flows	2,045	4,203	4,685	10,933	--	10,933
Segment assets	145,336	64,915	186,601	396,852	13,948	410,800

NOTE 4 -- PARTNERS' CAPITAL INCLUDING CASH DISTRIBUTIONS:

Cash distributions

In February 1999, Leviathan paid a cash distribution of $0.275 per Preference Unit and $0.525 per Common Unit for the period from October 1, 1998 through December 31, 1998 and an incentive distribution of $2.8 million to the General Partner. On April 20, 1999, Leviathan declared a cash distribution of $0.275 per Preference Unit and $0.525 per Common Unit for the period from January 1, 1999, through March 31, 1999, which was paid on May 14, 1999 to all holders of record of Common Units and Preference Units as of April 30, 1999. The General Partner received an incentive distribution of $2.8 million for the three months ended March 31, 1999. At the current distribution rates, the General Partner receives approximately 19% of total cash distributions paid by Leviathan and is thus allocated approximately 19% of Leviathan's net income. See Note 8.

Conversion of Preference Units into Common Units

On May 14, 1999, Leviathan notified the holders of its 1,016,906 outstanding Preference Units of their opportunity to submit their Preference Units for conversion into an equal number of Common Units during a 90-day period. The conversion period will expire on August 12, 1999. Remaining Preference Units, if any, will retain their distribution preferences over the Common Units; that is, no Common Unitholder or the General Partner will receive any quarterly distribution until each Preference Unitholder has received the minimum quarterly distribution of $0.275 per unit plus any arrearages. Holders of the Common Units and the General Partner, however, are entitled to distributions in excess of $0.275 per unit. Preference Units are not entitled to any such excess distributions. Further, after the conversion period

expires, any remaining preference units may be subject to delisting by the New York Stock Exchange ("NYSE") and, in certain circumstances, any remaining Preference Units may be subject to mandatory redemption at a price below the market trading price.

In accordance with Leviathan's partnership agreement, holders of Preference Units not converting to Common Units during this 90-day period will have another opportunity to convert their Preference Units into Common Units in May 2000. Thereafter, any remaining Preference Units may, under certain circumstances, be subject to redemption.

NOTE 5 -- RELATED PARTY TRANSACTIONS:

Management fees. For the three months ended March 31, 1999 and 1998, the General Partner charged Leviathan $2.3 million and $2.5 million, respectively, pursuant to Leviathan's partnership agreement which provides for reimbursement of expenses the General Partner incurred, including reimbursement of expenses incurred by El Paso Energy in providing management services to Leviathan, its subsidiaries and the General Partner.

Viosca Knoll System. Viosca Knoll system is currently owned 50% by a subsidiary of Leviathan and 50% by El Paso Energy (through a wholly owned subsidiary). Viosca Knoll is managed by a committee consisting of representatives from each of the partners. Leviathan is the operator of Viosca Knoll and has contracted with a wholly owned indirect subsidiary of El Paso Energy to maintain the pipeline and with the General Partner to perform financial, accounting and administrative services. The Viosca Knoll gathering system interconnects with six interstate pipelines in the South Pass and Main Pass areas of the Gulf. One of these interstate pipelines is owned by an affiliate of El Paso Energy.

In January 1999, Leviathan entered into an agreement to acquire all of El Paso Energy's interest in Viosca Knoll, other than a 1% interest, for up to $85.3 million (subject to adjustment), comprised of 25% in cash (up to a maximum of $21.3 million) and 75% in Common Units (at least 2,647,826 Common Units), the number of which will depend on the average closing price of Common Units during the applicable trading reference period. At the closing, (i) El Paso Energy will contribute approximately $33.4 million in cash to Viosca Knoll, which is 50% of the principal amount outstanding under Viosca Knoll's credit facility, (ii) Leviathan will deliver to El Paso Energy the cash and Common Units described above and (iii) as required by Leviathan's partnership agreement, the General Partner will contribute approximately $650,000 to Leviathan in order to maintain its 1% capital account balance. Upon consummation of the acquisition, Leviathan's partnership agreement will be amended to decrease the vote required for approval of certain actions, including the removal of a general partner without cause, from 66 2/3% to 55%.

As a result of the acquisition, Leviathan will own 99% of Viosca Knoll and will have the option to acquire the remaining 1% interest during the six-month period commencing on the day after the first anniversary of that closing date. The option price, payable in cash, is equal to the sum of $1.7 million plus the amount of additional distributions which would have been paid, accrued or been in arrears had Leviathan acquired the remaining 1% of Viosca Knoll at the initial closing by issuing additional Common Units in lieu of a cash payment of $1.7 million.

The number of units actually issued by Leviathan in connection with the acquisition of the additional interest in the Viosca Knoll transaction will be determined by dividing $64 million (subject to adjustment) by the average closing sales price for a Common Unit on the NYSE for the ten-day trading period ending two days prior to the closing date (the "Market Price"); provided that, for purposes of such calculation, the Market Price will not be less than $19.95 per Common Unit or more than $24.15 per Common Unit. Accordingly, Leviathan will neither issue less than 2,647,826 nor more than 3,205,263 Common Units, subject to adjustments contemplated by the definitive agreements. Based on the closing sales price of the

Common Units on May 10, 1999 of $22.25 per unit and certain adjustments contemplated by the definitive agreements, Leviathan would issue 2,674,079 Common Units to El Paso Energy, which issuance would constitute approximately 9.7% of the units (Common and Preference) outstanding immediately after such issuance and would result in El Paso Energy owning, indirectly through its subsidiaries, a combined 34.5% effective interest in Leviathan, consisting of a 1% general partner interest, a 32.5% limited partner interest comprised of 8,965,973 Common Units and an approximate 1% nonmanaging interest in certain subsidiaries of Leviathan.

In connection with the Viosca Knoll transaction, Leviathan has granted El Paso Energy the right on three occasions during the three years after the closing to require Leviathan to file a registration statement covering such Common Units and to participate in offerings made pursuant to certain other registration statements filed by Leviathan during a ten-year period. Such registrations would be at Leviathan's expense and, generally, would allow El Paso Energy to dispose of all or any of its Common Units without registration under applicable security laws. If the acquisition is consummated, there can be no assurance (i) regarding how long El Paso Energy may hold any of its Common Units or (ii) whether or not El Paso Energy's disposition of a significant number of Common Units in a short period of time would depress the market price of the Common Units.

Consummation of the acquisition is subject to the satisfaction of certain closing conditions, including obtaining approval or consent from any required third party. Management believes that the acquisition of the Viosca Knoll interest does not require any federal, state or other regulatory approval. On March 5, 1999, the Unitholders of record as of January 28, 1999, held a meeting and ratified and approved the transactions based upon the ratification, approval and recommendation of the board of directors of the General Partner and a special committee of independent directors of the General Partner and based on a fairness opinion of an independent advisor. Leviathan will need to obtain consent of the lenders under the Leviathan Credit Facility and, if the Viosca Knoll Credit Facility is not terminated immediately prior to consummating this transaction, the lenders under that credit facility. There can be no assurance that all such required consents will be obtained.

If the remaining conditions to closing are satisfied, including obtaining certain third party approvals and consents, management believes that the closing of the acquisition of the Viosca Knoll interest will occur during the second quarter of 1999.

Other

In January 1999, Leviathan issued 1,500 unit options at $20.625 per unit option to an outside director under the 1998 Unit Option Plan for Non-Employee Directors.

NOTE 6 -- COMMITMENTS AND CONTINGENCIES:

Leviathan may utilize derivative financial instruments for purposes other than trading to manage its exposure to movements in interest rates and commodity prices. In accordance with procedures established by Leviathan's Board of Directors, Leviathan monitors current economics conditions and evaluates its expectations of future prices and interest rates when making decisions with respect to risk management.

Interest Rate Risk. Leviathan is exposed to some market risk due to the floating interest rate under its credit facility. Under Leviathan's credit facility, the remaining principal and the final interest payment are due in December 1999. As of May 10, 1999, Leviathan's credit facility had a principal balance of $350 million at an average floating interest rate of 7.2% per annum. A 1.5% increase in interest rates could result in a $5.3 million annual increase in interest expense on the existing principal balance. Leviathan is exposed to similar risk under the credit facilities and loan agreements entered into by its joint ventures. Leviathan has determined that it is not necessary to participate in interest rate-related derivative financial

instruments because it currently does not expect significant short-term increases in the interest rates charged under Leviathan's credit facility or the various joint venture credit facilities and loan agreements.

Commodity Price Risk. Leviathan hedges a portion of its oil and natural gas production to reduce its exposure to fluctuations in the market prices thereof. Leviathan uses commodity price swap transactions whereby monthly settlements are based on differences between the prices specified in the commodity price swap agreements and the settlement prices of certain futures contracts quoted on the New York Mercantile Exchange ("NYMEX") or certain other indices. Leviathan settles the commodity price swap transactions by paying the negative difference or receiving the positive difference between the applicable settlement price and the price specified in the contract. The commodity price swap transactions Leviathan uses differ from futures contracts in that there are no contractual obligations which require or allow for the future delivery of the product. The credit risk from Leviathan's price swap contracts is derived from the counter-party to the transaction, typically a major financial institution. Leviathan does not require collateral and does not anticipate non-performance by this counter-party, which does not transact a sufficient volume of transactions with Leviathan to create a significant concentration of credit risk. Gains or losses resulting from hedging activities and the termination of any hedging instruments are initially deferred and included as an increase or decrease to oil and natural gas sales in the period in which the hedged production is sold. For the three months ended March 31, 1999, Leviathan recorded a net loss of $0.4 million related to hedging activities.

As of March 31, 1999, Leviathan has open sales swap transactions for 10,000 million British thermal units ("MMbtu") of natural gas per day for calendar 2000 at a fixed price to be determined at its option equal to the February 2000 Natural Gas Futures Contract on the NYMEX as quoted at any time during 1999 and January 2000, to and including the last two trading days of the February 2000 contract, minus $0.5450 per MMbtu. Additionally, Leviathan has open sales swap transactions of 10,000 MMbtu of natural gas per day at a fixed price to be determined at its option equal to the January 2000 Natural Gas Futures Contract on NYMEX as quoted at any time during 1999, to and including the last two trading days of the January 2000 contract, minus $0.50 per MMbtu.

If Leviathan had settled its open natural gas hedging positions as of March 31, 1999 based on the applicable settlement prices of the NYMEX futures contracts, Leviathan would have recognized a loss of approximately $2.6 million.

Other

Leviathan is involved from time to time in various claims, actions, lawsuits and regulatory matters that have arisen in the ordinary course of business, including various rate cases and other proceedings before the Federal Energy Regulatory Commission.

Leviathan and several subsidiaries of El Paso Energy have been made defendants in actions brought by Jack Grynberg on behalf of the U.S. Government under the false claims act. Generally, the complaints allege an industry-wide conspiracy to underreport the heating value as well as the volumes of the natural gas produced from federal and Indian lands, thereby depriving the U.S. Government of royalties. In April 1999, the U.S. Government filed a notice that it does not intend to intervene in these actions. Leviathan and El Paso Energy believe the complaint is without merit and therefore will not have a material adverse effect on Leviathan's consolidated financial position, results of operations or cash flows.

Leviathan is a defendant in a lawsuit filed by Transco Gas Pipe Line Corporation ("Transco") in the 157th Judicial District Court, Harris County, Texas on August 30, 1996. Transco alleges that, pursuant to a platform lease agreement entered into on June 28, 1994, Transco has the right to expand its facilities and operations on the offshore platform by connecting additional pipeline receiving and appurtenant facilities. Management has denied Transco's request to expand its facilities and operations because the lease agreement does not provide for such expansion and because Transco's activities will interfere with the

Manta Ray Offshore system and Leviathan's existing and planned activities on the platform. Transco has requested a declaratory judgment and is seeking damages. The case is set for trial in June 1999. It is the opinion of management that adequate defenses exist and that the final disposition of this suit, will not have a material adverse effect on Leviathan's consolidated financial position, results of operations or cash flows.

Leviathan is a named defendant in numerous lawsuits and a named party in numerous governmental proceedings arising in the ordinary course of business. While the outcome of such lawsuits or other proceedings against Leviathan cannot be predicted with certainty, management currently does not expect these matters to have a material adverse effect on Leviathan's consolidated financial position, results of operations, or cash flows.

NOTE 7 -- NEW ACCOUNTING PRONOUNCEMENT NOT YET ADOPTED:

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 requires that entities recognize all derivative investments as either assets or liabilities on the balance sheet and measure those instruments at fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as a hedge transaction. For fair-value hedge transactions in which Leviathan is hedging changes in an asset's, liability's or firm commitment's fair value, changes in the fair value of the derivative instrument will generally be offset in the income statement by changes in the hedged item's fair value. For cash-flow hedge transactions, in which Leviathan is hedging the variability of cash flows related to a variable-rate asset, liability, or a forecasted transaction, changes in the fair value of the derivative instrument will be reported in other comprehensive income. The gains and losses on the derivative instrument that are reported in other comprehensive income will be reclassified as earnings in the periods in which earnings are impacted by the variability of the cash flows of the hedged item. The ineffective portion of all hedges will be recognized in current-period earnings. This statement is effective for fiscal years beginning after June 15, 1999. Leviathan is currently evaluating the effects of this pronouncement.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 8 -- NET INCOME (LOSS) PER UNIT:

Basic and diluted net income (loss) per unit is calculated based upon the net income (loss) of Leviathan less an allocation of net income (loss) to the General Partner proportionate to its share of cash distributions and is presented below for the three months ended March 31 (in thousands).

	1999			1998		
	LIMITED PARTNERS	GENERAL PARTNER	TOTAL	LIMITED PARTNERS	GENERAL PARTNER	TOTAL
Net income (loss)(a)	$ 3,464	$ 35	$3,499	$(1,410)	$ (14)	$(1,424)
Allocation to General Partner(b)	(628)	628	--	261	(261)	--
Allocation of net income (loss) as adjusted for incentive distributions	$ 2,836	$663	$3,499	$(1,149)	$(275)	$(1,424)
Weighted average number of units outstanding(c)	24,367			24,367		
Basic and diluted net income (loss) per unit	$ 0.12			$ (0.05)		

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(a) Net income (loss) allocated 99% to the limited partners as holders of the Preference and Common Units and 1% to the General Partner.

(b) Represents allocation of net income (loss) to the General Partner proportionate to its share of each quarter's cash distributions which included incentive distributions (Note 4).

(c) Diluted weighted average number of units outstanding is less than 1 thousand units higher than basic weighted average units outstanding as a result of unit options included in the diluted weighted average. Diluted average number of units outstanding excludes 933 thousand outstanding unit options to purchase an equal number of Common Units of Leviathan, as the exercise prices of these unit options were greater than the average market price of the Common Units.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Unitholders of Leviathan Gas Pipeline Partners, L.P.
and the Board of Directors and Stockholder of
Leviathan Gas Pipeline Company, as General Partner

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of operations, of cash flows and of partners' capital present fairly, in all material respects, the financial position of Leviathan Gas Pipeline Partners, L.P. and its subsidiaries ("Leviathan") at December 31, 1998 and 1997 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles. These financial statements are the responsibility of Leviathan'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 generally accepted auditing standards 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 the opinion expressed above.

PricewaterhouseCoopers LLP

Houston, Texas
March 19, 1999

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(In thousands)

	DECEMBER 31,	
	1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,108	$ 6,430
Accounts receivable	1,482	1,953
Accounts receivable from affiliates	7,106	6,608
Other current assets	247	653
Total current assets	11,943	15,644
Equity investments	186,079	182,301
Property and equipment:		
Pipelines	64,464	78,617
Platforms and facilities	123,912	97,509
Oil and natural gas properties, at cost, using successful efforts method	152,750	120,296
	341,126	296,422
Less accumulated depreciation, depletion, amortization and impairment	99,134	95,783
Property and equipment, net	241,992	200,639
Investment in Tatham Offshore, Inc. (Notes 1 and 8)	--	7,500
Other noncurrent assets	2,712	3,758
Total assets	$442,726	$409,842
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable and accrued liabilities	$ 10,429	$ 12,522
Accounts payable to affiliates	738	1,032
Notes payable	338,000	--
Total current liabilities	349,167	13,554
Deferred federal income taxes	937	1,399
Notes payable	--	238,000
Other noncurrent liabilities	10,724	13,304
Total liabilities	360,828	266,257
Commitments and contingencies		
Minority interest	(998)	(381)
Partners' capital:		
Preference unitholders' interest	7,351	163,426
Common unitholders' interest	90,972	(15,400)
General Partner's interest	(15,427)	(4,060)
	82,896	143,966
Total liabilities and partners' capital	$442,726	$409,842

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per Unit amounts)

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
Revenue:			
Oil and natural gas sales	$ 186	$ 276	$ 772
Oil and natural gas sales to affiliates	31,225	57,830	46,296
Gathering, transportation and platform services	13,924	10,029	13,974
Gathering, transportation and platform services to affiliates	3,396	7,300	10,031
Equity in earnings	26,724	29,327	20,434
	75,455	104,762	91,507
Costs and expenses:			
Operating expenses	11,369	11,352	9,068
Depreciation, depletion and amortization	29,267	46,289	31,731
Impairment, abandonment and other	(1,131)	21,222	--
General and administrative expenses	6,416	5,869	788
Management fee and general and administrative expenses allocated from General Partner	9,773	8,792	7,752
	55,694	93,524	49,339
Operating income	19,761	11,238	42,168
Interest income and other	771	1,475	1,710
Interest and other financing costs	(20,242)	(14,169)	(5,560)
Minority interest in (income) loss	(15)	7	(427)
Income (loss) before income taxes	275	(1,449)	37,891
Income tax benefit	471	311	801
Net income (loss)	$ 746	$ (1,138)	$38,692
Weighted average number of units outstanding	24,367	24,367	24,367
Basic and diluted net income (loss) per unit (Note 2)	$ 0.02(a)	$ (0.06)	$ 1.57

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(a) Excludes 933,000 outstanding unit options to purchase an equal number of Common Units of Leviathan as the exercise prices of the unit options were greater than the average market price of the Common Units (Note 7).

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands)

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
Cash flows from operating activities:			
Net income (loss)	$ 746	$ (1,138)	$ 38,692
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Amortization of debt issue costs	2,128	960	1,351
Depreciation, depletion and amortization	29,267	46,289	31,731
Impairment, abandonment and other	(1,131)	21,222	--
Minority interest in income (loss)	15	(7)	427
Equity in earnings	(26,724)	(29,327)	(20,434)
Distributions from equity investments	31,171	27,135	36,823
Deferred income taxes and other	(462)	(323)	(936)
Other noncash items	(310)	(1,596)	(6,560)
Changes in operating working capital:			
Decrease (increase) in accounts receivable	471	4,284	(3,442)
(Increase) decrease in accounts receivable from affiliates	(498)	7,499	(7,512)
Decrease (increase) in other current assets	406	206	(97)
Decrease in accounts payable and accrued liabilities	(9,108)	(5,247)	(23,190)
(Decrease) increase in accounts payable to affiliates	(294)	(2,472)	3,326
Net cash provided by operating activities	25,677	67,485	50,179
Cash flows from investing activities:			
Acquisition and development of oil and natural gas properties	(30,548)	(11,249)	(59,599)
Additions to pipelines, platforms and facilities	(27,368)	(30,708)	(30,095)
Equity investments	(8,195)	--	(12,027)
Proceeds from sales of assets and other	487	188	--
Net cash used in investing activities	(65,624)	(41,769)	(101,721)
Cash flows from financing activities:			
Decrease in restricted cash	--	716	--
Debt issue costs	(928)	(93)	(2,843)
Proceeds from notes payable	129,000	65,000	89,220
Repayments of notes payable	(29,000)	(54,000)	--
Distributions to partners	(62,447)	(47,398)	(33,852)
Net cash provided by (used in) financing activities	36,625	(35,775)	52,525
Net (decrease) increase in cash and cash equivalents	(3,322)	(10,059)	983
Cash and cash equivalents at beginning of year	6,430	16,489	15,506
Cash and cash equivalents at end of year	$ 3,108	$ 6,430	$ 16,489

Supplemental disclosures to the statement of cash flows -- see Note 11.

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL
(In thousands)

	PREFERENCE UNITS	PREFERENCE UNITHOLDERS	COMMON UNITS	COMMON UNITHOLDERS	GENERAL PARTNER(A)	TOTAL
Partners' capital at December 31, 1995	18,075	$ 192,225	6,292	$ (5,380)	$ (4)	$186,841
Net income for the year ended December 31, 1996	--	28,400	--	9,905	387	38,692
Cash distributions	--	(24,401)	--	(8,494)	(615)	(33,510)
Partners' capital at December 31, 1996	18,075	196,224	6,292	(3,969)	(232)	192,023
Net loss for the year ended December 31, 1997	--	(1,167)	--	(420)	449	(1,138)
Cash distributions	--	(31,631)	--	(11,011)	(4,277)	(46,919)
Partners' capital at December 31, 1997	18,075	163,426	6,292	(15,400)	(4,060)	143,966
Net income for the year ended December 31, 1998	--	63	--	541	142	746
Conversion of Preference Units into Common Units (Note 7)	(17,058)	(127,842)	17,058	127,842	--	--
Cash distributions	--	(28,296)	--	(22,011)	(11,509)	(61,816)
Partners' capital at December 31, 1998	1,017	$ 7,351	23,350	$ 90,972	$(15,427)(b)	$ 82,896

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(a) Leviathan Gas Pipeline Company owns a 1% general partner interest in Leviathan Gas Pipeline Partners, L.P.

(b) Pursuant to the terms of the Partnership Agreement, no partner shall have any obligation to restore any negative balance in its capital account upon liquidation of Leviathan. Therefore, any net gains from the dissolution of Leviathan's assets would be allocated first to any then-outstanding deficit capital account balance before any of the remaining net proceeds would be distributed to the partners in accordance with their ownership percentages.

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 -- ORGANIZATION:

Leviathan Gas Pipeline Partners, L.P., a publicly held Delaware limited partnership ("Leviathan"), is primarily engaged in the gathering, transportation and production of natural gas and crude oil in the Gulf of Mexico (the "Gulf"). Through its subsidiaries and joint ventures, Leviathan owns interests in significant assets, including (i) eight natural gas pipelines, (ii) a crude oil pipeline system, (iii) six strategically located multi-purpose platforms, (iv) a dehydration facility, (v) four producing oil and natural gas properties and (vi) one undeveloped oil and natural gas property.

Leviathan Gas Pipeline Company, a Delaware corporation and the general partner of Leviathan (the "General Partner"), performs all management and operational functions of Leviathan and its subsidiaries. In August 1998, the General Partner became a wholly-owned indirect subsidiary of El Paso Energy Corporation ("El Paso") pursuant to El Paso's merger with DeepTech International Inc. ("DeepTech"), the indirect parent of the General Partner, as discussed below.

Merger

Effective August 14, 1998, El Paso completed the acquisition of DeepTech by merging a wholly-owned subsidiary of El Paso with and into DeepTech (the "Merger") pursuant to the Agreement and Plan of Merger dated as of February 27, 1998 (as amended, the "Merger Agreement"). The material terms of the Merger and the transactions contemplated by the Merger Agreement and other agreements as these agreements relate to Leviathan are as follows:

(a) Prior to the Merger, Leviathan Holdings Company, which owns 100% of the General Partner, was owned 85% by DeepTech resulting in DeepTech owning an overall 23.2% effective interest in Leviathan. El Paso acquired the minority interests of Leviathan Holdings Company and two other subsidiaries of DeepTech primarily held by former DeepTech management for an aggregate of $55.0 million. As a result, El Paso owns 100% of the General Partner's interest in Leviathan and an overall 27.3% effective interest in Leviathan.

(b) In June 1998, Tatham Offshore, Inc. ("Tatham Offshore"), an affiliate of Leviathan through August 14, 1998, canceled its reversionary interests in certain oil and natural gas properties owned by Leviathan (Note 4).

(c) On August 14, 1998, Tatham Offshore transferred its remaining assets located in the Gulf to Leviathan in exchange for the 7,500 shares of Series B 9% Senior Convertible Preferred Stock (the "Senior Preferred Stock") issued by Tatham offshore (Note 8) and owned by Leviathan (the "Redemption Agreement"). Under the terms of the Redemption Agreement, Leviathan acquired all of Tatham Offshore's right, title and interest in and to Viosca Knoll Blocks 817 (subject to an existing production payment obligation), West Delta Block 35, the platform located at Ship Shoal Block 331 and other lease blocks not material to Leviathan's current operations. The net cash expenditure of Leviathan under the Redemption Agreement totaled $774,000 representing (i) $2,771,000 of abandonment costs relating to wells located at Ewing Bank Blocks 914 and 915 offset by (ii) $1,997,000 of net cash generated from the producing properties from January 1, 1998 through August 14, 1998. In addition, Leviathan assumed all remaining abandonment and restoration obligations associated with the platform and leases.

NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES:

Principles of consolidation

The accompanying consolidated financial statements include the accounts of those 50% or more owned subsidiaries controlled by Leviathan. The General Partner's approximate 1% nonmanaging interest

in certain subsidiaries of Leviathan represents the minority interest in Leviathan's consolidated financial statements. Investments in which Leviathan owns a 20% to 50% ownership interest are accounted for using the equity method. All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

Cash and cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Property and equipment

Gathering pipelines, platforms and related facilities are recorded at cost and are depreciated on a straight-line basis over the estimated useful lives of the assets which generally range from 5 to 30 years for the gathering pipelines and from 18 to 30 years for platforms and the related facilities. Repair and maintenance costs are expensed as incurred; additions, improvements and replacements are capitalized.

Leviathan accounts for its oil and natural gas exploration and production activities using the successful efforts method of accounting. Under this method, costs of successful exploratory wells, development wells and acquisitions of mineral leasehold interests are capitalized. Production, exploratory dry hole and other exploration costs, including geological and geophysical costs and delay rentals, are expensed as incurred. Unproved properties are assessed periodically and any impairment in value is recognized currently as depreciation, depletion and amortization expense.

Depreciation, depletion and amortization of the capitalized costs of producing oil and natural gas properties, consisting principally of tangible and intangible costs incurred in developing a property and costs of productive leasehold interests, are computed on the unit-of-production method. Unit-of-production rates are based on annual estimates of remaining proved developed reserves or proved reserves, as appropriate, for each property. Repair and maintenance costs are charged to expense as incurred; additions, improvements and replacements are capitalized.

Estimated dismantlement, restoration and abandonment costs and estimated residual salvage values are taken into account in determining depreciation provisions for gathering pipelines, platforms, related facilities and oil and natural gas properties. Other noncurrent liabilities at December 31, 1998 and 1997 include $10,724,000 and $9,158,0000, respectively, of accrued dismantlement, restoration and abandonment costs.

Retirements, sales and disposals of assets are recorded by eliminating the related costs and accumulated depreciation, depletion and amortization of the disposed assets with any resulting gain or loss reflected in income.

Leviathan evaluates impairment of its property and equipment in accordance with Statement of Financial Accounting Standard ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," which requires recognition of impairment losses on long-lived assets (including pipelines, proved properties, wells, equipment and related facilities) if the carrying amount of such assets, grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows from other assets, exceeds the estimated undiscounted future cash flows of such assets. Measurement of any impairment loss is based on the fair value of the assets.

Capitalization of interest

Interest and other financing costs are capitalized in connection with construction and drilling activities as part of the cost of the asset and amortized over the related asset's estimated useful life.

Debt issue costs

Debt issue costs are capitalized and amortized over the life of the related indebtedness. Any unamortized debt issue costs are expensed at the time the related indebtedness is repaid or otherwise terminated.

Revenue recognition

Revenue from pipeline transportation of hydrocarbons is recognized upon receipt of the hydrocarbons into the pipeline systems. Revenue from oil and natural gas sales is recognized upon delivery in the period of production. Revenue from platform access and processing services is recognized in the period the services are provided.

Income taxes

Leviathan and its subsidiaries other than Tarpon Transmission Company ("Tarpon") are not taxable entities. However, the taxable income or loss resulting from the operations of Leviathan will ultimately be included in the federal and state income tax returns of the general and limited partners. Individual partners will have different investment bases depending upon the timing and price of acquisition of partnership units. Further, each partner's tax accounting, which is partially dependent upon his/her tax position, may differ from the accounting followed in the consolidated financial statements. Accordingly, there could be significant differences between each individual partner's tax basis and his/her share of the net assets reported in the consolidated financial statements. Leviathan does not have access to information about each individual partner's tax attributes in Leviathan, and the aggregate tax bases cannot be readily determined. Accordingly, management does not believe that, in Leviathan's circumstances, the aggregate difference would be meaningful information.

Tarpon is, and Manta Ray Gathering Systems, Inc. ("Manta Ray") was, prior to its liquidation in May 1996, a subsidiary of Leviathan subject to federal corporate income taxation. Leviathan utilizes an asset and liability approach for accounting for income taxes of Tarpon and Manta Ray that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and tax bases of other assets and liabilities. Resulting tax liabilities, if any, are borne by Leviathan.

Net income per unit

Basic earnings per share ("EPS") excludes dilution and is computed by dividing net income (loss) attributable to the limited partners by the weighted average number of units outstanding during the period. Dilutive EPS reflects potential dilution and is computed by dividing net income (loss) attributable to the limited partners by the weighted average number of units outstanding during the period increased by the number of additional units that would have been outstanding if the dilutive potential units had been issued.

Basic income (loss) per unit and diluted income (loss) per unit for Leviathan are the same for the years ended December 31, 1998, 1997 and 1996 as no dilutive potential units were outstanding during the respective periods. Leviathan includes the outstanding Preference Units in the basic and diluted net income (loss) per unit calculation as if the Preference Units had been converted into Common Units.

Basic and diluted net income (loss) per unit is calculated based upon the net income (loss) of Leviathan less an allocation of net income to the General Partner proportionate to its share of cash distributions and is calculated as follows (in thousands).

	YEAR ENDED DECEMBER 31, 1998			YEAR ENDED DECEMBER 31, 1997		
	LIMITED PARTNERS	GENERAL PARTNER	TOTAL	LIMITED PARTNERS	GENERAL PARTNER	TOTAL
Net income (loss)(a)	$ 738	$ 8	$746	$(1,127)	$(11)	$(1,138)
Allocation to General Partner(b)	(134)	134	--	(460)	460	--
Allocation of net income (loss) as adjusted for Incentive Distributions	$ 604	$142	$746	$(1,587)	$449	$(1,138)
Weighted average number of units outstanding	24,367			24,367		
Basic and diluted net income (loss) per unit	$ 0.02			$ (0.06)		

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(a) Net income (loss) allocated 99% to the limited partners as holders of the Preference and Common Units and 1% to the General Partner.

(b) Represents allocation of net income to the General Partner proportionate to its share of each quarter's cash distributions which included Incentive Distributions (Note 7).

For the year ended December 31, 1996, basic and diluted net income per unit was computed based upon the net income of Leviathan less an allocation of approximately 1% of Leviathan's net income to the General Partner. During 1996, the General Partner only received a 1% allocation of net income as Leviathan did not pay any Incentive Distributions (Note 7) until 1997. The weighted average number of Units outstanding for the year ended December 31, 1996 was 24,366,894 Units.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles and the estimation of oil and natural gas reserves requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the related reported amounts of revenue and expenses during the reporting period. Such estimates and assumptions include those regarding: (i) Federal Energy Regulatory Commission ("FERC") regulations, (ii) oil and natural gas reserve disclosure, (iii) estimated useful lives of depreciable assets and (iv) potential abandonment, dismantlement, restoration and environmental liabilities. Actual results could differ from those estimates. Management believes that its estimates are reasonable.

Unit Options

In August 1998, Leviathan adopted SFAS No. 123, "Accounting for Stock Based Compensation." While SFAS No. 123 encourages entities to adopt the fair value method of accounting for their stock-based compensation plans, this standard permits and Leviathan has elected to utilize the intrinsic value method under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." Prior to August 1998, compensation expense for Leviathan's unit appreciation rights was recorded annually based on the quoted market price of Preference Units at the end of the period and the percentage of vesting which had occurred. A description of Leviathan's option plans and pro forma information regarding net income (loss) and net income (loss) per unit, as calculated under the provisions of SFAS No. 123, are disclosed in Note 7.

Price Risk Management Activities

Leviathan enters into commodity price swap instruments for non-trading purposes to manage its exposure to price fluctuations on anticipated natural gas and crude oil sales transactions. To qualify for hedge accounting, the transactions must reduce the risk of the underlying hedge items, be designated as hedges at inception and result in cash flows and financial impacts which are inversely correlated to the position being hedged. If correlation ceases to exist, hedge accounting is terminated and mark-to-market accounting is applied. Gains and losses resulting from hedging activities and the termination of any hedging instruments are initially deferred and included as an increase or decrease to oil and natural gas sales in the period in which the hedged production is sold. See Note 10.

Recent Pronouncements

Effective January 1, 1998, Leviathan adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." SFAS No. 131 establishes standards for the method public entities report information about operating segments in both interim and annual financial statements issued to unitholders and requires related disclosures about products and services, geographic areas and major customers. See Notes 3, 4, 12 and 13.

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities." This statement defines start-up activities, requires start-up and organization costs to be expensed as incurred and requires that any such costs that exist on the balance sheet be expensed upon adoption of this pronouncement. The statement is effective for fiscal years beginning after December 15, 1998. Leviathan does not expect the implementation of this statement to have a material effect on Leviathan's financial position or results of operations.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 requires that entities recognize all derivative instruments as either assets or liabilities on the balance sheet and measure those instruments at fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as a hedge transaction. For fair-value hedge transactions in which Leviathan is hedging changes in an asset's, liability's or firm commitment's fair value, changes in the fair value of the derivative instrument will generally be offset in the income statement by changes in the hedged item's fair value. For cash-flow hedge transactions, in which Leviathan is hedging the variability of cash flows related to a variable-rate asset, liability, or a forecasted transaction, changes in the fair value of the derivative instrument will be reported in other comprehensive income. The gains and losses on the derivative instrument that are reported in other comprehensive income will be reclassified as earnings in the periods in which earnings are impacted by the variability of the cash flows of the hedged item. The ineffective portion of all hedges will be recognized in current-period earnings. This statement is effective for fiscal years beginning after June 15, 1999. Leviathan has not yet determined the impact that the adoption of SFAS No. 133 will have on its financial position or results of operations.

In November 1998, the Emerging Issues Task Force ("EITF") reached a consensus on EITF 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities." EITF 98-10 requires energy trading contracts to be recorded at fair value on the balance sheet, with the changes in fair value included in earnings and is effective for fiscal years beginning after December 15, 1998. Leviathan adopted the provisions of EITF 98-10 in January 1999 and does not believe that the application of this pronouncement will have a material impact on Leviathan's financial position or results of operations.

NOTE 3 -- EQUITY INVESTMENTS:

Leviathan owns interests of 50% in Viosca Knoll Gathering Company ("Viosca Knoll"), 36% in Poseidon Oil Pipeline Company, L.L.C. ("POPCO"), 50% in Stingray Pipeline Company ("Stingray"), 40% in High Island Offshore System, L.L.C., ("HIOS"), 33 1/3% in U-T Offshore System ("UTOS"), 50% in West Cameron Dehydration Company, L.L.C. ("West Cameron Dehy") and an effective 25.67% interest in each of Manta Ray Offshore Gathering Company, L.L.C. ("Manta Ray Offshore") and Nautilus Pipeline Company, L.L.C. ("Nautilus").

The excess of the carrying amount of the investments accounted for using the equity method over the underlying equity in net assets as of December 31, 1998 is $45,023,000. The difference between the cost of the investments accounted for on the equity method and the underlying equity in net assets is being depreciated on a straight-line basis over the estimated lives of the underlying net assets.

The summarized financial information for investments, which are accounted for using the equity method, is as follows.

SUMMARIZED HISTORICAL OPERATING RESULTS
YEAR ENDED DECEMBER 31, 1998
(In thousands)

	HIOS	VIOSCA KNOLL	STINGRAY	POPCO	WEST CAMERON DEHY	UTOS	MANTA RAY OFFSHORE(A)	NAUTILUS(A)	TOTAL
Operating revenue.....	$ 43,818	$29,334	$ 23,008	$44,522	$2,796	$ 5,174	$10,949	$ 5,403	
Other income.....	--	50	670	290	11	100	488	100	
Operating expenses.....	(19,047)	(3,031)	(16,814)	(4,763)	(183)	(2,466)	(3,710)	(1,979)	
Depreciation.....	(4,772)	(3,860)	(6,852)	(8,846)	(16)	(559)	(4,303)	(5,845)	
Interest expense.....	(16)	(4,267)	(1,668)	(8,671)	--	(2)	--	--	
Net earnings (loss).....	19,983	18,226	(1,656)	22,532	2,608	2,247	3,424	(2,321)	
Ownership percentage.....	40%	50%	50%	36%	50%	33.3%	25.67%	25.67%	
	7,993	9,113	(828)	8,111	1,304	749	879	(596)	
Adjustments:									
Depreciation(b).....	881	--	749	(120)	--	33	(348)	--	
Contract amortization(b).....	(105)	--	(127)	--	--	--	--	--	
Other.....	(149)	--	(49)	--	--	(52)	--	(714)(c)	
Equity in earnings (loss).....	$ 8,620	$ 9,113	$ (255)	$7,991	$1,304	$ 730	$ 531	$ (1,310)	$26,724
Distributions(d).....	$ 9,240	$10,350	$ 1,000	$6,732	$1,100	$ 933	$ 1,182	$ 634	$31,171

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(a) Leviathan owns a 25.67% interest in Neptune Pipeline Company, L.L.C. ("Neptune"). Neptune owns a 99% member interest in each of Manta Ray Offshore, which owns a non-jurisdictional natural gas system, and Nautilus, which owns a jurisdictional natural gas system. Leviathan believes the disclosure of separate financial data for Manta Ray Offshore and Nautilus is more meaningful than the consolidated results of Neptune.

(b) Adjustments result from purchase price adjustments made in accordance with APB Opinion No. 16 "Business Combinations."

(c) Primarily relates to a revision of the allowance for funds used during construction ("AFUDC") which represents the estimated costs, during the construction period, of funds used for construction.

(d) Future distributions could be restricted by the terms of the equity investees' respective credit agreements.

SUMMARIZED HISTORICAL OPERATING RESULTS
YEAR ENDED DECEMBER 31, 1997
(In thousands)

	HIOS	VIOSCA KNOLL	STINGRAY	POPCO	WEST CAMERON DEHY	UTOS	MANTA RAY OFFSHORE(A)	NAUTILUS(A)	TOTAL
Operating revenue.....	$ 45,917	$23,128	$ 23,630	$26,161	$2,451	$ 3,785	$ 6,263	$ 54	
Other income.....	--	40	970	209	29	61	1,564	6,489(b)	
Operating expenses.....	(17,101)	(2,115)	(15,612)	(5,782)	(164)	(2,472)	(2,223)	(435)	
Depreciation.....	(4,774)	(2,474)	(7,216)	(6,463)	(16)	(566)	(1,823)	(233)	
Interest expense.....	--	(1,959)	(1,384)	(5,341)	--	37	(1,483)	--	
Net earnings.....	24,042	16,620	388	8,784	2,300	845	2,298	5,875	
Ownership percentage.....	40%	50%	50%	36%	50%	33.3%	25.67%	25.67%	
	9,617	8,310	194	3,162	1,150	281	590	1,508	
Adjustments:									
Depreciation(c).....	845	--	959	(120)	--	35	--	--	
Contract amortization(c).....	(105)	--	(350)	--	--	--	--	--	
Other.....	(228)	--	(49)	(263)	--	(24)	3,082(d)	733	
Equity in earnings.....	$ 10,129	$ 8,310	$ 754	$2,779	$1,150	$ 292	$ 3,672	$2,241	$29,327
Distributions(e).....	$ 12,200	$ 9,650	$ 1,375	$ --	$1,150	$ 200	$ 2,560	$ --	$27,135

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(a) Leviathan owns a 25.67% interest in Neptune. Neptune owns a 99% member interest in each of Manta Ray Offshore, which owns a non-jurisdictional natural gas system, and Nautilus, which owns a jurisdictional natural gas system. Leviathan believes the disclosure of separate financial data for Manta Ray Offshore and Nautilus is more meaningful than the consolidated results of Neptune.

(b) Includes $6,431,000 related to AFUDC. Recognition of this allowance is appropriate because it constitutes an actual cost of construction. For regulated activities, Nautilus is permitted to earn a return on and recover AFUDC through its inclusion in the rate base and the provision for depreciation. The rate employed for the equity component of AFUDC is the equity rate of return stated in Nautilus' FERC tariff.

(c) Adjustments result from purchase price adjustments made in accordance with APB Opinion No. 16 "Business Combinations."

(d) Represents additional net earnings specifically allocated to Leviathan related to the assets contributed by Leviathan to the Manta Ray Offshore joint venture. Pursuant to the terms of the joint venture agreement, Leviathan managed the operations of the assets contributed to Manta Ray Offshore and was permitted to retain approximately 100% of the net earnings from such assets during the construction phase of the expansion to the Manta Ray Offshore system (January 17, 1997 through December 31, 1997). Effective January 1, 1998, Manta Ray Offshore began allocating all net earnings in accordance with the ownership percentages of the joint venture.

(e) Future distributions could be restricted by the terms of the equity investees' respective credit agreements.

SUMMARIZED HISTORICAL OPERATING RESULTS
YEAR ENDED DECEMBER 31, 1996
(In thousands)

	HIOS	VIOSCA KNOLL	STINGRAY	POPCO	WEST CAMERON DEHY	UTOS	TOTAL
Operating revenue	$ 47,440	$13,923	$ 24,146	$7,819	$1,686	$ 3,476	
Other income	97	--	1,186	339	10	48	
Operating expenses	(15,683)	(424)	(14,260)	(3,042)	(162)	(2,511)	
Depreciation	(4,775)	(2,269)	(7,057)	(2,176)	(16)	(560)	
Other expenses	--	(90)	(1,679)	(269)	--	--	
Net earnings	27,079	11,140	2,336	2,671	1,518	453	
Ownership percentage	40%	50%	50%	36%	50%	33.3%	
	10,832	5,570	1,168	962	759	151	
Adjustments:							
Depreciation(a)	783	--	669	--	--	2	
Contract amortization(a)	(105)	--	--	--	--	--	
Rate refund reserve	(417)	--	--	--	--	--	
Other	(107)	--	--	167	--	--	
Equity in earnings	$ 10,986	$ 5,570	$ 1,837	$1,129	$ 759	$ 153	$20,434
Distributions	$ 11,400	$18,450	$ 1,923	$4,000	$ 650	$ 400	$36,823

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(a) Adjustments result from purchase price adjustments made in accordance with APB Opinion No. 16, "Business Combinations."

SUMMARIZED HISTORICAL BALANCE SHEETS
(In thousands)

	HIOS		VIOSCA KNOLL		STINGRAY		POPCO	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	1998	1997	1998	1997	1998	1997	1998	1997
Current assets	$ 4,662	$ 5,587	$ 5,451	$ 3,354	$ 17,892	$ 20,184	$ 43,338	$ 31,763
Noncurrent assets	12,936	12,081	97,758	98,004	50,109	42,541	233,082	226,055
Current liabilities	2,626	3,380	1,021	11,280	18,960	21,787	40,134	35,864
Long-term debt	--	--	66,700	52,200	20,583	11,600	131,000	120,500
Other noncurrent liabilities	--	199	340	256	12,924	5,289	--	--

	WEST CAMERON DEHY		UTOS		MANTA RAY OFFSHORE		NAUTILUS	
	DECEMBER 31,		DECEMBER 31,		DECEMBER 31,		DECEMBER 31,	
	1998	1997	1998	1997	1998	1997	1998	1997
Current assets	$ 848	$ 455	$ 4,699	$ 3,955	$ 7,250	$ 31,714	$ 2,782	$ 924
Noncurrent assets	647	663	2,745	2,803	135,626	127,731	113,434	120,074
Current liabilities	13	43	4,125	2,900	5,023	32,601	709	3,699

NOTE 4 -- OIL AND NATURAL GAS PROPERTIES:

Capitalized Costs

	DECEMBER 31,	
	1998	1997
	(In thousands)	
Proved properties	$ 53,313	$ 38,790
Wells, equipment and related facilities	99,437	81,506
Total capitalized costs	152,750	120,296
Accumulated depreciation, depletion and amortization	72,194	53,684
Net capitalized costs	$ 80,556	$ 66,612

Costs incurred in the Oil and Natural Gas Acquisitions, Exploration and Development Activities

	YEAR ENDED DECEMBER 31,	
	1998	1997
	(In thousands)	
Acquisitions of proved properties	$16,945	$ 1
Development	17,783	10,522
Capitalized interest	328	726
Total costs incurred	$35,056	$11,249

In October 1998, Leviathan purchased a 100% working interest in Ewing Bank Blocks 958, 959, 1002 and 1003 from a wholly-owned indirect subsidiary of El Paso for $12,235,000. In December 1998, Leviathan completed the drilling of a successful delineation well on the Ewing Bank unit.

In 1995, Leviathan entered into a purchase and sale agreement (the "Purchase and Sale Agreement") with Tatham Offshore pursuant to which Leviathan acquired, subject to certain reversionary rights, a 75% working interest in Viosca Knoll Block 817, a 50% working interest in Garden Banks Block 72 and a 50% working interest in Garden Banks Block 117 (the "Acquired Properties") from Tatham Offshore for $30 million. Leviathan was entitled to retain all of the revenue attributable to the Acquired Properties until it had received net revenue equal to the payout amount, whereupon Tatham Offshore was entitled to receive a reassignment of the Acquired Properties, subject to certain reductions and conditions. In connection with the Merger, Tatham Offshore canceled its reversionary interests in the Acquired Properties (Note 1).

NOTE 5 -- REGULATORY MATTERS:

The FERC has jurisdiction under the Natural Gas Act of 1938, as amended (the "NGA"), and the Natural Gas Policy Act of 1978, as amended (the "NGPA"), over Nautilus, Stingray, HIOS and UTOS (the "Regulated Pipelines") with respect to transportation of natural gas, rates and charges, construction of new facilities, extension or abandonment of service and facilities, accounts and records, depreciation and amortization policies and certain other matters. Leviathan's remaining systems (the "Unregulated Pipelines") are gathering facilities and as such are not currently subject to rate and certificate regulation by the FERC under the NGA and the NGPA. However, the FERC has asserted that it has rate jurisdiction under the NGA over services performed through gathering facilities owned by a natural gas company (as defined in the NGA) when such services are performed "in connection with" transportation services provided by such natural gas company. Whether, and to what extent, the FERC will exercise any NGA rate jurisdiction it may be found to have over gathering facilities owned either by natural gas companies or affiliates thereof is subject to case-by-case review by the FERC. Based on current FERC

policy and precedent, Leviathan does not anticipate that the FERC will assert or exercise any NGA rate jurisdiction over the Unregulated Pipelines so long as the services provided through such lines are not performed "in connection with" transportation services performed through any of the Regulated Pipelines. Both the Regulated and the Unregulated Pipelines are subject to the FERC's administration of the "equal access" requirements of the Outer Continental Shelf Lands Act ("OCSLA").

Poseidon is subject to regulation under the Hazardous Liquid Pipeline Safety Act ("HLPSA"). Operations in offshore federal waters are regulated by the Department of the Interior. In addition, as transporter of hydrocarbons across the Outer Continental Shelf ("OCS"), the Poseidon system must offer "equal access" to other potential shippers of crude. Poseidon is located in federal waters in the Gulf, and its right-of-way was granted by the federal government. Therefore, the FERC may assert that it has jurisdiction to compel Poseidon to grant access under OCSLA to other shippers of crude oil upon the satisfaction of certain conditions and to apportion the capacity of the line among owner and non-owner shippers.

The FERC has generally disclaimed jurisdiction to set rates for oil pipelines in the OCS under the Interstate Commerce Act. As a result, POPCO has not filed tariffs with the FERC for the Poseidon crude oil pipeline system.

Rate Cases

Tarpon. In March 1997, the FERC issued an order declaring Tarpon's facilities exempt from NGA regulation under the gathering exception, thereby terminating Tarpon's status as a "natural gas company" under the NGA. Tarpon has agreed, however, to continue service for shippers that have not executed replacement contracts on the terms and conditions, and at the rates reflected in, its last effective regulated tariff for two years from the date of the order.

Other. Each of Nautilus, Stingray, HIOS, and UTOS are currently operating under agreements with their respective customers that provide for rates that have been approved by the FERC.

NOTE 6 -- INDEBTEDNESS:

Leviathan has a revolving credit facility, as amended and restated (the "Leviathan Credit Facility"), with a syndicate of commercial banks to provide up to $375 million of available credit, subject to certain incurrence limitations. As of December 31, 1998 and 1997, Leviathan had $338 million and $238 million, respectively, outstanding under its credit facility. At the election of Leviathan, interest under the Leviathan Credit Facility is determined by reference to the reserve-adjusted London interbank offer rate ("LIBOR"), the prime rate or the 90-day average certificate of deposit. The interest rate at December 31, 1998 and 1997 was 7.1% and 6.6% per annum, respectively. A commitment fee is charged on the unused and available to be borrowed portion of the credit facility. This fee varies between 0.25% and 0.375% per annum and was 0.375% per annum at December 31, 1998. The amendment to the credit facility in January 1999 increased the commitment fee to 0.50% per annum. Amounts advanced under the Leviathan Credit Facility were used to finance Leviathan's capital expenditures, including construction of platforms and pipelines, investments in equity investees and the acquisition and development of oil and natural gas properties. Amounts remaining under the Leviathan Credit Facility are available to Leviathan for general partnership purposes, including financing capital expenditures, for working capital, and subject to certain limitations, for paying distributions to unitholders. The Leviathan Credit Facility can also be utilized to issue letters of credit as may be required from time to time; however, no letters of credit are currently outstanding. The Leviathan Credit Facility matures in December 1999; is guaranteed by Leviathan and each of Leviathan's subsidiaries; and is collateralized by the management agreement with Leviathan (Note 8), substantially all of the assets of Leviathan and the General Partner's 1% general partner interest in Leviathan and approximate 1% nonmanaging interest in certain subsidiaries of Leviathan. Management

believes it will be able to extend or refinance this credit facility on acceptable terms and conditions prior to its maturity.

Interest and other financing costs totaled $21,308,000, $15,890,000 and $17,470,000 for the years ended December 31, 1998, 1997 and 1996, respectively. During the years ended December 31, 1998, 1997 and 1996, Leviathan capitalized $1,066,000, $1,721,000 and $11,910,000, respectively, of such interest costs in connection with construction projects and drilling activities in progress during such periods. At December 31, 1998 and 1997, the unamortized portion of debt issue costs totaled $2,549,000 and $3,749,000, respectively.

NOTE 7 -- PARTNERS' CAPITAL:

General

As of December 31, 1998, Leviathan had 23,349,988 Common Units and 1,016,906 Preference Units outstanding. Preference Units and Common Units totaling 18,075,000 are owned by the public, representing a 72.7% effective limited partner interest in Leviathan. The General Partner, through its ownership of a 25.3% limited partner interest in the form of 6,291,894 Common Units, its 1% general partner interest in Leviathan and its approximate 1% nonmanaging interest in certain subsidiaries of Leviathan, owns a 27.3% effective interest in Leviathan. See Note 14.

Conversion of Preference Units into Common Units

On May 7, 1998, Leviathan notified the holders of its 18,075,000 then outstanding Preference Units of their right to convert their Preference Units into an equal number of Common Units within a 90-day period. On August 5, 1998, the conversion period expired and holders of 17,058,094 Preference Units, representing approximately 94% of the Preference Units then outstanding, elected to convert to Common Units. As a result, the Preference Period, as defined in the Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement"), ended and the Common Units (including the 6,291,894 Common Units held by Leviathan) became the primary listed security on the New York Stock Exchange ("NYSE") under the symbol "LEV." A total of 1,016,906 Preference Units remain outstanding and trade as Leviathan's secondary listed security on the NYSE under the symbol "LEV.P". Leviathan reallocated partners' capital to reflect this conversion of Preference Units into Common Units.

The remaining Preference Units retain their distribution preferences over the Common Units; that is, holders of such Preference Units will be paid up to the minimum quarterly distribution of $0.275 per unit before any quarterly distributions are made to the Common Unitholders or the General Partner. However, holders of Preference Units will not receive any distributions in excess of the minimum quarterly distribution of $0.275 per unit. Only holders of Common Units and the General Partner will be eligible to receive any such excess distributions. See "Cash Distributions" below.

In accordance with the Partnership Agreement, holders of the remaining Preference Units will have the opportunity to convert their Preference Units into Common Units in May 1999 and May 2000. Thereafter, any remaining Preference Units may, under certain circumstances, be subject to redemption.

Cash Distributions

Leviathan makes quarterly distributions of 100% of its Available Cash, as defined in the Partnership Agreement, to its unitholders and the General Partner. Available Cash consists generally of all the cash receipts of Leviathan plus reductions in reserves less all of its cash disbursements and net additions to reserves. The General Partner has broad discretion to establish cash reserves that it determines are necessary or appropriate to provide for the proper conduct of the business of Leviathan including cash reserves for future capital expenditures, to stabilize distributions of cash to the unitholders and the General

Partner, to reduce debt or as necessary to comply with the terms of any agreement or obligation of Leviathan. Leviathan expects to make distributions of Available Cash within 45 days after the end of each quarter to unitholders of record on the applicable record date, which will generally be the last business day of the month following the close of such calendar quarter.

The distribution of Available Cash for each quarter is subject to the preferential rights of the Preference Unitholders to receive the minimum quarterly distribution of $0.275 per unit for such quarter, plus any arrearages in the payment of the minimum quarterly distribution for prior quarters, if any, before any distribution of Available Cash is made to holders of Common Units for such quarter. The holders of Common Units are not entitled to arrearages in the payment of the minimum quarterly distribution. See the discussion above regarding distributions subsequent to the end of the Preference Period.

Since commencement of operations on February 19, 1993 through December 31, 1998, Leviathan has made distributions to the unitholders equal to and in excess of the minimum quarterly distribution of $0.275 per unit. See Note 16.

Distributions by Leviathan of its Available Cash are effectively made 98% to unitholders and 2% to the General Partner, subject to the payment of incentive distributions to the General Partner if certain target levels of cash distributions to unitholders are achieved ("Incentive Distributions"). As an incentive, the general partner's interest in the portion of quarterly cash distributions in excess of $0.325 per Unit and less than or equal to $0.375 per Unit is increased to 15%. For quarterly cash distributions over $0.375 per Unit but less than or equal to $0.425 per Unit, the general partner receives 25% of such incremental amount and for all quarterly cash distributions in excess of $0.425 per Unit, the general partner receives 50% of the incremental amount. During the years ended December 31, 1998, 1997 and 1996, the General Partner received Incentive Distributions totaling $11,113,000, $3,885,000 and $285,000, respectively. In February 1999, Leviathan paid a cash distribution of $0.275 per Preference Unit and $0.525 per Common Unit and an Incentive Distribution of $2,835,000 to the General Partner.

Unit Rights Appreciation Plan

In 1995, Leviathan adopted the Unit Rights Appreciation Plan (the "Plan") to provide Leviathan with the ability of making awards of unit rights to certain officers and employees of the General Partner or its affiliates as an incentive for these individuals to continue in the service of Leviathan or its affiliates. Under the Plan, Leviathan granted 1,200,000 unit rights to certain officers and employees of the General Partner or its affiliates that provided for the right to purchase, or realize the appreciation of, a Preference Unit or a Common Unit (a "Unit Right"), pursuant to the provisions of the Plan. The exercise prices covered by the Unit Rights granted pursuant to the Plan ranged from $15.6875 to $21.50, the closing prices of the Preference Units as reported on the NYSE on the grant date of the respective Unit Rights. For the years ended December 31, 1997 and 1996, Leviathan had accrued $3,710,000 and $436,000, respectively, related to the appreciation and vestiture of these Unit Rights through such dates. As a result of the "change in control" occurring upon the closing of the Merger, the Unit Rights fully vested and the holders of the Unit Rights elected to be paid $8,591,000, the amount equal to the difference between the grant price of the Unit Rights and the average of the high and the low sales price of the Common Units on the date of exercise. Upon the exercise of all of the Unit Rights outstanding, the Plan was terminated. Leviathan replaced the Plan with the Omnibus Plan discussed below.

Option Plans

In August 1998, Leviathan adopted the 1998 Omnibus Compensation Plan (the "Omnibus Plan") to provide the General Partner with the ability to issue unit options to attract and retain the services of knowledgeable officers and key management personnel. Unit options to purchase a maximum of 3,000,000 Common Units of Leviathan may be issued pursuant to the Omnibus Plan. Unit options granted pursuant

to the Omnibus Plan are not immediately exercisable. One-half of the unit options are considered vested and exercisable one year after the date of grant and the remaining one-half of the unit options are considered vested and exercisable one year after the first anniversary of the date of grant. The unit options shall expire ten years from such grant date, but shall be subject to earlier termination under certain circumstances.

In August 1998, Leviathan adopted the 1998 Unit Option Plan for Non-Employee Directors (the "Director Plan" and collectively with the Omnibus Plan, the "Option Plans") to provide the General Partner with the ability to issue unit options to attract and retain the services of knowledgeable directors. Unit options to purchase a maximum of 100,000 Common Units of Leviathan may be issued pursuant to the Director Plan. Each unit option granted under the Director Plan vests immediately at the date of grant and shall expire ten years from such date, but shall be subject to earlier termination in the event that the director ceases to be a director of the General Partner for any reason, in which case the unit options expire 36 months after such date except in the case of death, in which case the unit options expire 12 months after such date.

The following table summarizes the Option Plans as of and for the year ended December 31, 1998. No unit options had been granted by Leviathan prior to August 1998.

	NUMBER UNITS OF UNDERLYING OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	--	$ --
Granted	933,000	27.18
Exercised	--	--
Forfeited	--	--
Canceled	--	--
Outstanding at end of year	933,000(1)	$27.18(3)
Options Exercisable at end of year	3,000(2)	$26.17

- ---

(1) The weighted average remaining contractual life approximates 9.8 years.

(2) The weighted average remaining contractual life approximates 9.6 years.

(3) The exercise prices for outstanding options range from $25.00 to $27.3438.

The fair value of each unit option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: an expected volatility of 37%, a risk-free interest rate of 4.65%, an expected dividend yield of 8% and an expected term of 8 years. The weighted average fair value of the unit options granted during the year ended December 31, 1998 was $4.59. All of the unit options granted during 1998 were granted at market value on the date of grant.

Leviathan applied APB Opinion No. 25 and related interpretations in accounting for its Option Plans, under which no compensation expense has been recognized during 1998 as the exercise price of each grant equaled the market price on the date of grant. Had compensation costs for the Option Plans been determined consistent with the methodology prescribed by SFAS No. 123, Leviathan's net income and net income per unit would have been adjusted to a net loss of $461,000 or $0.015 per unit on a proforma basis. The effects of applying SFAS No. 123 in this pro forma disclosure are not indicative of future amounts.

NOTE 8 -- RELATED PARTY TRANSACTIONS:

Management Fees

Substantially all of the individuals who perform the day-to-day financial, administrative, accounting and operational functions for Leviathan as well as those who are responsible for the direction and control of Leviathan are currently employed by El Paso or were employed by DeepTech. Pursuant to a management agreement between DeepTech and the General Partner, a management fee is charged to the General Partner which is intended to approximate the amount of resources allocated by El Paso and/or DeepTech in providing various operational, financial, accounting and administrative services on behalf of the General Partner and Leviathan. The management agreement expires on June 30, 2002, and may be terminated thereafter upon 90 days notice by either party. Pursuant to the terms of the Partnership Agreement, the General Partner is entitled to reimbursement of all reasonable general and administrative expenses and other reasonable expenses incurred by the General Partner and its affiliates for or on behalf of Leviathan including, but not limited to, amounts payable by the General Partner to DeepTech under the management agreement.

Effective November 1, 1995, July 1, 1996 and July 1, 1997, primarily as a result of the increased activities of Leviathan, the General Partner amended its management agreement with DeepTech to provide for an annual management fee of 45.3%, 54% and 52%, respectively, of DeepTech's overhead. In connection with the Merger, the General Partner amended its management agreement with DeepTech to provide for a monthly management fee of $775,000. The General Partner charged Leviathan $9,283,000, $8,080,000 and $6,590,000 pursuant to its management agreement with DeepTech for the years ended December 31, 1998, 1997 and 1996, respectively.

The General Partner is also required to reimburse DeepTech for certain tax liabilities resulting from, among other things, additional taxable income allocated to the General Partner due to (i) the issuance of additional Preference Units (including the sale of the Preference Units by Leviathan pursuant to its second public offering) and (ii) the investment of such proceeds in additional acquisitions or construction projects. During the years ended December 31, 1998, 1997 and 1996, the General Partner charged Leviathan $489,000, $713,000 and $1,162,000, respectively, to compensate DeepTech for additional taxable income allocated to the General Partner.

Platform Access and Transportation Agreements

General. In 1993, Leviathan entered into a master gas dedication arrangement with Tatham Offshore (the "Master Dedication Agreement"). Under the Master Dedication Agreement, Tatham Offshore dedicated all production from its Viosca Knoll, Garden Banks, Ewing Bank and Ship Shoal leases as well as certain adjoining areas of mutual interest to Leviathan for transportation. In exchange, Leviathan agreed to install the pipeline facilities necessary to transport production from the areas and certain related facilities and to provide transportation services with respect to such production. Tatham Offshore agreed to pay certain fees for transportation services and facilities access provided under the Master Dedication Agreement. Pursuant to the terms of the Purchase and Sale Agreement (Note 4) and the Redemption Agreement (Note 1), a subsidiary of Leviathan assumed all of Tatham Offshore's obligations under the Master Dedication Agreement and certain ancillary agreements.

Viosca Knoll. For the years ended December 31, 1998, 1997 and 1996, Leviathan received $1,099,000, $1,973,000 and $1,896,000, respectively, from Tatham Offshore as platform access and processing fees related to Leviathan's platform located in Viosca Knoll Block 817.

For the years ended December 31, 1998, 1997 and 1996, Leviathan charged Viosca Knoll $2,447,000, $2,116,000 and $249,000, respectively, for expenses and platform access fees related to the Viosca Knoll Block 817 platform.

In addition, for the years ended December 31, 1998, 1997 and 1996, Viosca Knoll reimbursed $152,000, $47,000 and $254,000, respectively, to Leviathan for costs incurred by Leviathan in connection with the acquisition and installation of a booster compressor on Leviathan's Viosca Knoll Block 817 platform.

During the years ended December 31, 1998, 1997 and 1996, Viosca Knoll charged Leviathan $1,881,000, $3,921,000 and $3,229,000, respectively, for transportation services related to transporting production from the Viosca Knoll Block 817 lease.

Garden Banks. During the years ended December 31, 1998, 1997 and 1996, POPCO charged Leviathan $1,445,000, $2,003,000 and $1,056,000, respectively, for transportation services related to transporting production from the Garden Banks Block 72 and 117 leases.

Ewing Bank. Pursuant to a gathering agreement (the "Ewing Bank Agreement") among Tatham Offshore, DeepTech, and a subsidiary of Leviathan, Tatham Offshore dedicated all natural gas and crude oil produced from eight of its Ewing Bank leases for gathering and redelivery by Leviathan and was obligated to pay a demand and a commodity rate for shipment of all oil and natural gas under this agreement. Pursuant to the Ewing Bank Agreement, Leviathan constructed gathering facilities connecting Tatham Offshore's Ewing Bank 914 #2 well to a third party platform at Ewing Bank Block 826. For the years ended December 31, 1997 and 1996, Tatham Offshore paid Leviathan demand and commodity charges of $54,000 and $349,000, respectively, under this agreement. Additionally, through May 1997, Leviathan received revenue from the oil and natural gas production from the Ewing Bank 914 #2 well as a result of its 7.13% overriding royalty interest in the well. In 1995, Tatham Offshore experienced production problems with its Ewing Bank 914 #2 well and in March 1996, as a result of the continued production problems, Leviathan settled all remaining unpaid demand charge obligations under the Ewing Bank Agreement in exchange for certain consideration as discussed below.

Ship Shoal. Pursuant to the Master Dedication Agreement, Leviathan and Tatham Offshore entered into a gathering and processing agreement (the "Ship Shoal Agreement") pursuant to which Leviathan constructed a gathering line from Tatham Offshore's Ship Shoal Block 331 to interconnect with a third-party pipeline at Leviathan's platform and processing facilities located on Ship Shoal Block 332 in exchange for the dedication of all of the production from Tatham Offshore's Ship Shoal Block 331 and eight additional surrounding leases and receipt of a demand charge of $113,000 per month over a five-year period ending June 1999. During late 1994, all of Tatham Offshore's wells at Ship Shoal Block 331 experienced completion and production problems and in March 1996, as a result of the continued production problems, Leviathan settled all remaining unpaid demand charge obligations under this transportation agreement in exchange for certain consideration as discussed below.

Transportation Agreements Settled. Tatham Offshore was obligated to make demand charge payments to Leviathan pursuant to the Ewing Bank and Ship Shoal Agreements discussed above. However, production problems at Ship Shoal Block 331 and the Ewing Bank 914 #2 well affected Tatham Offshore's ability to pay the demand charge obligations under agreements relative to these properties. As a result, effective February 1, 1996, Leviathan released Tatham Offshore from all remaining demand charge payments under the Ewing Bank Agreement and the Ship Shoal Agreement, a total of $17,800,000. In exchange, Leviathan received 7,500 shares Senior Preferred Stock valued at $7,500,000 and added an additional $7,500,000 to the payout amount under the Purchase and Sale Agreement (Note 4), which was recorded as a noncurrent receivable. Pursuant to the Redemption Agreement, Leviathan exchanged the Senior Preferred Stock for Tatham Offshore's remaining assets located in the Gulf (Note 1).

During 1997, Tatham Offshore announced its intent to reserve its remaining costs associated with the Ewing Bank 914 #2 well and the three wellbores at Ship Shoal Block 331 as a result of production problems. In addition, Leviathan had determined that the designated net revenue from the Acquired

Properties (Note 4) was not likely to be sufficient to satisfy the payout amount and as such, would (i) retain 100% of the net revenue from the Acquired Properties, (ii) bear all abandonment obligations related to these properties and (iii) not realize the $7,500,000 plus accrued interest Leviathan had recorded as a noncurrent receivable related to the settlement of the Ewing Bank and Ship Shoal Agreements discussed above. Accordingly, in June 1997, Leviathan recorded as impairment, abandonment and other expense on the accompanying consolidated statement of operations a non-recurring charge of $21,222,000 to reserve its investment in certain gathering facilities and other assets associated with Tatham Offshore's Ewing Bank 914 #2 well and Ship Shoal Block 331 property ($6,443,000), to fully accrue its abandonment obligations associated with the gathering facilities serving these properties ($3,825,000), to reserve its noncurrent receivable related to the prepayment of the demand charge obligations under the Ewing Bank and Ship Shoal Agreements ($9,094,000) and to accrue certain abandonment obligations associated with its Viosca Knoll and Garden Banks properties ($1,860,000).

During 1998, Leviathan abandoned the Ewing Bank flowlines at a cost of $2,869,000 and recorded a credit to impairment, abandonment and other of $1,131,000, which represented the excess of the accrued costs over the actual costs incurred associated with the abandonment of the flowlines.

Other

Leviathan has agreed to sell all of its oil and natural gas production to Offshore Gas Marketing, Inc. ("Offshore Marketing"), an affiliate of Leviathan, on a month to month basis. The agreement with Offshore Marketing provides Offshore Marketing fees equal to 2% of the sales value of crude oil and condensate and $0.015 per dekatherm of natural gas for selling Leviathan's production. During the years ended December 31, 1998, 1997 and 1996, oil and natural gas sales to Offshore Marketing totaled $31,225,000, $57,830,000 and $46,296,000, respectively.

Pursuant to a management agreement between Viosca Knoll and Leviathan, Leviathan charges Viosca Knoll a base fee of $100,000 annually in exchange for Leviathan providing financial, accounting and administrative services on behalf of Viosca Knoll. For each of the years ended December 31, 1998, 1997 and 1996, Leviathan charged Viosca Knoll $100,000 in accordance with this management agreement.

For the years ended December 31, 1998 and 1997, Leviathan charged Manta Ray Offshore $1,274,000 and $287,000, respectively, pursuant to management and operations agreements.

Mr. Grant E. Sims and Mr. James H. Lytal entered into employment agreements with five year terms with El Paso pursuant to which they would continue to serve as Chief Executive Officer and President, respectively, of the General Partner and Leviathan. However, pursuant to the terms of their respective employment agreements, Messrs. Sims and Lytal have the right to terminate such agreements upon thirty days notice and El Paso has the right to terminate such agreements under certain circumstances.

Pursuant to the former Leviathan non-employee director compensation arrangements, Leviathan was obligated to pay each non-employee director 2 1/2% of the general partners' Incentive Distribution as a profit participation fee. During the years ended December 31, 1998 and 1997, Leviathan paid the three non-employee directors of Leviathan a total of $621,000 and $313,000, respectively, as a profit participation fee. As a result of the Merger, the three non-employee directors resigned and the compensation arrangements were terminated.

During the years ended December 31, 1997 and 1996, Leviathan was charged $3,351,000 and $7,223,000, respectively, by Sedco Forex Division of Schlumberger Technology Corporation ("Sedco Forex") for contract drilling services rendered by the semisubmersible drilling rig, the FPS Laffit Pincay, at its Garden Banks Block 117 project. The FPS Laffit Pincay was owned by an affiliate of DeepTech and managed by Sedco Forex during such period.

POPCO, which owns the Poseidon crude oil pipeline system, entered into certain agreements with a subsidiary of Leviathan which provided for POPCO's use of certain pipelines and platforms owned by such subsidiary for fees which consisted of a monthly rental fee of $100,000 per month for the period from February 1996 to January 1997 and reimbursement of $2,000,000 of capital expenditures incurred in readying one of the platforms for use.

In 1996, a subsidiary of Leviathan received a performance fee of $1,400,000 for managing the construction and installation of the initial 117 mile segment of the Poseidon crude oil pipeline system.

Mr. Charles M. Darling IV, a director of the General Partner and DeepTech through August 14, 1998, was a partner in a law firm until April 1997 that provided legal services to Leviathan. During the years ended December 31, 1997 and 1996, Leviathan incurred $55,000 and $203,000, respectively, for these services.

Dover Technology, Inc., which is 50% owned by DeepTech, performed certain technical and geophysical services for Leviathan in the aggregate amount of $240,000 for the year ended December 31, 1996.

NOTE 9 -- INCOME TAXES:

Leviathan (other than its subsidiaries, Tarpon and Manta Ray) is not subject to federal income taxes. Therefore, no recognition has been given to income taxes other than income taxes related to Tarpon and Manta Ray. The tax returns of Leviathan are subject to examination; if such examinations result in adjustments to distributive shares of taxable income or loss, the tax liability of partners could be adjusted accordingly.

Tarpon is and Manta Ray was, prior to its liquidation in May 1996, a subsidiary of Leviathan that files separate federal income tax returns. The income tax benefit recorded for the years ended December 31, 1998, 1997, and 1996 equals $471,000, $311,000 and $801,000, respectively, and is entirely related to Tarpon. The benefit equals Tarpon's book loss times the effective statutory rate for such period as no material book/tax permanent differences exist. Leviathan's deferred income tax liability at December 31, 1998 and 1997 of $937,000 and $1,399,000, respectively, is entirely related to the differences in the tax and book bases of the pipeline assets of Tarpon. In May 1996, Manta Ray was merged with and into a subsidiary of Leviathan. Manta Ray had no taxable income for the respective periods prior to its liquidation.

NOTE 10 -- COMMITMENTS AND CONTINGENCIES:

Credit Facilities

Each of POPCO, Viosca Knoll and Stingray are parties to a credit agreement under which it has outstanding obligations that may restrict the payment of distributions to its owners.

POPCO has a revolving credit facility, as amended, (the "POPCO Credit Facility") with a syndicate of commercial banks to provide up to $150 million for the construction and expansion of Poseidon and for other working capital needs of POPCO. POPCO's ability to borrow money under the facility is subject to certain customary terms and conditions, including borrowing base limitations. The POPCO Credit Facility is collateralized by a substantial portion of POPCO's assets and matures on April 30, 2001. As of December 31, 1998 and 1997, POPCO had $131,000,000 and $120,500,000, respectively, outstanding under its credit facility bearing interest at an average floating rate of 6.9% and 7.2% per annum, respectively. At December 31, 1998, POPCO had approximately $19,000,000 of additional funds available under the facility.

Viosca Knoll has a revolving credit facility, as amended, (the "Viosca Knoll Credit Facility") with a syndicate of commercial banks to provide up to $100 million for the addition of compression to and expansion of the Viosca Knoll system and for other working capital needs of Viosca Knoll, including funds for a one-time distribution of $25 million to its partners. In December 1996, Leviathan received a $12,500,000 distribution from Viosca Knoll as a result of its 50% interest in Viosca Knoll. Viosca Knoll's ability to borrow money under its credit facility is subject to certain customary terms and conditions, including borrowing base limitations. The Viosca Knoll Credit Facility is collateralized by all of Viosca Knoll's material contracts and agreements, receivables and inventory and matures on December 20, 2001. If Viosca Knoll fails to pay any principal, interest or other amounts due pursuant to the Viosca Knoll Credit Facility, Leviathan is obligated to pay up to a maximum of $2,500,000 in settlement of 50% of Viosca Knoll's obligations under the Viosca Knoll Credit Facility agreement. As of December 31, 1998 and 1997, Viosca Knoll had $66,700,000 and $52,200,000, respectively, outstanding under the Viosca Knoll Credit Facility bearing interest at an average floating rate of 6.7% per annum. At December 31, 1998, Viosca Knoll had approximately $33,300,000 of additional funds available under the facility. See Note 14.

In March 1998, Stingray amended an existing term loan agreement (the "Stingray Credit Agreement") to provide for additional borrowings of up to $11.1 million and to extend the maturity date of the loan from December 31, 2000 to March 31, 2003. The Stingray Credit Agreement requires Stingray to make 18 quarterly principal payments of $1,583,333 commencing December 31, 1998. The term loan agreement is principally collateralized by current and future natural gas transportation contracts between Stingray and its customers. As of December 31, 1998 and 1997, Stingray had $26,917,000 and $17,400,000, respectively, outstanding under the Stingray Credit Agreement bearing interest at an average floating rate of 6.5% per annum. On the earlier to occur of March 31, 2003 or the accelerated due date pursuant to the Stingray Credit Agreement, if Stingray has not settled all amounts due under the Stingray Credit Agreement, Leviathan is obligated to pay the lesser of (i) $8,500,000, (ii) the aggregate amount of distributions received by Leviathan from Stingray subsequent to January 1, 1998, or (iii) 50% of any then outstanding amounts due pursuant to the Stingray Credit Agreement. Management cannot determine the likelihood of Leviathan's potential obligation associated with the Stingray Credit Agreement.

Hedging Activities

Leviathan hedges a portion of its oil and natural gas production to reduce Leviathan's exposure to fluctuations in market prices of oil and natural gas and to meet certain requirements of the Leviathan Credit Facility. Leviathan uses commodity price swap instruments whereby monthly settlements are based on differences between the prices specified in the instruments and the settlement prices of certain futures contracts quoted on the New York Mercantile Exchange ("NYMEX") or certain other indices. Leviathan settles the instruments by paying the negative difference or receiving the positive difference between the applicable settlement price and the price specified in the contract. The instruments utilized by Leviathan differ from futures contracts in that there is no contractual obligation which requires or allows for the future delivery of the product. The credit risk from Leviathan's price swap contracts is derived from the counter-party to the transaction, typically a major financial institution. Management does not require collateral and does not anticipate non-performance by this counter-party, which does not transact a sufficient volume of transactions with Leviathan to create a significant concentration of credit risk. Gains or losses on hedging activities are recognized as oil and gas sales in the period in which the hedged production is sold. For the years ended December 31, 1998, 1997 and 1996, Leviathan recorded a net (gain) loss of ($2,526,000), $6,340,000 and $2,826,000, respectively, from such activities.

As of December 31, 1998, Leviathan had open sales swap transactions for calendar 1999 of 10,000 million British thermal units ("MMbtu") of natural gas per day at a fixed price to be determined at Leviathan's option equal to the February 1999 Natural Gas Futures Contract on NYMEX as quoted at any time during 1998 and January 1999, to and including the last two trading days of the February 1999

contract, minus $0.23 per MMbtu. In January 1999, Leviathan renegotiated this contract to provide for 10,000 MMbtu of natural gas per day for calendar 2000 at a fixed price to be determined at Leviathan's option equal to the February 2000 Natural Gas Futures Contract on NYMEX as quoted at any time during 1999 and January 2000, to and including the last two trading days of the February 2000 contract, minus $0.5450 per MMbtu.

Additionally, Leviathan had open sales swap transactions for calendar 2000 of 10,000 MMbtu of natural gas per day at a fixed price to be determined at Leviathan's option equal to the January 2000 Natural Gas Futures Contract on NYMEX as quoted at any time during 1999, to and including the last two trading days of the January 2000 contract minus, $0.50 per MMbtu.

If Leviathan had settled its open natural gas hedging positions as of December 31, 1998 and 1997 based on the applicable settlement prices of the NYMEX futures contracts, Leviathan would have recognized a loss (gain) of approximately $2.6 million and ($2.2 million), respectively.

Other

Leviathan is involved from time to time in various claims, actions, lawsuits and regulatory matters that have arisen in the ordinary course of business, including various rate cases and other proceedings before the FERC.

Leviathan and several subsidiaries of El Paso have been made defendants in United States ex rel Grynberg v. El Paso Natural Gas Company, et al. litigation. Generally, the complaint in this motion alleges an industry-wide conspiracy to underreport the heating value as well as the volumes of the natural gas produced from federal and Indian lands, thereby depriving the United States government of royalties. The complaint remains sealed. Leviathan and El Paso believe the complaint is without merit and therefore will not have a material adverse effect on the consolidated financial position, operations or cash flows of Leviathan.

Leviathan is a defendant in a lawsuit filed by Transco Gas Pipe Line Corporation ("Transco") in the 157th Judicial District Court, Harris County, Texas on August 30, 1996. Transco alleges that, pursuant to a platform lease agreement entered into on June 28, 1994, Transco has the right to expand its facilities and operations on the offshore platform by connecting additional pipeline receiving and appurtenant facilities. Management has denied Transco's request to expand its facilities and operations because the lease agreement does not provide for such expansion and because Transco's activities will interfere with the Manta Ray Offshore system and Leviathan's existing and planned activities on the platform. Transco has requested a declaratory judgment and is seeking damages. The case is set for trial in June 1999. It is the opinion of management that adequate defenses exist and that the final disposition of this suit individually, and all of Leviathan's other pending legal proceedings in the aggregate, will not have a material adverse effect on the consolidated financial position, operations or cash flows of Leviathan.

In the ordinary course of business, Leviathan is subject to various laws and regulations. In the opinion of management, compliance with existing laws and regulations will not materially affect the consolidated financial position, operations or cash flows of Leviathan. Various legal actions which have arisen in the ordinary course of business are pending with respect to the pipeline interests and other assets of Leviathan. Management believes that the ultimate disposition of these actions, either individually or in the aggregate, will not have a material adverse effect on the consolidated financial position, operations or cash flows of Leviathan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 11 -- SUPPLEMENTAL DISCLOSURES TO THE STATEMENT OF CASH FLOWS:

Cash paid, net of amounts capitalized, during each of the periods presented

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
	(In thousands)		
Interest	$17,608	$12,965	$2,890
Taxes	$ --	$ 11	$ 20

Supplemental disclosures of noncash investing and financing activities

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
	(In thousands)		
Decrease (increase) in investment in Tatham Offshore	$ 7,500	$ --	$(7,500)
Additions to oil and natural gas properties	(4,683)	--	--
Additions to platform and facilities	(7,024)	--	--
Assumption of abandonment obligations	4,033	--	--
Increase in other noncurrent receivable	--	--	(7,500)
Increase in deferred revenue	--	--	15,000
Conveyance of assets and liabilities to POPCO	--	--	29,758
Conveyance of assets and liabilities to Manta Ray Offshore and Nautilus	30	72,080	--

NOTE 12 -- MAJOR CUSTOMERS:

As discussed in Note 8, Leviathan sells substantially all of its oil and natural gas production to Offshore Marketing.

The percentage of gathering, transportation and platform services revenue from major customers was as follows:

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
	(In thousands)		
Kerr-McGee Corporation	32%	--	--
Texaco Gas Marketing, Inc	10%	13%	--
Viosca Knoll	13%	--	--
Walter Oil & Gas Corporation	7%	13%	--
Shell Gas Trading Company	--	--	17%
Tatham Offshore	--	--	30%

NOTE 13 -- BUSINESS SEGMENT INFORMATION:

Leviathan's operations consist of three segments: (i) gathering, transportation and platform services, (ii) oil and natural gas and (iii) equity investments. All of Leviathan's operations are conducted in the Gulf. The gathering, transportation and platform services segment owns interests in natural gas systems and platforms strategically located offshore Texas, Louisiana and Mississippi that provides services to producers, marketers, other pipelines and end-users for a fee. Leviathan is engaged in the development and production of hydrocarbons through its oil and natural gas segment (Note 4). Equity investments primarily include Leviathan's nonregulated and regulated gathering and transportation activities that are conducted through joint ventures, organized as general partnerships or limited liability companies, with subsidiaries of major energy companies. The operational and administrative activities of Leviathan's equity investments are primarily conducted by the major energy companies and management decisions related to the operations are made by management committees comprised of representatives of each partner or member, as applicable, with authority appointed in direct relationship to ownership interests (Note 3). Leviathan evaluates segment performance based on operating net cash flows. The accounting policies of the individual segments are the same as those of Leviathan, as a whole, as described in Note 2. The following table summarizes certain financial information for each business segment (in thousands):

	GATHERING, TRANSPORTATION AND PLATFORM SERVICES	OIL AND NATURAL GAS	EQUITY INVESTMENTS	SUBTOTAL	INTERSEGMENT ELIMINATIONS	TOTAL
YEAR ENDED DECEMBER 31, 1998:						
Revenue from external customers...	$ 17,320	$ 31,411	$26,724	$ 75,455	$ --	$ 75,455
Intersegment revenue.....	10,673	--	--	10,673	(10,673)	--
Depreciation, depletion and amortization.....	(7,134)	(22,133)	--	(29,267)	--	(29,267)
Impairment, abandonment and other.....	1,131	--	--	1,131	--	1,131
Operating income (loss).....	9,128	(10,271)	20,904	19,761	--	19,761
YEAR ENDED DECEMBER 31, 1997:						
Revenue from external customers...	$ 17,329	$ 58,106	$29,327	$104,762	$ --	$104,762
Intersegment revenue.....	11,162	--	--	11,162	(11,162)	--
Depreciation, depletion and amortization.....	(9,900)	(36,389)	--	(46,289)	--	(46,289)
Impairment, abandonment and other.....	(10,268)	(10,954)	--	(21,222)	--	(21,222)
Operating income (loss).....	(1,278)	(9,676)	22,192	11,238	--	11,238
YEAR ENDED DECEMBER 31, 1996:						
Revenue from external customers...	$ 24,005	$ 47,068	$20,434	$ 91,507	$ --	$ 91,507
Intersegment revenue.....	10,052	--	--	10,052	(10,052)	--
Depreciation, depletion and amortization.....	(15,002)	(16,729)	--	(31,731)	--	(31,731)
Operating income.....	9,787	15,489	16,892	42,168	--	42,168

NOTE 14 -- SUBSEQUENT EVENTS:

Acquisition of Additional Interest in Viosca Knoll Gathering Company, the Issuance of Common Units to the General Partner and the Amendment to the Partnership Agreement

Currently, Viosca Knoll is effectively owned 50% by Leviathan and 50% by El Paso (Note 3). In January 1999, Leviathan announced its intent to acquire all of El Paso's interest in Viosca Knoll, other than a 1% interest in profits and capital of Viosca Knoll, for approximately $85.26 million (subject to adjustment), comprised of 25% cash (up to a maximum of $21.315 million) and 75% Common Units (up

to a maximum of 3,205,263 Common Units), the number of which will depend on the average closing price of Common Units during the applicable trading reference period. At the closing, (i) El Paso will contribute to Viosca Knoll an amount of money equal to 50% of the amount then outstanding under the Viosca Knoll Credit Facility (currently a total of $66.7 million is outstanding), (ii) Leviathan will deliver to El Paso the cash and Common Units discussed above and (iii) as required by the Partnership Agreement, the General Partner will contribute approximately $650,000 to Leviathan in order to maintain its 1% capital account balance. Then, during the six month period commencing on the day after the first anniversary of that closing date, Leviathan would have the option to acquire the remaining 1% in profits and capital in Viosca Knoll for a cash payment equal to the sum of $1.74 million plus the amount of additional distributions which would have been paid, accrued or been in arrears had Leviathan acquired the remaining 1% of Viosca Knoll at the initial closing by issuing additional Common Units in lieu of a cash payment of $1.74 million.

The number of units actually issued by Leviathan will vary depending on the market price of Common Units during the applicable trading reference period. Such number will be determined by dividing $63.945 million (subject to adjustment) by the average closing sales price for a Common Unit on the NYSE for the ten day trading period ending two days prior to the closing date (the "Market Price"); provided that, for purposes of such calculation, the Market Price will not be less than $19.95 per Common Unit or more than $24.15 per Common Unit. Accordingly, Leviathan will neither issue less than 2,647,826 nor more than 3,205,263 Common Units, subject to adjustments contemplated by the definitive agreements. Based on the closing sales price of the Common Units on March 5, 1999 of $20.875 per unit, Leviathan would issue 3,063,234 Common Units to El Paso, which issuance would constitute approximately 10.9% of the units (Common and Preference) outstanding immediately after such issuance and would result in El Paso owning, indirectly through its subsidiaries, a combined 35.4% effective interest in Leviathan, consisting of a 1% general partnership interest, a 33.4% limited partnership interest comprised of 9,355,128 Common Units and an approximate 1% nonmanaging interest in certain subsidiaries of Leviathan.

Although certain federal and state securities laws would otherwise limit El Paso's ability to dispose of any Common Units held by it, El Paso would have the right on three occasions to require Leviathan to file a registration statement covering such Common Units and to participate in offerings made pursuant to certain other registration statements filed by Leviathan during a ten year period. Such registrations would be at Leviathan's expense and, generally, would allow El Paso to dispose of all or any of its Common Units. If the acquisition is consummated, there can be no assurance regarding how long El Paso may hold any of its Common Units or whether El Paso's disposition of a significant number of Common Units in a short period of time would not depress the market price of the Common Units.

Upon consummation of the acquisition, Leviathan would be the beneficial owner of 99% of Viosca Knoll and have the option to acquire the remaining 1% interest. Leviathan and El Paso entered into a Contribution Agreement dated January 22, 1999, which is effective as of January 1, 1999. Consummation of the acquisition is subject to the satisfaction of certain closing conditions, including, among other things, obtaining certain third party consents. The consent of the lenders under the Leviathan Credit Facility and the Viosca Knoll Credit Facility must be obtained prior to consummating this transaction. There can be no assurance that all such required consents will be obtained. Management believes that the acquisition of the Viosca Knoll interest does not require any federal, state or other regulatory approval.

On January 19, 1999, the Board of Directors of the General Partner unanimously approved and ratified and recommended that the unitholders approve and ratify the acquisition of the additional Viosca Knoll interest. Based upon, among other things, a multi-faceted review and analysis of the acquisition, as well as the recommendation for approval and ratification from the Special Committee of independent directors and the fairness opinion of an independent financial advisor, the Board of Directors of the

General Partner believes that the acquisition is fair to and in the best interests of Leviathan and its unitholders. On March 5, 1999, the unitholders of record as of January 28, 1999, held a meeting and ratified and approved (i) the transactions relating to Leviathan's acquisition of El Paso's interest in Viosca Knoll and (ii) an amendment of the Partnership Agreement to decrease the vote required for approval of certain actions, including the removal of the general partner without cause, from 66 2/3% to 55%.

If the remaining conditions to closing are satisfied, including obtaining certain third party consents, management believes that the closing of the acquisition of the Viosca Knoll interest will occur during the second quarter of 1999.

Joint Venture Restructuring and New Pipeline Construction

In December 1998, the partners of High Island Offshore System, a Delaware partnership between Leviathan (40%), subsidiaries of ANR Pipeline Company ("ANR") (40%) and a subsidiary of Natural Gas Pipeline Company ("NGPL") (20%), restructured the joint venture arrangement by (i) creating a holding company, Western Gulf Holdings, L.L.C. ("Western Gulf"), (ii) converting High Island Offshore System, which owns a jurisdictional natural gas pipeline located in the Gulf, into a limited liability company, HIOS and (iii) forming a new limited liability company, East Breaks Gathering Company, L.L.C. ("East Breaks") to construct and operate a non-jurisdictional natural gas pipeline system. Western Gulf, owned 40% by Leviathan, 40% by ANR and 20% by NGPL, owns 100% of each of HIOS and East Breaks.

In February 1999, Western Gulf entered into a $100 million revolving credit facility (the "Western Gulf Credit Facility") with a syndicate of commercial banks to provide funds for the construction of the East Breaks system and for other working capital needs of Western Gulf. The ability of Western Gulf to borrow money under its credit facility is subject to certain customary terms and conditions, including borrowing base limitations. The credit facility is collateralized by substantially all of the material contracts and agreements of East Breaks and Western Gulf including Western Gulf's ownership in HIOS and East Breaks, and matures in February 2004. As of March 10, 1999, Western Gulf had $44.1 million outstanding under its credit facility bearing interest at an average floating rate of 6.4% per annum and $55.9 million of additional funds were available under the credit facility.

The East Breaks system will initially consist of 85 miles of an 18 to 20-inch pipeline and related facilities connecting the Diana/Hoover prospects developed by Exxon Company USA ("Exxon") and BP Amoco Plc ("BP Amoco") in Alaminos Canyon Block 25 in the Gulf, with the HIOS system. The majority of the construction of the East Breaks system will occur in 1999 and the system is anticipated to be in service in late 2000 at an estimated cost of approximately $90 million. East Breaks entered into long-term agreements with Exxon and BP Amoco involving the commitment, gathering and processing of production from the Diana/Hoover prospects. All of the natural gas to be produced from 11 blocks in the East Breaks and Alaminos Canyon areas will be dedicated for transportation services on the HIOS system.

NOTE 15 -- SUPPLEMENTAL OIL AND NATURAL GAS INFORMATION (UNAUDITED):

Oil and natural gas reserves

The following table represents Leviathan's net interest in estimated quantities of developed and undeveloped reserves of crude oil, condensate and natural gas and changes in such quantities at fiscal year end 1998, 1997 and 1996. Estimates of Leviathan's reserves at December 31, 1998, 1997 and 1996 have been made by the independent engineering consulting firm, Netherland, Sewell & Associates, Inc. Net proved reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed reserves are proved reserve volumes that can

be expected to be recovered through existing wells with existing equipment and operating methods. Proved undeveloped reserves are proved reserve volumes that are expected to be recovered from new wells on undrilled acreage or from existing wells where a significant expenditure is required for recompletion.

Estimates of reserve quantities are based on sound geological and engineering principles, but, by their very nature, are still estimates that are subject to substantial upward or downward revision as additional information regarding producing fields and technology becomes available.

	OIL/CONDENSATE (BARRELS)	NATURAL GAS (MCF)
	(In thousands)	
Proved reserves -- December 31, 1995	4,323	61,292
Revisions of previous estimates	(734)	(4,823)
Extensions, discoveries and other additions	294	3,832
Production	(421)	(15,787)
Proved reserves -- December 31, 1996	3,462	44,514
Revisions of previous estimates	(542)	5,441
Production	(801)	(19,792)
Proved reserves -- December 31, 1997	2,119	30,163
Revisions of previous estimates	(33)	1,833
Purchase of reserves in place	32	8,212
Production	(540)	(11,324)
Proved reserves -- December 31, 1998	1,578	28,884
Proved developed reserves -- December 31, 1996	3,149	44,075
Proved developed reserves -- December 31, 1997	2,119	28,324
Proved developed reserves -- December 31, 1998	1,578	26,432

In general, estimates of economically recoverable oil and natural gas reserves and of the future net revenue therefrom are based upon a number of variable factors and assumptions, such as historical production from the subject properties, the assumed effects of regulation by governmental agencies and assumptions concerning future oil and natural gas prices, future operating costs and future plugging and abandonment costs, all of which may vary considerably from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For these reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of the future net revenue expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. The meaningfulness of such estimates is highly dependent upon the assumptions upon which they are based.

Furthermore, Leviathan's wells have only been producing for a short period of time and, accordingly, estimates of future production are based on this limited history. Estimates with respect to proved undeveloped reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than upon actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations, which may be substantial, in the estimated reserves. A significant portion of Leviathan's reserves is based upon volumetric calculations.

Future net cash flows

The standardized measure of discounted future net cash flows relating to Leviathan's proved oil and natural gas reserves is calculated and presented in accordance with SFAS No. 69, "Disclosures About Oil and Gas Producing Activities." Accordingly, future cash inflows were determined by applying year-end oil and natural gas prices, as adjusted for hedging and other fixed price contracts in effect, to Leviathan's estimated share of future production from proved oil and natural gas reserves. The average prices utilized in the calculation of the standardized measure of discounted future net cash flows at December 31, 1998 were $9.80 per barrel of oil and $1.53 per Mcf of gas. Future production and development costs were computed by applying year-end costs to future years. As Leviathan is not a taxable entity, no future income taxes were provided. A prescribed 10% discount factor was applied to the future net cash flows.

In Leviathan's opinion, this standardized measure is not a representative measure of fair market value, and the standardized measure presented for Leviathan's proved oil and natural gas reserves is not representative of the reserve value. The standardized measure is intended only to assist financial statement users in making comparisons between companies.

	DECEMBER 31,		
	1998	1997	1996
	(In thousands)		
Future cash inflows	$ 53,299	$104,192	$206,311
Future production costs	(13,412)	(15,895)	(13,019)
Future development costs	(10,566)	(10,463)	(5,328)
Future income tax expenses	--	--	--
Future net cash flows	29,321	77,834	187,964
Annual discount at 10% rate	(2,649)	(10,468)	(32,326)
Standardized measure of discounted future net cash flows	$ 26,672	$ 67,366	$155,638

	DECEMBER 31, 1998		
	PROVED DEVELOPED	PROVED UNDEVELOPED	TOTAL
	(In thousands)		
Undiscounted estimated future net cash flows from proved reserves before income taxes	$28,457	$864	$29,321
Present value of estimated future net cash flows from proved reserves before income taxes, discounted at 10%	$26,131	$541	$26,672

The following are the principal sources of change in the standardized measure (in thousands):

	1998	1997	1996
Beginning of year	$ 67,366	$155,638	$115,170
Sales and transfers of oil and natural gas produced, net of production costs	(22,131)	(53,492)	(40,420)
Net changes in prices and production costs	(32,129)	(35,645)	45,358
Extensions, discoveries and improved recovery, less related costs	--	--	17,077
Oil and natural gas development costs incurred during the year	120	11,140	57,501
Changes in estimated future development costs	(443)	(12,439)	(29,421)
Revisions of previous quantity estimates	1,920	(3,817)	(19,686)
Purchase of reserves in place	7,573	--	--
Accretion of discount	6,736	15,564	11,517
Changes in production rates, timing and other	(2,340)	(9,583)	(1,458)
End of year	$ 26,672	$ 67,366	$155,638

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 16 -- SUPPLEMENTAL QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

	YEAR 1998				
	QUARTER ENDED				
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31	YEAR
	(In thousands, except for per Unit data)				
Revenue	$17,714	$18,373	$18,230	$21,138	$75,455
Gross profit(a)	$ 7,010	$ 8,687	$ 8,165	$10,957	$34,819
Net income (loss)	$(1,424)	$ 1,510	$(1,806)	$ 2,466	$ 746
Basic and diluted net income (loss) per unit	$ (0.05)	$ 0.05	$ (0.06)	$ 0.08	$ 0.02
Weighted average number of Units outstanding	24,367	24,367	24,367	24,367	24,367
Distributions declared per Common Unit	$ 0.525	$ 0.525	$ 0.525	$ 0.525	$ 2.10
Distributions declared per Preference Unit	$ 0.525	$ 0.525	$ 0.275	$ 0.275	$ 1.60

	YEAR 1997				
	QUARTER ENDED				
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31	YEAR
	(In thousands, except for per Unit data)				
Revenue	$31,028	$ 28,226	$25,474	$20,034	$104,762
Gross profit(a)	$13,980	$ 11,289	$11,311	$10,541	$ 47,121
Net income (loss)	$ 8,964	$(15,855)	$ 3,274	$ 2,479	$ (1,138)
Basic and diluted net income (loss) per unit	$ 0.32	$ (0.58)	$ 0.12	$ 0.08	$ (0.06)
Weighted average number of Units outstanding	24,367	24,367	24,367	24,367	24,367
Distributions declared per Preference and Common Unit	$ 0.425	$ 0.45	$ 0.475	$ 0.50	$ 1.85

	YEAR 1996				
	QUARTER ENDED				
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31	YEAR
	(In thousands, except for per Unit data)				
Revenue	$19,637	$18,562	$24,214	$29,094	$91,507
Gross profit(a)	$12,437	$10,792	$13,246	$14,233	$50,708
Net income (loss)	$10,910	$ 9,161	$10,006	$ 8,615	$38,692
Basic and diluted net income (loss) per unit	$ 0.44	$ 0.37	$ 0.41	$ 0.35	$ 1.57
Weighted average number of Units outstanding	24,367	24,367	24,367	24,367	24,367
Distributions declared per Preference and Common Unit	$ 0.325	$ 0.35	$ 0.375	$ 0.40	$ 1.45

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(a) Represent revenue less operating and depreciation, depletion and amortization expenses.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholder of
Leviathan Finance Corporation

In our opinion, the accompanying balance sheet presents fairly, in all material respects, the financial position of Leviathan Finance Corporation (the "Company") at April 30, 1999 in conformity with generally accepted accounting principles. 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 generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Houston, Texas
May 3, 1999

LEVIATHAN FINANCE CORPORATION
(A WHOLLY OWNED SUBSIDIARY OF LEVIATHAN GAS PIPELINE PARTNERS, L.P.)

BALANCE SHEET

APRIL 30, 1999

ASSETS

Subscription receivable from parent	$1,000
Total assets	$1,000

STOCKHOLDER'S EQUITY

Common stock, $1.00 par value, 1,000 shares authorized; 1,000 issued and outstanding	$1,000
Total stockholder's equity	$1,000

The accompanying note is an integral part of this financial statement.

LEVIATHAN FINANCE CORPORATION
(A WHOLLY OWNED SUBSIDIARY OF LEVIATHAN GAS PIPELINE PARTNERS, L.P.)

NOTE TO BALANCE SHEET

NOTE 1 -- ORGANIZATION:

Leviathan Finance Corporation (the "Company"), a Delaware corporation, was formed on April 30, 1999 for the sole purpose of co-issuing $175,000,000 aggregate principal amount of Senior Subordinated Notes due May 2009 (the "Notes") with Leviathan Gas Pipeline Partners, L.P. ("Leviathan"), the Company's parent. Leviathan, a publicly held Delaware master limited partnership, is primarily engaged in the gathering, transportation and production of natural gas and crude oil in the Gulf of Mexico. Through its subsidiaries and joint ventures, Leviathan owns interests in significant assets, including (i) eight natural gas pipelines, (ii) a crude oil pipeline system, (iii) six strategically-located multi-purpose platforms, (iv) a dehydration facility, (v) four producing oil and natural gas properties and (vi) one undeveloped oil and natural gas property.

The Company's subscription receivable was generated from the initial capitalization of the Company in which the Company issued 1,000 shares of common stock at $1.00 par value. The Company has not conducted any operations and all activities have related to the issuance of the Notes.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Partners of Viosca Knoll Gathering
Company (a Delaware general partnership)

In our opinion, the accompanying balance sheet and the related statements of operations, of cash flows and of partners' capital present fairly, in all material respects, the financial position of Viosca Knoll Gathering Company (a Delaware general partnership) ("Viosca Knoll") as of December 31, 1998 and 1997, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles. These financial statements are the responsibility of Viosca Knoll's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards 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 the opinion expressed above.

PricewaterhouseCoopers LLP

Houston, Texas
March 19, 1999

VIOSCA KNOLL GATHERING COMPANY
(A DELAWARE GENERAL PARTNERSHIP)

BALANCE SHEET
(In thousands)

	MARCH 31, 1999	DECEMBER 31, 1998	DECEMBER 31, 1997
	(UNAUDITED)		
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,593	$ 155	$ 135
Accounts receivable	3,356	4,885	2,658
Accounts receivable from affiliates	512	179	561
Other current assets	415	232	--
Total current assets	5,876	5,451	3,354
Property and equipment:			
Pipelines	108,121	108,121	103,121
Construction-in-progress	119	--	1,449
Other	77	77	24
	108,317	108,198	104,594
Less: Accumulated depreciation	11,592	10,662	6,886
Property, plant and equipment, net	96,725	97,536	97,708
Debt issue costs, net	203	222	296
Total assets	$102,804	$103,209	$101,358
LIABILITIES AND PARTNERS' CAPITAL			
Current liabilities:			
Accounts payable	$ 523	$ 414	$ 3,841
Accounts payable to affiliates	292	552	851
Accrued liabilities	49	55	6,588
Total current liabilities	864	1,021	11,280
Provision for negative salvage	360	340	256
Notes payable	66,700	66,700	52,200
	67,924	68,061	63,736
Commitments and contingencies			
Partners' capital:			
VK Deepwater	17,440	17,574	18,811
EPEC Deepwater	17,440	17,574	18,811
	34,880	35,148	37,622
Total liabilities and partners' capital	$102,804	$103,209	$101,358

The accompanying notes are an integral part of this financial statement.

VIOSCA KNOLL GATHERING COMPANY
(A DELAWARE GENERAL PARTNERSHIP)

STATEMENT OF OPERATIONS
(In thousands)

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1999	1998	1998	1997	1996
	(UNAUDITED)				
Revenue:					
Transportation services	$7,342	$6,804	$28,806	$23,128	$13,923
Oil and natural gas sales	19	223	528	--	--
	7,361	7,027	29,334	23,128	13,923
Costs and expenses:					
Operating expenses	229	606	2,877	1,990	298
Depreciation	950	930	3,860	2,474	2,269
General and administrative expenses	41	45	154	125	126
	1,220	1,581	6,891	4,589	2,693
Operating income	6,141	5,446	22,443	18,539	11,230
Interest income	16	11	50	40	--
Interest and other financing costs	(1,125)	(929)	(4,267)	(1,959)	(90)
Net income	$5,032	$4,528	$18,226	$16,620	$11,140

The accompanying notes are an integral part of this financial statement.

VIOSCA KNOLL GATHERING COMPANY
(A DELAWARE GENERAL PARTNERSHIP)

STATEMENT OF CASH FLOWS
(In thousands)

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		
	1999	1998	1998	1997	1996
	(UNAUDITED)				
Cash flows from operating activities:					
Net income	$ 5,032	$ 4,528	$ 18,226	$ 16,620	$ 11,140
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Depreciation	950	930	3,860	2,474	2,269
Amortization of debt issue costs	19	18	74	73	--
Changes in operating working capital:					
Decrease (increase) in accounts receivable	1,529	(1,323)	(2,227)	340	(1,462)
(Increase) decrease in accounts receivable from affiliates	(333)	65	382	573	(1,046)
Increase in other current assets	(183)	--	(232)	--	--
Increase (decrease) in accounts payable	109	(2,827)	(3,427)	1,937	1,557
(Decrease) increase in accounts payable to affiliates	(260)	(194)	(299)	513	(2,312)
(Decrease) increase in accrued liabilities	(6)	(4,096)	(6,533)	6,328	(251)
Net cash provided by (used in) operating activities	6,857	(2,899)	9,824	28,858	9,895
Cash flows from investing activities:					
Additions to pipeline assets	--	(641)	(3,604)	(27,541)	(5,219)
Construction-in-progress	(119)	--	--	(1,449)	(3,410)
Net cash used in investing activities	(119)	(641)	(3,604)	(28,990)	(8,629)
Cash flows from financing activities:					
Proceeds from notes payable	--	7,800	14,500	18,900	33,300
Contributions from partners	1,400	--	--	320	3,018
Distributions to partners	(6,700)	(4,300)	(20,700)	(19,300)	(36,900)
Debt issue costs	--	--	--	(70)	(300)
Net cash (used in) provided by financing activities	(5,300)	3,500	(6,200)	(150)	(882)
Net increase (decrease) in cash and cash equivalents	1,438	(40)	20	(282)	384
Cash and cash equivalents at beginning of year	155	135	135	417	33
Cash and cash equivalents at end of period	$ 1,593	$ 95	$ 155	$ 135	$ 417
Cash paid for interest, net of amounts capitalized	$ 1,113	$ 898	$ 4,180	$ 1,878	$ --

The accompanying notes are an integral part of this financial statement.

VIOSCA KNOLL GATHERING COMPANY
(A DELAWARE GENERAL PARTNERSHIP)

STATEMENT OF PARTNERS' CAPITAL
(In thousands)

	VK DEEPWATER	EPEC DEEPWATER	TOTAL
Partners' capital at December 31, 1995	$ 31,362	$ 31,362	$ 62,724
Contributions	1,509	1,509	3,018
Distributions	(18,450)	(18,450)	(36,900)
Net income	5,570	5,570	11,140
Partners' capital at December 31, 1996	19,991	19,991	39,982
Contributions	160	160	320
Distributions	(9,650)	(9,650)	(19,300)
Net income	8,310	8,310	16,620
Partners' capital at December 31, 1997	18,811	18,811	37,622
Distributions	(10,350)	(10,350)	(20,700)
Net income	9,113	9,113	18,226
Partners' capital at December 31, 1998	17,574	17,574	35,148
Contributions (unaudited)	700	700	1,400
Distributions (unaudited)	(3,350)	(3,350)	(6,700)
Net income (unaudited)	2,516	2,516	5,032
Partners' capital at March 31, 1999 (unaudited)	$ 17,440	$ 17,440	$ 34,880

The accompanying notes are an integral part of this financial statement.

VIOSCA KNOLL GATHERING COMPANY
(A DELAWARE GENERAL PARTNERSHIP)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 -- ORGANIZATION:

Viosca Knoll Gathering Company ("Viosca Knoll") is a Delaware general partnership formed in May 1994 to design, construct, own and operate the Viosca Knoll Gathering System (the "Viosca Knoll system") and any additional facilities constructed or acquired pursuant to the Joint Venture Agreement between VK Deepwater Gathering Company, L.L.C. ("VK Deepwater"), an approximate 99% owned subsidiary of Leviathan Gas Pipeline Partners, L.P. ("Leviathan"), and EPEC Deepwater Gathering Company ("EPEC Deepwater"), an indirect subsidiary of El Paso Energy Corporation ("El Paso"). El Paso, as a result of its merger with DeepTech International Inc. on August 14, 1998, owns an effective 27.3% interest in Leviathan. Each of the partners has a 50% interest in Viosca Knoll. Viosca Knoll is managed by a committee consisting of representatives from each of the partners. Viosca Knoll has no employees. VK Deepwater is the operator of Viosca Knoll and has contracted with an affiliate of EPEC Deepwater to maintain the pipeline and with Leviathan to perform financial, accounting and administrative services.

The Viosca Knoll system is a non-jurisdictional gathering system designed to serve the Main Pass, Mississippi Canyon and Viosca Knoll areas of the Gulf of Mexico (the "Gulf"), southeast of New Orleans, offshore Louisiana. The Viosca Knoll system, has a maximum design capacity of approximately 1 billion cubic feet of natural gas per day and consists of 125 miles of predominantly 20-inch natural gas pipelines and a large compressor. The Viosca Knoll system provides its customers access to the facilities of a number of major interstate pipelines, including Tennessee Gas Pipeline Company, Columbia Gulf Transmission Company, Southern Natural Gas Company, Transcontinental Gas Pipe Line and Destin Pipeline Company.

The base system, comprised of (i) an approximately 94 mile, 20-inch diameter pipeline from a platform in Main Pass Block 252 owned by Shell Offshore, Inc. ("Shell") to a pipeline owned by Tennessee Gas Pipeline Company at South Pass Block 55 and (ii) a six mile, 16-inch diameter pipeline from an interconnection with the 20-inch diameter pipeline at Viosca Knoll Block 817 to a pipeline owned by Southern Natural Gas Company at Main Pass Block 289, was constructed in 1994. A 7,000 horsepower compressor was installed in 1996 on Leviathan's Viosca Knoll 817 platform to allow Viosca Knoll to effect deliveries at the operating pressures on downstream interstate pipelines with which it is interconnected. The additional capacity created by such compression allowed Viosca Knoll to transport new natural gas volumes during 1997 from the Shell-operated Southeast Tahoe and Ram-Powell fields as well as other new deepwater projects in the area. In 1997, Viosca Knoll added approximately 25 miles of parallel 20-inch pipelines.

NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES:

Cash and cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Property and equipment

Gathering pipelines and related facilities are recorded at cost and depreciated on a straight-line basis over an estimated useful life of 30 years. Viosca Knoll also calculates a negative salvage provision using the straight-line method based on an estimated cost of abandoning the pipeline of $2.5 million. Other property, plant and equipment is depreciated on a straight-line basis over an estimated useful life of five years. Maintenance and repair costs are expensed as incurred; additions, improvements and replacements

are capitalized. Retirements, sales and disposals of assets are recorded by eliminating the related costs and accumulated depreciation of the disposed assets with any resulting gain or loss reflected in income.

Viosca Knoll evaluates impairment of its property and equipment in accordance with Statement of Financial Accounting Standard ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" which requires recognition of impairment losses on long-lived assets if the carrying amount of such assets, grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows from other assets, exceeds the estimated undiscounted future cash flows of such assets. Measurement of any impairment loss will be based on the fair value of the assets.

Capitalization of interest

Interest and other financing costs are capitalized in connection with construction activities as part of the cost of the asset and amortized over the related asset's estimated useful life.

Debt issue costs

Debt issue costs are capitalized and amortized over the life of the related indebtedness. Any unamortized debt issue costs are expensed at the time the related indebtedness is repaid or otherwise terminated.

Revenue recognition

Revenue from pipeline transportation of natural gas is recognized upon receipt of the natural gas into the pipeline system. Revenue from demand charges is recognized in the period the services are provided. Revenue from oil and natural gas sales is recognized upon delivery in the period of production.

Income taxes

Viosca Knoll is not a taxable entity. Income taxes are the responsibility of the partners and are not reflected in these financial statements. However, the taxable income or loss resulting from the operations of Viosca Knoll will ultimately be included in the federal income tax returns of the partners and may vary substantially from income or loss reported for financial statement purposes.

Estimates

The preparation of Viosca Knoll's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions, including those related to potential environmental liabilities and future regulatory status, that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

Recent Pronouncements

In April 1998, the American Institute of Certified Public Accountants issued SOP 98-5, "Reporting on the Costs of Start-Up Activities." This statement defines start-up activities, requires start-up and organization costs to be expensed as incurred and requires that any such costs that exist on the balance sheet be expensed upon adoption of this pronouncement. The statement is effective for fiscal years beginning after December 15, 1998. Viosca Knoll adopted the provisions of this statement on January 1, 1999 resulting in no material impact on its financial position or results of operations.

VIOSCA KNOLL GATHERING COMPANY
(A DELAWARE GENERAL PARTNERSHIP)

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," to be effective for all fiscal years beginning after June 15, 1999. SFAS No. 133 requires that entities recognize all derivative instruments as either assets or liabilities on the balance sheet and measure those instruments at fair value. The accounting for changes in the fair value of a derivative will depend on the intended use of the derivative and the resulting designation. Viosca Knoll is currently evaluating the impact, if any, of SFAS No. 133.

NOTE 3 -- INDEBTEDNESS:

In December 1996, Viosca Knoll entered into a revolving credit facility (the "Viosca Knoll Credit Facility") with a syndicate of commercial banks to provide up to $100 million for the addition of compression and expansion to the Viosca Knoll System and for other working capital needs of Viosca Knoll, including providing a one time distribution not to exceed $25 million to its partners (Note 7). Viosca Knoll's ability to borrow money under the facility is subject to certain customary terms and conditions, including borrowing base limitations. The Viosca Knoll Credit Facility is collateralized by all of Viosca Knoll's material contracts and agreements, receivables and inventory and matures on December 20, 2001. As of March 31, 1999, December 31, 1998 and 1997, Viosca Knoll had $66,700,000, $66,700,000 and $52,200,000, respectively, outstanding under the Viosca Knoll Credit Facility bearing interest at an average floating rate of 6.0%, 6.7% and 6.7% per annum. As of March 31, 1999 and December 31, 1998, approximately $33,300,000 of additional funds are available under the Viosca Knoll Credit Facility. See Note 8.

Interest and other financing costs totaled $1,125,000 (unaudited), $4,278,000, $2,710,000 and $90,000 for the three months ended March 31, 1999 and for the years ended December 31, 1998, 1997 and 1996, respectively. During the three months ended March 31, 1999 and the years ended December 31, 1998 and 1997, Viosca Knoll capitalized $0 (unaudited), $11,000 and $751,000, respectively, of such costs in connection with construction projects in progress.

NOTE 4 -- RELATED PARTY TRANSACTIONS:

Pursuant to a management agreement dated May 24, 1994 between Viosca Knoll and Leviathan, Leviathan charges Viosca Knoll a base fee of $100,000 annually in exchange for Leviathan providing financial, accounting and administrative services on behalf of Viosca Knoll. For each of the years ended December 31, 1998, 1997 and 1996, Leviathan charged Viosca Knoll $100,000 in accordance with this management agreement.

Viosca Knoll and EPEC Gas Services Company ("EPEC Gas"), an affiliate of EPEC Deepwater, entered into a construction and operation agreement whereby EPEC Gas provided personnel to manage the construction and operation of the Viosca Knoll System in exchange for a one-time management fee of $3,000,000 and provides routine maintenance services on behalf of Viosca Knoll. For the years ended December 31, 1998, 1997 and 1996, EPEC Gas charged Viosca Knoll $415,000, $216,000 and $200,000, respectively, with respect to its operating and maintenance services.

In addition, EPEC Gas and VK-Main Pass Gathering Company, L.L.C. ("VK Main Pass"), a subsidiary of Leviathan, acquired and installed a compressor on the Viosca Knoll 817 Platform, which is owned by Leviathan. The compressor was placed in service in January 1997. For the years ended December 31, 1998, 1997 and 1996, Viosca Knoll reimbursed EPEC Gas $1,762,000, $1,282,000 and $8,072,000, respectively, for construction related costs. For the years ended December 31, 1998, 1997 and 1996, Viosca Knoll reimbursed VK Main Pass $152,000, $47,000 and $254,000, respectively, for construction related items.

VIOSCA KNOLL GATHERING COMPANY
(A DELAWARE GENERAL PARTNERSHIP)

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

Included in transportation services revenue during the years ended December 31, 1998, 1997 and 1996 is $1,881,000, $3,921,000 and $3,229,000, respectively, of revenue earned from transportation services provided to Flextrend Development Company, L.L.C., a subsidiary of Leviathan. Included in operating expenses for the years ended December 31, 1998, 1997 and 1996 is $2,447,000, $2,116,000 and $249,000, respectively, of platform access fees and related expenses charged to Viosca Knoll by VK Main Pass.

NOTE 5 -- COMMITMENTS AND CONTINGENCIES:

In the ordinary course of business, Viosca Knoll is subject to various laws and regulations. In the opinion of management, compliance with existing laws and regulations will not materially affect the financial position or operations of Viosca Knoll.

The Viosca Knoll system is a gathering facility and as such is not currently subject to rate and certificate regulation by the Federal Energy Regulatory Commission (the "FERC"). However, the FERC has asserted that it has rate jurisdiction under the Natural Gas Act of 1938, as amended (the "NGA"), over gathering services performed through gathering facilities owned by a natural gas company (as defined in the NGA) when such services were performed "in connection with" transportation services provided by such natural gas company. Whether, and to what extent, the FERC should exercise any NGA rate jurisdiction it may be found to have over gathering facilities owned either by natural gas companies or affiliates thereof is subject to case-by-case review by the FERC. Based on current FERC policy and precedent, Viosca Knoll does not anticipate that the FERC will assert or exercise any NGA rate jurisdiction over the Viosca Knoll system so long as the services provided through such system are not performed "in connection with" transportation services performed through any of the regulated pipelines of either of the partners.

NOTE 6 -- MAJOR CUSTOMERS:

Transportation revenue from major customers was as follows:

	YEAR ENDED DECEMBER 31,					
	1998		1997		1996	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
Shell Offshore, Inc.	$10,836	38	$11,198	48	$ 5,141	37
Snyder Oil Corporation	4,801	17	3,653	16	3,275	24
Exxon Corporation	3,354	12	498	2	--	--
Amoco Production Company	3,292	11	475	2	--	--
Flextrend Development Company, L.L.C.	1,881	7	3,921	17	3,229	23
Other	4,642	15	3,383	15	2,278	16
	$28,806	100	$23,128	100	$13,923	100

NOTE 7 -- CASH DISTRIBUTIONS:

In March 1995, Viosca Knoll began making monthly distributions of 100% of its Available Cash, as defined in the Joint Venture Agreement, to the partners. Available Cash consists generally of all the cash receipts of Viosca Knoll less all of its cash disbursements less reasonable reserves, including, without limitation, those necessary for working capital and near-term commitments and obligations or other contingencies of Viosca Knoll. Viosca Knoll expects to make distributions of Available Cash within 15 days after the end of each month to its partners. During the three months ended March 31, 1999 and the years ended December 31, 1998, 1997 and 1996, Viosca Knoll paid distributions of $6,700,000 (unaudited), $20,700,000, $19,300,000 and $36,900,000, respectively, to its partners. The distributions paid during 1996 include $25 million of funds provided from borrowings under the Viosca Knoll Credit Facility.

The Viosca Knoll Credit Facility Agreement includes a covenant by which distributions are limited to the greater of net income or 90% of earnings before interest and depreciation as defined in the agreement.

NOTE 8 -- SUBSEQUENT EVENTS:

In January 1999, EPEC Deepwater announced the sale of (a) all of its interest in Viosca Knoll, other than a 1% interest in profits and capital in Viosca Knoll, to VK Deepwater for approximately $85.26 million (subject to adjustment), comprised of 25% cash (up to a maximum of $21.315 million) and 75% common units of Leviathan (up to a maximum of 3,205,263 common units), the actual number of which will depend on the average closing price of the common units during the applicable trading reference period, and (b) an option to acquire the remaining 1% interest in the profits and capital in Viosca Knoll.

Prior to closing, Viosca Knoll must obtain consent from its lenders under the Viosca Knoll Credit Facility and Leviathan must obtain consent from its lenders as well. At such time, either or both of such credit facilities may be restructured.

At the closing, which is anticipated to be during the second quarter of 1999, (i) EPEC Deepwater will contribute to Viosca Knoll an amount of money equal to 50% of the amount then outstanding under the Viosca Knoll Credit Facility (currently a total of $66.7 million is outstanding) and (ii) VK Deepwater, through Leviathan, will pay El Paso and EPEC Deepwater the cash and common units discussed above. Then, during the six month period commencing on the day after the first anniversary of that closing date, VK Deepwater would have the option to acquire the remaining 1% in profits and capital in Viosca Knoll for a cash payment equal to the sum of $1.74 million plus the amount of additional distributions which would have been paid, accrued or been in arrears had VK Deepwater acquired the remaining 1% of Viosca Knoll at the initial closing by issuing additional common units of Leviathan in lieu of a cash payment of $1.74 million.

INDEPENDENT AUDITORS' REPORT

To the Management Committee
High Island Offshore System, L.L.C.
Detroit, Michigan

We have audited the accompanying statements of financial position of High Island Offshore System, L.L.C. as of December 31, 1998 and 1997, and the related statements of income, members' equity, and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the High Island Offshore System, L.L.C.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of High Island Offshore System, L.L.C. as of December 31, 1998 and 1997, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Detroit, Michigan
February 19, 1999

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 1998 AND 1997

	1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 868,312	$ 876,845
Accounts receivable	3,777,590	4,709,918
Prepayments	15,948	--
Total current assets	4,661,850	5,586,763
Gas transmission plant	372,370,180	371,321,033
Less -- accumulated depreciation	364,601,970	359,830,332
Net gas transmission plant	7,768,210	11,490,701
Deferred charges	5,168,277	590,189
Total assets	$ 17,598,337	$ 17,667,653
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,424,849	$ 3,077,779
Unamortized rate reductions for excess deferred federal income taxes	201,347	302,021
Total current liabilities	2,626,196	3,379,800
Noncurrent liabilities		
Unamortized rate reductions for excess deferred federal income taxes	--	198,510
Commitments and contingencies (Note 6)	--	--
Members' equity	14,972,141	14,089,343
Total liabilities and members' equity	$ 17,598,337	$ 17,667,653

See notes to the financial statements.

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.

STATEMENTS OF INCOME AND STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

	1998	1997	1996
STATEMENTS OF INCOME			
Operating revenues:			
Transportation services	$ 43,477,250	$ 45,414,839	$ 47,052,978
Other	340,323	502,111	387,764
Total operating revenues	43,817,573	45,916,950	47,440,742
Operating expenses:			
Operation and maintenance	18,935,495	16,975,738	15,548,824
Depreciation	4,771,638	4,773,588	4,775,405
Property taxes	111,105	125,368	133,662
Total operating expenses	23,818,238	21,874,694	20,457,891
Net operating income	19,999,335	24,042,256	26,982,851
Other income and deductions	(16,537)	--	96,624
Total other income and deductions	(16,537)	--	96,624
Net income	$ 19,982,798	$ 24,042,256	$ 27,079,475
STATEMENTS OF MEMBERS' EQUITY			
Balance at beginning of period	$ 14,089,343	$ 20,547,087	$ 21,967,612
Net income	19,982,798	24,042,256	27,079,475
Capital contributions	4,000,000	--	--
Distributions to members	(23,100,000)	(30,500,000)	(28,500,000)
Balance at end of period	$ 14,972,141	$ 14,089,343	$ 20,547,087

See notes to the financial statements.

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

	1998	1997	1996
Cash flows from operating activities:			
Net income	$ 19,982,798	$ 24,042,256	$ 27,079,475
Adjustments to reconcile net income to cash provided by (used in) operating activities			
Depreciation	4,771,638	4,773,588	4,775,405
Accounts receivable	932,328	7,260	(353,633)
Prepayments	(15,948)	211,842	91,444
Deferred charges and other	(4,877,271)	(145,294)	67,173
Provision for regulatory matters	--	--	(1,050,623)
Accounts payable	(335,434)	23,821	(1,515,481)
Cash provided by operating activities	20,458,111	28,913,473	29,093,760
Cash flows from investing activities:			
Capital expenditures	(1,366,644)	(822,554)	(209,863)
Cash used in investing activities	(1,366,644)	(822,554)	(209,863)
Cash flows from financing activities:			
Capital contributions	4,000,000	--	--
Distributions to members	(23,100,000)	(30,500,000)	(28,500,000)
Cash used in financing activities	(19,100,000)	(30,500,000)	(28,500,000)
(Decrease) increase in cash and cash equivalents	(8,533)	(2,409,081)	383,897
Cash and cash equivalents at beginning of period	876,845	3,285,926	2,902,029
Cash and cash equivalents at end of period	$ 868,312	$ 876,845	$ 3,285,926

See notes to the financial statements.

HIGH ISLAND OFFSHORE SYSTEM, L.L.C.

NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

NOTE 1 -- FORMATION AND OWNERSHIP STRUCTURE

Description and Business Purpose

Effective December 10, 1998, High Island Offshore System, ("HIOS" or the "Company"), a Delaware partnership, was converted to a Delaware Limited Liability Corporation ("L.L.C."). As of December 31, 1998, the members of the Company, each of which held a 20% interest in HIOS, were companies affiliated with three pipeline companies as follows:

MEMBER	AFFILIATED PIPELINE COMPANY
American Natural Offshore Company	ANR Pipeline Company
NATOCO, Inc.	Natural Gas Pipeline Company of America
Texam Offshore Gas Transmission, L.L.C.	Leviathan Gas Pipeline Partners, L.P.
Texas Offshore Pipeline System, Inc.	ANR Pipeline Company
Transco Offshore Pipeline Company, L.L.C.	Leviathan Gas Pipeline Partners, L.P.

In January 1999, the members contributed their capital accounts to Western Gulf Holdings, L.L.C. ("Western Gulf") in exchange for ownership interests in Western Gulf, which is now the sole member holding ownership in the Company. Western Gulf was formed to invest in the development of a 85 mile pipeline which will connect to HIOS and extend to the deep water "Diana" prospect containing an estimated 1 trillion cubic feet of reserves. The new line is scheduled to begin transporting gas in late 2000 and is projected to cost $90 million. The line will be owned by East Breaks Gathering Company, L.L.C., which is also owned by Western Gulf.

HIOS owns a 203.4 mile undersea gas transmission system in the Gulf of Mexico which provides transportation services as authorized by the Federal Energy Regulatory Commission ("FERC"). HIOS' major transportation customers include natural gas marketers and producers, and interstate natural gas pipeline companies. The Company extends credit for transportation services provided to these customers. The concentrations of customers, described above, may affect the Company's overall credit risk in that the customers may be similarly affected by changes in economic, regulatory and other factors.

HIOS is managed by a committee consisting of representatives from each of the member companies. HIOS has no employees. ANR Pipeline Company ("ANR") operates the system on behalf of HIOS under an agreement which provides that services rendered to HIOS will be reimbursed at cost ($12.4 million for 1998, $11.4 million for 1997, and $9.6 million for 1996).

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company is regulated by the FERC. In addition, the Company meets the criteria and, accordingly, follows the accounting and reporting requirements of Statement of Financial Accounting Standards No. 71 for regulated enterprises.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates. Management believes that its estimates are reasonable.

Depreciation

Annual depreciation and negative salvage provisions are computed on a straight-line basis using rates of depreciation which vary by type of property. The annual composite depreciation rates were approximately 1.29% for 1998, 1997, and 1996 which include a provision for negative salvage of .2% for offshore facilities.

Income Taxes

For tax filing purposes, the Company has elected partnership status, and therefore, income taxes are the responsibility of the Members and are not reflected in the financial statements of the Company.

Statement of Cash Flows

For purposes of these financial statements, the Company considers short-term investments purchased with an original maturity of three months or less to be cash equivalents. The Company had short-term investments in the amount of $.9 million at December 31, 1998 and 1997. The Company made no cash payments for interest in 1998, 1997, or 1996.

Accounting Pronouncements

The Financial Accounting Standards Board has issued FAS 133, "Accounting for Derivative Instruments and Hedging Activities," to be effective for all fiscal years beginning after June 15, 1999. FAS 133 requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The accounting for changes in the fair value of a derivative will depend on the intended use of the derivative and the resulting designation. The Company is currently evaluating the impact, if any, of FAS 133.

NOTE 3 -- REGULATORY MATTERS

By letter order issued September 18, 1995, the FERC approved the settlement of the Company's rate filing at Docket No. RP94-162, which required that the Company file a new rate case within three years. On October 8, 1998, the FERC granted a request filed by the Company for an extension of time for the filing of its next general rate case until January 1, 2003. Costs incurred in connection with the extension of the rate case settlement have been deferred and are being amortized on a straight-line basis through the period ending December 31, 2002.

NOTE 4 -- FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash invested on a temporary basis at short-term market rates of interest approximates the fair market value of the investments.

NOTE 5 -- RELATED PARTY TRANSACTIONS

Transportation revenues derived from affiliated pipeline companies were $.8 million for 1998, $6.2 million for 1997, and $16.7 million for 1996. The Company had no accounts receivable balances due from these affiliates for transportation services at December 31, 1998 and 1997.

Both ANR and U-T Offshore System ("UTOS") provide separation, dehydration and measurement services to HIOS. UTOS is equally owned by affiliates of ANR, Natural Gas Pipeline Company of America, and Leviathan Gas Pipeline Partners, L.P. HIOS incurred charges for these services of $2.5 million in 1998, $2.5 million in 1997, and $2.8 million in 1996 from ANR and $2.0 million in 1998, $1.7 million in 1997, and $1.4 million in 1996 from UTOS.

In February 1996, the Company reached an agreement with ANR, which was approved by the FERC, which provides that rates charged by ANR would be $2.8 million for calendar year 1996, $2.5 million per year for calendar years 1997, 1998 and 1999 and $2.2 million for calendar year 2000. The rate would be negotiated for calendar year 2001 and thereafter.

Amounts due to ANR were $1.9 million and $1.8 million at December 31, 1998 and 1997, respectively, and amounts due to UTOS were $.2 million and $.1 million at December 31, 1998 and 1997, respectively.

NOTE 6 -- COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Company is subject to various laws and regulations. In the opinion of management, compliance with existing laws and regulations will not materially affect the financial position or the results of operations of the Company.

NOTE 7 -- LEGAL PROCEEDINGS

In 1996, Jack Grynberg filed a claim under the False Claims Act on behalf of the U.S. government in the U.S. District Court, District of Columbia, against 70 defendants, including the Company. The suit sought damages for the alleged underpayment of royalties due to the purported improper measurement of gas. The 1996 suit was dismissed without prejudice in March 1997 and the dismissal was affirmed by the D.C. Court of Appeals in October 1998. In September 1997, Mr. Grynberg filed 77 separate, similar False Claims Act suits against natural gas transmission companies and producers, gatherers, and processors of natural gas, seeking unspecified damages. The Company has been included in two of the September 1997 suits. The suits were filed in the U.S. District Court, District of Colorado and the U.S. District Court, Eastern District of Michigan. The United States Department of Justice has notified the Company that it is reviewing these lawsuits to determine whether or not the United States will intervene.

Although no assurances can be given and no determination can be made at this time as to the outcome of any particular lawsuit or proceeding, the Company believes there are meritorious defenses to substantially all such claims and that any liability which may be finally determined should not have a material adverse effect on the Company's financial position or results of operations.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Members of
Poseidon Oil Pipeline Company, L.L.C.:

We have audited the accompanying balance sheets of Poseidon Oil Pipeline Company, L.L.C. (a Delaware limited liability company), as of December 31, 1998 and 1997, and the related statements of income, members' equity and cash flows for the years ended December 31, 1998 and 1997, and for the period from inception (February 14, 1996) through December 31, 1996. 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 in accordance with generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Poseidon Oil Pipeline Company, L.L.C., as of December 31, 1998 and 1997, and the results of its operations and its cash flows for the years ended December 31, 1998 and 1997, and for the period from inception (February 14, 1996) through December 31, 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Houston, Texas
March 18, 1999

POSEIDON OIL PIPELINE COMPANY, L.L.C.

BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

	1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 685,540	$ 1,671,451
Crude oil receivables --		
Related parties	28,216,308	21,729,130
Other	12,179,468	7,316,566
Construction advances to operator (Note 6)	1,234,467	--
Materials, supplies and other	1,022,450	1,045,937
Total current assets	43,338,233	31,763,084
Debt reserve fund (Notes 2 and 4)	4,329,254	3,717,627
Property, plant and equipment, net of accumulated depreciation (Note 3)	228,752,910	222,337,758
Total assets	$276,420,397	$257,818,469
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable --		
Related parties	$ 4,945,839	$ 2,602,133
Other	2,165,159	5,516,554
Crude oil payables --		
Related parties	28,646,791	22,534,661
Other	3,778,243	5,139,391
Other	597,590	70,922
Total current liabilities	40,133,622	35,863,661
Long-term debt (Note 4)	131,000,000	120,500,000
Members' equity (Note 1):		
Capital contributions	107,999,320	107,999,320
Capital distributions	(36,699,320)	(17,999,320)
Retained earnings	33,986,775	11,454,808
Total members' equity	105,286,775	101,454,808
Total liabilities and members' equity	$276,420,397	$257,818,469

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

POSEIDON OIL PIPELINE COMPANY, L.L.C.

STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997
AND FOR THE PERIOD FROM INCEPTION (FEBRUARY 14, 1996)
THROUGH DECEMBER 31, 1996

	1998	1997	1996
Crude oil sales	$ 370,431,640	$ 310,828,794	$ 176,849,075
Crude oil purchases	(325,909,477)	(284,667,502)	(169,030,526)
Net sales revenue	44,522,163	26,161,292	7,818,549
Operating costs:			
Transportation costs	1,636,162	3,146,736	858,229
Operating expenses	3,127,134	2,635,717	2,183,375
Depreciation	8,846,395	6,463,327	2,176,157
Total operating costs	13,609,691	12,245,780	5,217,761
Operating income	30,912,472	13,915,512	2,600,788
Other income (expense):			
Interest income	290,745	208,961	339,452
Interest expense	(8,671,250)	(5,340,742)	(269,163)
Net income	$ 22,531,967	$ 8,783,731	$ 2,671,077

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

POSEIDON OIL PIPELINE COMPANY, L.L.C.

STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997
AND FOR THE PERIOD FROM INCEPTION (FEBRUARY 14, 1996)
THROUGH DECEMBER 31, 1996

	MARATHON OIL COMPANY (28%)	POSEIDON PIPELINE COMPANY, L.L.C. (36%)	TEXACO TRADING AND TRANSPORTATION, INC. (36%)	TOTAL
Balance, February 14, 1996.....	$ --	$ --	$ --	$ --
Cash contributions.....	5,200,000	--	36,399,660	41,599,660
Property contributions.....	20,000,000	36,399,660	10,000,000	66,399,660
Cash distributions.....	--	(3,999,660)	(13,999,660)	(17,999,320)
Net income.....	747,901	961,588	961,588	2,671,077
Balance, December 31, 1996.....	25,947,901	33,361,588	33,361,588	92,671,077
Net income.....	2,459,445	3,162,143	3,162,143	8,783,731
Balance, December 31, 1997.....	28,407,346	36,523,731	36,523,731	101,454,808
Net income.....	6,308,951	8,111,508	8,111,508	22,531,967
Cash distributions.....	(5,236,000)	(6,732,000)	(6,732,000)	(18,700,000)
Balance, December 31, 1998.....	$29,480,297	$37,903,239	$ 37,903,239	$105,286,775

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

POSEIDON OIL PIPELINE COMPANY, L.L.C.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997
AND FOR THE PERIOD FROM INCEPTION (FEBRUARY 14, 1996)
THROUGH DECEMBER 31, 1996

	1998	1997	1996
Cash flows from operating activities:			
Net income	$22,531,967	$ 8,783,731	$ 2,671,077
Adjustments to reconcile net income to net cash provided by operating activities --			
Depreciation	8,846,395	6,463,327	2,176,157
Changes in operating assets and liabilities --			
Crude oil receivables	(11,350,080)	2,509,382	(31,555,078)
Materials, supplies and other	23,487	(952,294)	(93,643)
Accounts payable	(1,007,689)	5,939,637	2,179,050
Crude oil payables	4,750,982	(8,098,087)	35,772,139
Other current liabilities	526,668	(16,110)	87,032
Net cash provided by operating activities	24,321,730	14,629,586	11,236,734
Cash flows from investing activities:			
Capital expenditures	(15,261,547)	(54,024,948)	(110,698,884)
Construction advances to operator, net	(1,234,467)	7,407,710	(7,407,710)
Proceeds from the sale of property, plant and equipment	--	146,250	--
Net cash used in investing activities	(16,496,014)	(46,470,988)	(118,106,594)
Cash flows from financing activities:			
Proceeds from issuance of debt	32,000,000	38,000,000	107,000,000
Cash contributions	--	--	41,599,660
Repayments of long-term debt	(21,500,000)	(1,500,000)	(23,000,000)
Cash distributions	(18,700,000)	--	(17,999,320)
Increase in debt reserve fund	(611,627)	(3,717,627)	--
Net cash provided by financing activities	(8,811,627)	32,782,373	107,600,340
Increase in cash and cash equivalents	(985,911)	940,971	730,480
Cash and cash equivalents, beginning of year	1,671,451	730,480	--
Cash and cash equivalents, end of year	$ 685,540	$ 1,671,451	$ 730,480
Supplemental disclosure of cash flow information:			
Cash paid for interest, net of amounts capitalized	$ 8,596,583	$ 5,342,217	$ 205,713
Supplemental disclosure of noncash financing activities:			
Initial Poseidon property contribution	$ --	$ --	$ 36,399,660
Block 873 Pipeline property contribution	$ --	$ --	$ 30,000,000

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

POSEIDON OIL PIPELINE COMPANY, L.L.C.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

NOTE 1 -- ORGANIZATION AND NATURE OF BUSINESS

Poseidon Oil Pipeline Company, L.L.C. (the Company), is a Delaware limited liability company formed on February 14, 1996, to design, construct, own and operate the unregulated Poseidon Pipeline extending from the Gulf of Mexico to onshore Louisiana. The original members of the Company were Texaco Trading and Transportation, Inc. (TTTI), and Poseidon Pipeline Company, L.L.C. (Poseidon), a subsidiary of Leviathan Gas Pipeline Partners, L.P. TTTI contributed $36,399,660 in cash, and Poseidon contributed property, plant and equipment, valued by the two parties (TTTI and Poseidon) at $36,399,660, at the formation of the Company. Each member received a 50 percent ownership interest in the Company. Subsequently, $2,799,320 in cash was equally distributed to TTTI and Poseidon, leaving $70 million of equity in the Company as of April 23, 1996.

On July 1, 1996, Marathon Pipeline Company (MPLC) and Texaco Pipeline, Inc. (TPLI), through their 66 2/3 percent and 33 1/3 percent respectively owned venture, Block 873 Pipeline Company (Block 873), contributed property, plant and equipment valued by the parties (Block 873, TTTI and Poseidon) at $30,000,000. In return, they received a 33 1/3 percent interest in the Company. Immediately after the contribution, MPLC and TPLI transferred their pro rata ownership interests in the Company to Marathon Oil Company (Marathon) and TTTI, respectively. Marathon then contributed an additional $5.2 million in cash, and distributions of $12.6 million and $2.6 million in cash were made to TTTI and Poseidon, respectively. Upon completion of this transaction, TTTI, Poseidon and Marathon owned 36 percent, 36 percent and 28 percent of the Company, respectively, and total equity was $90,000,000.

The Company purchased crude oil line-fill and began operating Phase I of the pipeline in April 1996. Phase I consists of 16-inch and 20-inch sections of pipe extending from the Garden Banks Block 72 to Ship Shoal Block 332. Phase II of the pipeline is a 24-inch section of pipe from Ship Shoal Block 332 to Caillou Island. Line-fill was purchased for Phase II in late December 1996 and operations began in January 1997. Construction of Phase III of the pipeline consisting of a section of 24-inch line extending from Caillou Island to the Houma, Louisiana, area was completed during 1997, and operations began in December 1997.

The Company is in the business of transporting crude oil in the Gulf of Mexico in accordance with various purchase and sale contracts with producers served by the pipeline. The Company buys crude oil at various points along the pipeline and resells the crude oil at a destination point in accordance with each individual contract. Net sales revenue is earned based upon the differential between the sale price and purchase price. Differences between purchased and sold volumes in any period are recorded as changes in line-fill.

Effective January 1, 1998, Shell Oil Company and Texaco Inc. (Texaco) formed Equilon Enterprises LLC (Equilon). Equilon is a joint venture which combines both companies' western and midwestern U.S. refining and marketing businesses and both companies' nationwide trading, transportation and lubricants businesses. Under the formation agreement, Shell Oil Company and Texaco assigned, or caused to be assigned, the economic benefits and detriments of certain regulated and unregulated pipeline assets, including TTTI's beneficial interest in the Company. As a result of the joint venture, Equilon became operator of the Company on January 1, 1998.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property, Plant and Equipment

Contributed property, plant and equipment is recorded at fair value as agreed to by the members at the date of contribution. Acquired property, plant and equipment is recorded at cost. Pipeline equipment is depreciated using a composite, straight-line method over estimated useful lives of three to 30 years. Line-fill is not depreciated as management of the Company believes the cost of all barrels is fully recoverable. Major renewals and betterments are capitalized in the property accounts while maintenance and repairs are expensed as incurred. No gain or loss is recognized on normal asset retirements under the composite method.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Debt Reserve Fund

In connection with the Company's revolving credit facility (see Note 4), the Company is required to maintain a debt reserve account as security on the outstanding balance. At December 31, 1998, the balance in the account totaled $4,329,254 and was comprised of funds earning interest at a money market rate.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, short-term receivables, payables and long-term debt. The carrying values of cash and cash equivalents, short-term receivables and payables approximate fair value. The fair value for long-term debt is estimated based on current rates available for similar debt with similar maturities and securities and, at December 31, 1998, approximates the carrying value.

NOTE 3 -- PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at December 31, 1998 and 1997:

	1998	1997
Rights-of-way	$ 3,218,788	$ 3,218,788
Line-fill	11,350,466	11,160,410
Line pipe, line pipe fittings and pipeline construction	223,076,191	206,041,256
Pumping and station equipment	4,613,516	4,584,563
Office furniture, vehicles and other equipment	83,812	67,609
Construction work in progress	3,896,016	5,904,616
	246,238,789	230,977,242
Less -- Accumulated depreciation	(17,485,879)	(8,639,484)
	$228,752,910	$222,337,758

Management evaluates the carrying value of the pipeline in accordance with the guidelines presented under Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." SFAS No. 121 establishes standards for measuring the impairment of long-lived assets to be held and used and of those to be disposed. Management believes no impairment of assets exists as of December 31, 1998.

During 1998 and 1997, the Company capitalized approximately $-- and $2,151,000, respectively, of interest cost into property, plant and equipment.

NOTE 4 -- DEBT

The Company maintains a $150,000,000 revolving credit facility with a group of banks. The outstanding balance at December 31, 1998, is $131,000,000. Under the terms of the related credit agreement, the Company has the option to either draw or renew amounts at various maturities ranging from one to 12 months if a Eurodollar interest rate arrangement is selected (6.875 percent to 6.9375 percent at December 31, 1998). These borrowings can then be renewed assuming no event of default exists. Alternatively, the Company may select to borrow under a base interest rate arrangement, calculated in accordance with the credit agreement. The revolving credit facility matures on April 30, 2001.

At December 31, 1998, the entire outstanding balance had been borrowed under the Eurodollar alternative, and it is the Company's intent to extend repayment beyond one year, thus the entire balance has been classified as long-term.

The debt is secured by various assets of the Company including accounts receivable, inventory, pipeline equipment and investments. The Company has used the funds drawn on the revolver primarily for construction costs associated with Phases II and III of the pipeline.

The revolving credit agreement requires the Company to meet certain financial and nonfinancial covenants. The Company must maintain a tangible net worth, calculated in accordance with the credit agreement, of not less than $80,000,000. Beginning April 1, 1997, the Company is required to maintain a ratio of earnings before interest, taxes, depreciation and amortization to interest paid or accrued, as calculated in accordance with the credit agreement, of 2.50 to 1.00. In addition, the Company is required to maintain a debt reserve fund (see Note 2) with a balance equal to two times the interest payments made in the previous quarter under the credit facility.

NOTE 5 -- INCOME TAXES

A provision for income taxes has not been recorded in the accompanying financial statements because such taxes accrue directly to the members. The federal and state income tax returns of the Company are prepared and filed by the operator.

NOTE 6 -- TRANSACTIONS WITH RELATED PARTIES

The Company derives a significant portion of its gross sales and gross purchases from its members and other related parties. The Company generated approximately $263,872,000 in gross affiliated sales and approximately $226,184,000 in gross affiliated purchases for 1998. During 1997 and 1996, the Company generated approximately $19,790,000 and $4,086,000 of net sales revenue from related parties.

The Company paid approximately $558,000 to Equilon in 1998 and $454,000 and $401,000 to TTTI in 1997 and 1996, respectively, for management, administrative and general overhead. In 1998, 1997 and 1996, the Company paid construction management fees of $2,133,507, $1,091,000 and $2,364,000, respectively, to Equilon in connection with the completion of Phase II and Phase III. As of December 31, 1998 and 1997, the Company had outstanding advances to Equilon of approximately $1,234,000 and $--, respectively, in connection with construction work in progress.

NOTE 7 -- CONTINGENCIES

In the normal course of business, the Company is involved in various legal actions arising from its operations. In the opinion of management, the outcome of these legal actions will not significantly affect the financial position or results of operations of the Company.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Members
of Neptune Pipeline Company, L.L.C.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of members' capital and of cash flows present fairly, in all material respects, the financial position of Neptune Pipeline Company, L.L.C. at December 31, 1998 and 1997, and the result of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles. 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 generally accepted auditing standards 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 the opinion expressed above.

PricewaterhouseCoopers LLP

Houston, Texas
March 11, 1999

NEPTUNE PIPELINE COMPANY, L.L.C.

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 1998 AND 1997

	1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,016,841	$ 18,531,456
Transportation receivable	1,279,405	764,008
Owing from related parties	2,880,664	11,974,091
Other receivable	104,756	89,821
Total current assets	10,281,666	31,359,376
Pipelines and equipment	261,104,113	249,861,312
Less: accumulated depreciation	12,204,577	2,056,246
	248,899,536	247,805,066
Long-term receivable	160,000	--
Total assets	$259,341,202	$279,164,442
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Accounts payable	$ 964,761	$ 2,001,863
Owing to related parties	4,784,102	32,779,237
Deferred income	--	20,478
Total current liabilities	5,748,863	34,801,578
Minority interest	1,872,959	1,778,740
Members' equity	251,719,380	242,584,124
Total liabilities and members' equity	$259,341,202	$279,164,442

The accompanying notes are an integral part of these statements.

NEPTUNE PIPELINE COMPANY, L.L.C.

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	1998	1997
Operating income:		
Transportation revenue	$16,172,659	$6,317,728
Other gas revenue	180,236	--
Total revenues	16,352,895	6,317,728
Operating expenses:		
Operating & maintenance	3,575,712	1,693,978
Administrative & general	1,455,240	992,520
Depreciation	10,148,332	2,056,246
Property taxes	326,332	--
Total operating expenses	15,505,616	4,742,744
Net operating income	847,279	1,574,984
Other income (expense)		
Other expense	(150,100)	--
Interest income	385,123	362,142
Allowance for funds used during construction	--	6,430,641
Total other income, net	235,023	6,792,783
Net income before minority interest	1,082,302	8,367,767
Minority interest in income of subsidiaries	11,026	81,736
Net income	$ 1,071,276	$8,286,031

The accompanying notes are an integral part of these statements.

NEPTUNE PIPELINE COMPANY, L.L.C.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	1998	1997
Cash flows from operating activities:		
Net income	$ 1,071,276	$ 8,286,031
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation	10,148,332	2,056,246
Allowance for funds used during construction	--	(6,430,641)
Minority interest in income of subsidiaries	11,026	81,736
(Increases) decreases in working capital:		
Transportation receivables	(515,397)	(764,008)
Owing from related parties	9,093,427	(11,974,091)
Other receivable	25,065	(89,503)
Accounts payable	(1,037,102)	2,001,863
Owing to related parties	(30,791,136)	32,779,237
Deferred income	(20,478)	(54,522)
Net cash provided by (used for) operating activities	(12,014,987)	25,892,348
Cash flows used for investing activities:		
Capital expenditures	(9,252,950)	(179,087,955)
Proceeds from property sales and salvage	187,149	--
Contributions in aid of construction	419,000	--
Net cash used for investing activities	(8,646,801)	(179,087,955)
Cash flows provided by financing activities:		
Members' contributed capital	13,985,491	172,512,990
Minority interest contributed capital	83,193	1,696,980
Distributions	(5,921,511)	(2,560,000)
Net cash provided by financing activities	8,147,173	171,649,970
Increase (decrease) in cash and cash equivalents	$(12,514,615)	$ 18,454,363
Reconciliation of beginning and ending balances		
Cash and cash equivalents -- beginning of year	$ 18,531,456	$ 77,093
Increase (decrease) in cash and cash equivalents	(12,514,615)	18,454,363
Cash and cash equivalents -- end of year	$ 6,016,841	$ 18,531,456

The accompanying notes are an integral part of these statements.

NEPTUNE PIPELINE COMPANY, L.L.C.

STATEMENT OF MEMBERS' CAPITAL
AS OF DECEMBER 31, 1998 AND 1997

	TEJAS OFFSHORE PIPELINE LLC/ SHELL SEAHORSE COMPANY	MARATHON GAS TRANSMISSION INC.	SAILFISH PIPELINE COMPANY LLC	TOTAL
Capital account balances at December 31, 1996	$ 1,194	$ 581	$ 612	$ 2,387
Members' contributions	115,473,693	56,659,297	380,000	172,512,990
Contributed assets	4,100,000	--	60,242,716	64,342,716
Net income	3,433,401	1,328,264	3,524,366	8,286,031
Distributions	--	--	(2,560,000)	(2,560,000)
Capital account balances at December 31, 1997	123,008,288	57,988,142	61,587,694	242,584,124
Members' contributions	5,369,182	3,524,321	5,091,988	13,985,491
Net income	585,317	236,169	249,790	1,071,276
Distributions	(3,358,512)	(1,246,864)	(1,316,135)	(5,921,511)
Capital account balances at December 31, 1998	$125,604,275	$60,501,768	$65,613,337	$251,719,380

The accompanying notes are an integral part of these statements.

NEPTUNE PIPELINE COMPANY, L.L.C.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1998

NOTE 1 -- ORGANIZATION AND CONTROL

Neptune Pipeline Company, L.L.C. (Neptune) owns a 99% member interest in Manta Ray Offshore Gathering Company, L.L.C. (Manta Ray) and Nautilus Pipeline Company, L.L.C. (Nautilus). Neptune is owned as follows: Tejas Offshore Pipeline, LLC (Tejas), an affiliate of Shell Oil Company owns a 49.9% member interest; Shell Seahorse Company (Shell Seahorse), an affiliate of Shell Oil Company owns a 0.1% member interest; Marathon Gas Transmission Inc. (Marathon) owns a 24.33% member interest; Sailfish Pipeline Company, L.L.C. (Sailfish) owns a 25.67% member interest.

Tejas acquired its 49.9% interest from Shell Seahorse on February 2, 1998.

Agreements between the member companies address the allocation of income and capital contributions and distributions amongst the respective members' capital accounts. As a result of these agreements, the ratio of members' equity accounts per the Statement of Members' Capital differs from the members' ownership interests in Neptune.

Neptune was formed to acquire, construct, own and operate through Manta Ray and Nautilus, the Manta Ray System and the Nautilus System and any other natural gas pipeline systems approved by the members. As of December 31, 1998 the Manta Ray System and the Nautilus System are the only pipelines owned by Manta Ray and Nautilus, respectively.

The formation of Manta Ray was accomplished through cash and fixed asset contributions from the member companies. Fixed asset contributions, which accounted for approximately 50% of all contributions, consisted of the Manta Ray System and various compressor equipment (contributed by Sailfish) and the Boxer-Bullwinkle System (contributed by Shell Seahorse). Because both cash and fixed assets were contributed, the Manta Ray System and related compressor equipment and the Boxer-Bullwinkle System were recorded at $64,342,716, which represented their fair value on the date of contribution.

The Manta Ray System consists of a 169 mile gathering system located in the South Timbalier and Ship Shoal areas of the Gulf of Mexico. An additional segment, 47 miles of 24 inch pipeline and associated facilities, extending from Green Canyon Block 65, offshore Louisiana, to Ship Shoal Block 207, offshore Louisiana, was constructed during 1997 and first provided natural gas transportation service on December 15, 1997. This newly constructed pipeline is referred to as Phase II Facilities elsewhere in these notes.

The Nautilus System consists of a 30-inch natural gas pipeline and appurtenant facilities extending approximately 101 miles from Ship Shoal Block 207, offshore Louisiana, to six delivery point interconnects near the outlet of Exxon Company, U.S.A.'s Garden City Gas Processing Plant in St. Mary Parish, Louisiana. The Nautilus System was constructed during 1997 and first provided natural gas transportation service on December 15, 1997.

Neptune, Manta Ray and Nautilus (collectively referred to as the Companies) have no employees and receive all administrative and operating support through contractual arrangements with affiliated companies. These services and agreements are outlined in Note 3, Related Party Transactions.

NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Neptune and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Regulation

Nautilus, as an interstate pipeline, is subject to regulation by the Federal Energy Regulatory Commission (FERC). Nautilus has accounting policies that conform to generally accepted accounting principles, as applied to regulated enterprises and are in accordance with the accounting requirements and ratemaking practices of the FERC.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Pipelines and Equipment

Newly constructed pipelines are recorded at historical cost. Regulated pipelines and equipment includes an Allowance for Funds Used During Construction (AFUDC). The rates used in the calculation of AFUDC are determined in accordance with guidelines established by FERC. The Manta Ray pipeline and related facilities are depreciated on a straight-line basis over their estimated useful life of 30 years, while the Nautilus pipeline and related facilities are depreciated on a straight line basis over their estimated useful life of 20 years. Maintenance and repair costs are expensed as incurred while additions, improvements and replacements are capitalized.

Income Taxes

Neptune is treated as a tax partnership under the provisions of the Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect a provision for income taxes since Neptune's results of operations and related credits and deductions will be passed through to and taken into account by its partners in computing their respective tax liabilities.

Impairment of Long-Lived Assets

Statement of Financial Accounting Standard (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" requires recognition of impairment losses on long-lived assets if the carrying amount of such assets, grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows from other assets, exceeds the estimated undiscounted future cash flows of such assets. Measurement of any impairment loss is based on the fair value of the asset. At December 31, 1998 and 1997, there were no impairments.

Revenue Recognition

Revenue from Manta Ray's and Nautilus' transportation of natural gas is recognized upon receipt of natural gas into the pipeline systems.

In the course of providing transportation services to customers, Nautilus and Manta Ray may receive different quantities of gas from shippers than the quantities delivered on behalf of those shippers. These transactions result in imbalances which are settled in cash on a monthly basis. In addition, certain imbalances may occur with interconnecting facilities when the Companies deliver more or less than what is nominated (scheduled). The settlement of these imbalances is governed by Operational Balancing Agreements (OBA). Certain OBAs stipulate that settlement will occur through delivery of physical quantities in subsequent months. The Companies record the net of all imbalances as Transportation Revenue or Other Revenue and carry the net position as a payable or a receivable, as appropriate.

Fair Value of Financial Instruments

The reported amounts of financial instruments such as cash and cash equivalents, receivables, and current liabilities approximate fair value because of their maturities.

Use of Estimates and Significant Risks

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenue and expenses during the reporting period. Such estimates and assumptions include those made in areas of FERC regulations, fair value of financial instruments, future cash flows associated with assets, useful lives for depreciation and potential environmental liabilities. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

Development and production of natural gas in the service area of the pipelines are subject to, among other factors, prices for natural gas and federal and state energy policy, none of which are within the Companies' control.

Reclassification

Certain prior period amounts in the financial statements and notes thereto have been reclassified to conform with the current year presentation.

NOTE 3 -- RELATED PARTY TRANSACTIONS

Construction Management Agreements

On January 17, 1997, Nautilus entered into a Construction Management Agreement (the Agreement) with Marathon under which Marathon agreed to construct the Nautilus System. As of December 31, 1998 and 1997 respectively, Nautilus had incurred $113,127,385, and $113,041,314 of costs under the Agreement. Of these amounts, $309,238 and $2,665,922 were recorded as liabilities to affiliates at December 31, 1998 and 1997, respectively.

On January 17, 1997, Manta Ray entered into a Construction Management Agreement with Shell Seahorse under which Shell Seahorse agreed to construct the Phase II Facilities. Also on January 17, 1997, Manta Ray entered into a Construction Management Agreement with Marathon under which Marathon agreed to construct a slug catcher. On August 1, 1998, Manta Ray entered into a Construction Management Agreement with Marathon under which Marathon agreed to construct condensate stabilization facilities. As of December 31, 1998 and 1997, Manta Ray had incurred $83,388,913 and $64,016,789, respectively, under these agreements. Of these amounts, $4,236,507 and $7,875,533 were recorded as liabilities to affiliates at December 31, 1998 and 1997, respectively.

Transportation Services

During 1998, $3,881,667 of transportation revenues for Nautilus were derived from related parties. During 1997, Nautilus derived substantially all of its transportation revenue from transportation services provided under agreements with Shell Offshore Incorporated (SOI) and Marathon Oil Company, both of which are affiliates of Nautilus. All transactions were at rates pursuant to the existing tariff. At December 31, 1998 and 1997 respectively, Nautilus had affiliate receivables of $596,090 and $0 relating to transportation and gas imbalances. At December 31, 1998 and 1997, respectively, Nautilus had affiliate payables of $230,730 and $0 relating to transportation and gas imbalances.

In 1998, $4,902,613 of transportation revenues on Manta Ray were derived from related parties. During 1997, Manta Ray derived substantially all of its transportation revenue from transportation services provided under agreements with third parties. All transactions were at negotiated rates. At December 31, 1998 and 1997 respectively, Manta Ray had receivables of $1,857,320 and $639,208 relating to transportation and gas imbalances.

At December 31, 1998, Manta Ray also had a receivable from Sailfish of $297,348 relating to accumulated transportation and gas balancing activity associated with the assets contributed by Sailfish.

Leases

Effective December 1, 1997, Manta Ray, as lessor, and Nautilus, as lessee, entered into a lease agreement for usage of offshore platform space located at Ship Shoal Block 207. The term of the lease is for the life of the platform, subject to certain early termination conditions, and requires minimum lease payments of $225,000 per year adjusted annually for inflation. The associated lease revenue and expense have been eliminated in consolidation.

Operating and Administrative Expense

Since the Companies have no employees, operating, maintenance and general and administrative services are provided to the Companies under service agreements with Manta Ray Gathering Company, L.L.C., Marathon, and Shell Seahorse, all of which are affiliates of the Companies. Substantially all operating and administrative expenses were incurred through services provided under these agreements.

Other Affiliate Transactions

During 1997, Manta Ray and Nautilus had various transactions relating to construction with member companies or affiliates which resulted in affiliate receivables of $11,337,218 and affiliate payables of $22,237,782.

Also included in Owing from Related Parties at December 31, 1998 is a receivable from an affiliate for $129,698 relating to the sale of land during the fourth quarter of 1998 by Nautilus. No gain or loss was recognized on the sale.

NOTE 4 -- PIPELINES AND EQUIPMENT

Pipelines and equipment at December 31, 1998 and 1997 is comprised of the following (in thousands):

	1998	1997
Pipelines and equipment	$244,835	$242,194
Land	1,107	1,237
AFUDC	6,430	6,430
Construction in progress	8,732	--
Subtotal	261,104	249,861
Accumulated depreciation	12,204	2,056
Total	$248,900	$247,805

At December 31, 1997, included in pipelines and equipment is an accrued estimate of costs incurred to date of $3,022,000. Actual costs incurred during 1998 relating to this accrual totaled $1,855,000. Pipelines and Equipment and Owing to Related Parties have been adjusted in 1998.

During 1998, Nautilus entered into interconnection agreements with certain other parties in which Nautilus agreed to construct interconnection facilities whereby the parties agreed to contribute $619,000 as partial reimbursement for construction costs. Nautilus was reimbursed $419,000 during 1998 and the remaining balance will be paid monthly based on throughput. The receivable balance at December 31, 1998 was $200,000, the current portion of which is $40,000.

NOTE 5 -- REGULATORY MATTERS

The FERC has jurisdiction over the Nautilus System with respect to transportation of gas, rates and charges, construction of new facilities, extension or abandonment of service facilities, accounts and records, depreciation and amortization policies and certain other matters.

NOTE 6 -- COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Companies are subject to various laws and regulations. In the opinion of management, compliance with existing laws and regulations will not materially affect the financial position, the results of operations or cash flows of the Companies.

Various legal actions, which have arisen in the ordinary course of business, are pending with respect to the assets of the Companies. Management believes that the ultimate disposition of these actions, either individually or in aggregate, will not have a material adverse effect on the financial position, the results of operations or the cash flows of the Companies.

Pursuant to the terms of a construction agreement entered into in 1995, Manta Ray agreed to pay liquidated damages to various parties if Manta Ray did not complete an interconnect by May 31, 1998 between the Manta Ray System and the system operated by Trunkline Gas Pipeline Company. Under the provision, Manta Ray incurred $150,000 in 1998, which is recorded in Other Expense. Manta Ray will be obligated to pay an additional $100,000 if the interconnect is not completed by May 31, 1999 and $50,000 if the interconnect is not completed by May 31, 2000.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholder of
Leviathan Gas Pipeline Company

In our opinion, the accompanying balance sheet presents fairly, in all material respects, the financial position of Leviathan Gas Pipeline Company at December 31, 1998 in conformity with generally accepted accounting principles. 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 generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Houston, Texas
June 2, 1999

LEVIATHAN GAS PIPELINE COMPANY
(AN INDIRECT SUBSIDIARY OF EL PASO ENERGY CORPORATION)

BALANCE SHEET
DECEMBER 31, 1998
(In thousands, except share data)

ASSETS

Current assets:	
Cash and cash equivalents	$ 6,409
Accounts receivable from the Partnership (Note 5)	406
Other	22
Total current assets	6,837
Equity investment	18,362
Total assets	$25,199

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:	
Payable to parent	$ 652
Intercompany taxes payable (Note 4)	693
Total current liabilities	1,345
Deferred tax liability (Note 4)	23,154
Total liabilities	24,499
Commitments and contingencies	
Stockholder's equity:	
Common stock, $0.10 par value, 1,000 shares authorized, issued and outstanding	1
Additional paid-in capital	100
Accumulated earnings	599
	700
Total liabilities and stockholder's equity	$25,199

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE COMPANY
(AN INDIRECT SUBSIDIARY OF EL PASO ENERGY CORPORATION)

NOTES TO BALANCE SHEET

NOTE 1 -- ORGANIZATION:

Leviathan Gas Pipeline Company ("Leviathan"), a Delaware corporation and indirect wholly-owned subsidiary of El Paso Energy Corporation ("El Paso Energy"), was formed in 1989 to purchase, operate and expand offshore natural gas pipeline systems. El Paso Energy is a diversified energy holding company, engaged, through it subsidiaries, in the interstate and intrastate transportation, gathering and processing of natural gas; the marketing of natural gas, power and other energy-related commodities; power generation; and the development and operation of energy infrastructure facilities worldwide.

In 1993, Leviathan contributed substantially all of its natural gas pipeline operations, certain other assets and liabilities and related acquisition debt to Leviathan Gas Pipeline Partners, L.P. and its subsidiaries (collectively referred to as the "Partnership"), a publicly held Delaware master limited partnership, in exchange for an effective 35.8% interest in the Partnership. Leviathan's effective ownership interest in the Partnership was reduced to 27.3% as a result of an additional public offering by the Partnership in June 1994. The Partnership is primarily engaged in the gathering, transportation and production of oil and natural gas in the Gulf of Mexico and through its subsidiaries and joint ventures, owns interests in significant assets, including (i) eight existing natural gas pipelines, (ii) a crude oil pipeline system, (iii) six strategically-located multi-purpose platforms, (iv) production handling and dehydration facilities, (v) four producing oil and natural gas properties and (vi) a non-producing oil and natural gas property. Leviathan, as general partner, performs all management and operating functions of the Partnership. In August 1998, El Paso Energy paid approximately $422 million to acquire its interest in Leviathan through a merger with DeepTech International Inc. ("DeepTech"), Leviathan's parent.

At December 31, 1998, Preference Units and Common Units totaling 18,075,000 were owned by the public, representing a 72.7% effective limited partner interest in the Partnership. Leviathan, through its ownership of a 25.3% limited partner interest in the form of 6,291,894 Common Units, its 1% general partner interest in the Partnership and its approximate 1% nonmanaging interest in certain subsidiaries of the Partnership, owned a 27.3% effective interest in the Partnership as of December 31, 1998.

NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES:

Income taxes

Income taxes are based on income reported for tax return purposes along with a provision for deferred income taxes. Deferred income taxes are provided to reflect the tax consequences in future years of differences between the financial statement and tax bases of assets and liabilities at each year-end. Tax credits are accounted for under the flow-through method, which reduces the provision for income taxes in the year the tax credits first become available. Deferred tax assets are reduced by a valuation allowance when, based upon management's estimates, it is more likely than not that a portion of the deferred tax assets will not be realized in the future period. The estimates utilized in the recognition of deferred tax assets are subject to revision in future periods based on new facts or circumstances.

After August 14, 1998, as a result of El Paso Energy's acquisition of DeepTech, Leviathan's results are included in the consolidated federal income tax return of El Paso Energy. On behalf of itself and all members filing in its consolidated federal income tax return, including Leviathan, El Paso Energy adopted a tax sharing policy (the "Policy") 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 tax return. Under the Policy, El Paso Energy will pay all federal income taxes directly to the IRS and will bill or refund, as applicable, its subsidiaries for their applicable portion of such income tax payments.

LEVIATHAN GAS PIPELINE COMPANY
(AN INDIRECT SUBSIDIARY OF EL PASO ENERGY CORPORATION)

NOTES TO BALANCE SHEET -- (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management believes that the estimates used are reasonable.

Recent Pronouncements

Effective July 1, 1998, Leviathan adopted Statement of Financial Accounting Standard ("SFAS") No. 129, "Disclosure of Information About Capital Structure" which establishes standards for disclosing information about an entity's capital structure previously not required by nonpublic entities. The adoption of this pronouncement did not have a material impact on Leviathan's financial position or results of operations.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 requires that entities recognize all derivative investments as either assets or liabilities on the balance sheet and measure those instruments at fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction. For fair-value hedge transactions in which Leviathan is hedging changes in an asset's, liability's or firm commitment's fair value, changes in the fair value of the derivative instrument will generally be offset in the income statement by changes in the hedged item's fair value. For cash-flow hedge transactions, in which Leviathan is hedging the variability of cash flows related to a variable-rate asset, liability, or a forecasted transaction, changes in the fair value of the derivative instrument will be reported in other comprehensive income. The gains and losses on the derivative instrument that are reported in other comprehensive income will be reclassified as earnings in the periods in which earnings are impacted by the variability of the cash flows of the hedged item. The ineffective portion of all hedges will be recognized in current-period earnings. This statement was amended to be effective for fiscal years beginning after June 15, 2000. Leviathan has not yet determined the impact that the adoption of SFAS No. 133 will have on its financial position or results of operations.

NOTE 3 -- EQUITY INVESTMENT:

Leviathan uses the equity method to account for its investment in the Partnership. Additional income is allocated by the Partnership to Leviathan as a result of the Partnership achieving certain target levels of cash distributions to its unitholders. See discussion of incentive distributions below. The summarized financial information for Leviathan's investment in the Partnership is as follows:

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
SUMMARIZED BALANCE SHEET
DECEMBER 31, 1998
(IN THOUSANDS)

Current assets	$ 11,943
Noncurrent assets	430,783
Current liabilities	11,167
Notes payable	338,000
Other noncurrent liabilities	10,724

LEVIATHAN GAS PIPELINE COMPANY
(AN INDIRECT SUBSIDIARY OF EL PASO ENERGY CORPORATION)

NOTES TO BALANCE SHEET -- (CONTINUED)

The Partnership distributes 100% of available cash, as defined in the Partnership Agreement, on a quarterly basis to the unitholders of the Partnership and to Leviathan, as general partner. During the Preference Period (as defined in the Partnership Agreement), these distributions were effectively made 98% to unitholders and 2% to Leviathan, subject to the payment of incentive distributions to Leviathan if certain target levels of cash distributions to unitholders are achieved. As an incentive, the general partner's interest in the portion of quarterly cash distributions in excess of $0.325 per unit and less than or equal to $0.375 per unit is increased to 15%. For quarterly cash distributions over $0.375 per unit but less than or equal to $0.425 per unit, the general partner receives 25% of such incremental amount and for all quarterly cash distributions in excess of $0.425 per unit, the general partner receives 50% of the incremental amount.

NOTE 4 -- INCOME TAXES:

After August 14, 1998, Leviathan is included in the consolidated federal income tax return filed by El Paso Energy. The Policy provides for the manner of determining payments with respect to federal income tax liabilities (Note 2).

Deferred federal income taxes are primarily attributable to the differences in depreciation rates and in the timing of recognizing income from the Partnership for financial and tax reporting purposes.

Leviathan's deferred income tax liabilities (assets) at December 31, 1998 consisted of the following (in thousands):

Deferred tax liabilities:	
Investment in the Partnership	$23,141
Other	13
Total deferred tax liability	23,154
Deferred tax assets:	
Net operating loss ("NOL") carryforwards	(153)
Alternative minimum tax ("AMT") credit carryforward	(1,719)
Valuation allowance	1,872
Total deferred tax assets	--
Net deferred tax liability	$23,154

As of December 31, 1998, approximately $1,719,000 of AMT credit carryforwards, which have no expiration date, were available to offset future regular tax liabilities. Additionally, as of December 31, 1998, approximately $438,000 of NOL carryforwards, which expire in 2017, were available to offset future tax liabilities.

Leviathan has recorded a valuation allowance (i) to reflect the estimated amount of deferred tax assets that may not be realized due to the expiration of NOL carryforwards and (ii) to reflect the uncertainty that the AMT credit carryforwards will be utilized. Leviathan's NOL and AMT credit carryforwards are subject to separate return limitation year restrictions.

Current amounts due to El Paso Energy for the intercompany charge for federal income taxes totaled $693,000 as of December 31, 1998.

NOTE 5 -- RELATED PARTY TRANSACTIONS:

Leviathan, as general partner of the Partnership, is entitled to reimbursement of all reasonable expenses incurred by it or its affiliates for or on behalf of the Partnership including amounts payable by

LEVIATHAN GAS PIPELINE COMPANY
(AN INDIRECT SUBSIDIARY OF EL PASO ENERGY CORPORATION)

NOTES TO BALANCE SHEET -- (CONTINUED)

Leviathan to El Paso Energy under a management agreement whereby El Paso Energy provides operational, financial, accounting and administrative services to Leviathan. The management agreement is intended to reimburse El Paso Energy for the estimated costs of its services provided to Leviathan and the Partnership.

In addition, the management agreement also requires a payment by Leviathan to compensate El Paso Energy for certain tax liabilities resulting from, among other things, additional taxable income allocated to Leviathan due to (i) the issuance of additional Preference Units (including the sale of the Preference Units by the Partnership pursuant to the public offering of additional Preference Units) and (ii) the investment of such proceeds in additional acquisitions or construction projects. The management agreement expires on June 30, 2002, and may thereafter be terminated on 90 days' notice by either party.

NOTE 6 -- COMMITMENTS AND CONTINGENCIES:

In the ordinary course of business, Leviathan is subject to various laws and regulations. In the opinion of management, compliance with existing laws and regulations will not materially effect the financial position of Leviathan. Various legal actions which have arisen in the ordinary course of business are pending with respect to the assets of Leviathan. Management believes that the ultimate disposition of these actions, either individually or in the aggregate, will not have a material adverse effect on Leviathan's financial position.

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
LEVIATHAN FINANCE CORPORATION

$175,000,000

OFFER TO EXCHANGE ALL OUTSTANDING
10 3/8% SERIES A SENIOR SUBORDINATED NOTES DUE 2009

FOR

10 3/8% SERIES B SENIOR SUBORDINATED NOTES DUE 2009

PROSPECTUS

JUNE 18, 1999

We have not authorized any dealer, sales person or other person to give you written information other than this prospectus or to make representations as to matters not stated in this prospectus. You must not rely on unauthorized information. This prospectus is not an offer to sell the notes or our solicitation of your offer to buy the notes in any jurisdiction where that would not be permitted or legal. Neither the delivery of this prospectus nor any sales made hereunder after the date of this prospectus shall create an implication that the information contained herein or the affairs of the company have not changed since the date of this prospectus.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Certificate of Incorporation of the General Partner of Leviathan limits the liability of the directors of the General Partner to the General Partner or its stockholder (in their capacity as directors but not in their capacity as officers) to the fullest extent permitted by the Delaware General Corporation Law (the "DGCL"). Accordingly, pursuant to the terms of the DGCL as presently in effect, directors of the General Partner will not be personally liable for monetary damages for breach of a director's fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the General Partner or its stockholder, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL or (iv) for any transaction from which the director derived an improper personal benefit. The Certificate of Incorporation also provides that if the DGCL is amended after the approval of the Certificate of Incorporation to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the General Partner will be eliminated to the full extent permitted by the DGCL, as so amended.

In addition, the Amended and Restated Bylaws of the General Partner (as amended and restated, the "Bylaws"), in substance, require the General Partner to indemnify each person who is or was a director, officer, employee or agent of the General Partner to the full extent permitted by the laws of the State of Delaware in the event he is involved in legal proceedings by reason of the fact that he is or was a director, officer, employee or agent of the General Partner, or is or was serving at the General Partner's request as a director, officer, employee or agent of the General Partner and its subsidiaries, another corporation, partnership or other enterprise. The General Partner is also required to advance to such persons payments incurred in defending a proceeding to which indemnification might apply, provided the recipient provides an undertaking agreeing to repay all such advanced amounts if it is ultimately determined that he is not entitled to be indemnified. In addition, the Bylaws specifically provide that the indemnification rights granted thereunder are non-exclusive.

The Certificates of Incorporation and Bylaws of Leviathan Finance and each of the Registrant Guarantors, as applicable, provide the same limitations as to liability of their respective directors and indemnification provisions as those for the General Partner of Leviathan described above.

The General Partner has entered into indemnification agreements with certain of its current and past directors providing for indemnification to the full extent permitted by the laws of the State of Delaware. These agreements provide for specific procedures to assure the directors' rights to indemnification, including procedures for directors to submit claims, for determination of directors' entitlement to indemnification (including the allocation of the burden of proof and selection of a reviewing party) and for enforcement of directors' indemnification rights.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling Leviathan or the General Partner pursuant to the foregoing, Leviathan and the General Partner have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(A) EXHIBITS

EXHIBIT NO.	DESCRIPTION
1.1*	-- Purchase Agreement dated as of May 24, 1999 among (i) Leviathan Gas Pipeline Partners, L.P., (ii) Leviathan Finance Corporation, (iii) Delos Offshore Company, L.L.C., Ewing Bank Gathering Company, L.L.C., Flextrend Development Company, L.L.C., Green Canyon Pipe Line Company, L.L.C., Leviathan Oil Transport Systems, L.L.C., Manta Ray Gathering Company, L.L.C., Poseidon Pipeline Company, L.L.C., Sailfish Pipeline Company, L.L.C., Stingray Holding, L.L.C., Delaware Transco Hydrocarbons Company, L.L.C., Texam Offshore Gas Transmission, L.L.C., Transco Offshore Pipeline Company, L.L.C, Tarpon Transmission Company, Viosca Knoll Gathering Company, VK-Main Pass Gathering Company, L.L.C., VK Deepwater Gathering Company, L.L.C. and the Subsidiary Guarantors from time to time party thereto (collectively, the "Subsidiary Guarantors"), (iv) Donaldson, Lufkin & Jenrette Securities Corporation, and (v) Chase Securities Inc.
3.1	-- Certificate of Limited Partnership of Leviathan (filed as Exhibit 3.1 to Leviathan's Registration Statement on Form S-1, File No. 33-55642).
3.2	-- Amended and Restated Agreement of Limited Partnership of Leviathan (filed as Exhibit 10.41 to Amendment No. 1 to DeepTech's Registration Statement on Form S-1, File No. 33-73538).
3.3	-- Amendment Number 1 to the Amended and Restated Agreement of Limited Partnership of Leviathan (filed as Exhibit 10.1 to Leviathan's Current Report on Form 8-K dated December 31, 1996, File No. 1-11680).
3.4*	-- Amendment Number 2 to the Amended and Restated Agreement of Limited Partnership of Leviathan.
3.5*	-- Certificate of Incorporation of Leviathan Finance Corporation.
3.6*	-- Bylaws of Leviathan Finance Corporation.
4.1*	-- Indenture dated as of May 27, 1999 among Leviathan Gas Pipeline Partners, L.P., Leviathan Finance Corporation, the Subsidiary Guarantors and Chase Bank of Texas, as Trustee.
4.2*	-- Form of Certificate of 10 3/8% Series A Senior Subordinated Note due 2009 (included in Exhibit 4.1 hereto).
4.3*	-- Form of Certificate of 10 3/8% Series B Senior Subordinated Note due 2009 (included in Exhibit 4.1 hereto).
4.4*	-- Form of Guarantee Notation of securities issued pursuant to the Indenture (included in Exhibit 4.1 hereto).
4.5*	-- A/B Exchange Registration Rights Agreement dated as of May 27, 1999 among Leviathan Gas Pipeline Partners, L.P., Leviathan Finance Corporation, the Subsidiary Guarantors, Donaldson, Lufkin & Jenrette Securities Corporation, and Chase Securities Inc.
5.1**	-- Opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P.
10.1	-- First Amended and Restated Management Agreement, dated June 27, 1994 and effective as of July 1, 1992, between DeepTech International Inc. ("DeepTech") and the General Partner (filed as Exhibit 10.1 to DeepTech's Annual Report on Form 10-K for 1994, File No. 0-23934).

EXHIBIT NO.	DESCRIPTION
10.2	-- First Amendment to First Amended and Restated Management Agreement between DeepTech and the General Partner (filed as Exhibit 10.76 to DeepTech's Registration Statement on Form S-1, File No. 33-88688).
10.3	-- Second Amendment to First Amended and Restated Management Agreement between DeepTech and the General Partner (filed as Exhibit 10.18 to Leviathan's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, File No. 1-11680).
10.4*	-- Third Amendment to First Amended and Restated Management Agreement between DeepTech and the General Partner.
10.5	-- Fourth Amendment to First Amended and Restated Management Agreement between DeepTech and the General Partner (filed as Exhibit 10.1 to Leviathan's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1997, File No. 1-11680).
10.6	-- Fifth Amendment to First Amended and Restated Management Agreement between DeepTech and the General Partner (filed as Exhibit 10.1 to Leviathan's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1997, File No. 1-11680).
10.7	-- Sixth Amendment to First Amended and Restated Management Agreement between DeepTech and the General Partner (filed as Exhibit 10.2 to Leviathan's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 1-11680).
10.8	-- Redemption Agreement dated February 27, 1998 between Tatham Offshore, Inc. and Flextrend Development Company, L.L.C., a subsidiary of Leviathan (filed as Exhibit 10.1 to Leviathan's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998, File No. 1-11680).
10.9	-- Contribution Agreement between Leviathan and El Paso Field Services Company (filed as Exhibit C to Leviathan's Schedule 14A (Rule 14A-101) Proxy Statement effective February 9, 1998).
10.10	-- Leviathan 1998 Unit Option Plan for Non-Employee Directors Effective as of August 14, 1998 (filed as Exhibit 10.2 to Leviathan's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998, File No. 1-11680).
10.11	-- Leviathan Unit Rights Appreciation Plan (filed as Exhibit 10.25 to Leviathan's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, File No. 1-11680).
10.12	-- Leviathan 1998 Omnibus Compensation Plan, Amended and Restated, Effective as of January 1, 1999 (filed as Exhibit 10.9 to Leviathan's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 1-11680).
12.1*	-- Statement Regarding Computation of Ratios.
21.1*	-- List of Subsidiaries of the Leviathan Gas Pipeline Partners, L.P.
23.1*	-- Consent of PricewaterhouseCoopers LLP.
23.2*	-- Consent of Deloitte & Touche LLP.
23.3*	-- Consent of Arthur Andersen LLP.
23.4*	-- Consent of Netherland, Sewell & Associates, Inc.
23.5**	-- Consent of Akin, Gump, Strauss, Hauer & Feld, L.L.P. (included in Exhibit 5.1 hereto).

EXHIBIT NO.	DESCRIPTION
24.1*	-- Power of Attorney (included on the signature pages of this Registration Statement on Form S-4).
25.1*	-- Statement of Eligibility of Trustee.
27.1	-- Financial Data Schedule (filed as Exhibit 27 to Leviathan's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 1-11680).
27.2	-- Financial Data Schedule (filed as Exhibit 27 to Leviathan's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1999, File No. 1-11680).
99.1*	-- Form of Letter of Transmittal for the 10 3/8% Series B Senior Subordinated Note due 2009.
99.2*	-- Form of Notice of Guaranteed Delivery for the 10 3/8% Series B Senior Subordinated Note due 2009.
99.3*	-- Letter to Holders.
99.4*	-- Letter to Clients.
99.5*	-- Letter to Registered Holder and Depository Trust Company Participants.
99.6*	-- Guidelines for Certificate of Taxpayer Identification Number on substitute Form W-9 (included in Exhibit 99.1 hereto).

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* Filed herewith.

** To be filed by amendment.

(b) Consolidated Financial Statement Schedules, Years ended December 31, 1996, 1997 and 1998.

All schedules are omitted because the required information is inapplicable or the information is presented in the Consolidated Financial Statements or related notes.

ITEM 22. UNDERTAKINGS

(a) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(b) Leviathan hereby undertakes that:

(1) for purposes of determining any liability under the Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by Leviathan pursuant to Rule 424(b)(1) or (4) or 497(h) under the Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) for the purpose of determining any liability under the Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(d) Each of the undersigned registrants hereby undertakes to respond to requests for information that is incorporated by reference into this prospectus pursuant to Item 4, 10(b), 11 or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(e) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrants have duly caused this Registration Statement to be signed on their behalf by the undersigned, thereunto duly authorized, in the City of Houston, Texas, on June 18, 1999.

LEVIATHAN GAS PIPELINE PARTNERS, L.P.

By: Leviathan Gas Pipeline Company,
its general partner

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

LEVIATHAN FINANCE CORPORATION

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

DELOS OFFSHORE COMPANY, L.L.C.

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

EWING BANK GATHERING COMPANY, L.L.C.

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

FLEXTREND DEVELOPMENT COMPANY, L.L.C.

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

GREEN CANYON PIPE LINE COMPANY, L.L.C.

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

LEVIATHAN OIL TRANSPORT SYSTEMS, L.L.C.

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

MANTA RAY GATHERING COMPANY, L.L.C.

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

POSEIDON PIPELINE COMPANY, L.L.C.

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

SAILFISH PIPELINE COMPANY, L.L.C.

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

STINGRAY HOLDING, L.L.C.

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

TARPON TRANSMISSION COMPANY

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

TRANSCO HYDROCARBONS COMPANY, L.L.C.

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

TEXAM OFFSHORE GAS TRANSMISSION, L.L.C.

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

TRANSCO OFFSHORE PIPELINE COMPANY,
L.L.C.

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

VK DEEPWATER GATHERING COMPANY, L.L.C.

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

VK-MAIN PASS GATHERING COMPANY, L.L.C.

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

VIOSCA KNOLL GATHERING COMPANY

By: /s/ KEITH B. FORMAN

Name: Keith B. Forman
Title: Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the persons whose signatures appear below, constitute and appoint H. Brent Austin and Britton White Jr., and each of them as their true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for them and in their names, places and steads, in any and all capacities, to sign the Registration Statement to be filed in connection with the exchange offering of Leviathan Gas Pipeline Partners, L.P. and Leviathan Finance Corporation and each of the Subsidiary Guarantors listed on pages II-6 through II-9 and any and all amendments (including post-effective amendments) to the Registration Statement, and any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and the other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as they might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated below:

SIGNATURE	TITLE	DATE
/s/ WILLIAM A. WISE William A. Wise	Chairman of the Board of the General Partner, on behalf of Leviathan and its subsidiaries	June 18, 1999
/s/ GRANT E. SIMS Grant E. Sims	Director and Chief Executive Officer of the General Partner, on behalf of Leviathan and its subsidiaries	June 18, 1999
/s/ JAMES H. LYTAL James H. Lytal	Director and President of the General Partner, on behalf of Leviathan and its subsidiaries	June 18, 1999
/s/ H. BRENT AUSTIN H. Brent Austin	Director and Executive Vice President of the General Partner, on behalf of Leviathan and its subsidiaries	June 18, 1999
/s/ ROBERT G. PHILLIPS Robert G. Phillips	Director and Executive Vice President of the General Partner, on behalf of Leviathan and its subsidiaries	June 18, 1999
/s/ KEITH B. FORMAN Keith B. Forman	Vice President and Chief Financial Officer of the General Partner, on behalf of Leviathan and its subsidiaries	June 18, 1999
/s/ D. MARK LELAND D. Mark Leland	Vice President and Controller of the General Partner, on behalf of Leviathan and its subsidiaries	June 18, 1999

SIGNATURE	TITLE	DATE
/s/ MICHAEL B. BRACY Michael B. Bracy	Director of the General Partner, on behalf of Leviathan and its subsidiaries	June 18, 1999
/s/ H. DOUGLAS CHURCH H. Douglas Church	Director of the General Partner, on behalf of Leviathan and its subsidiaries	June 18, 1999
/s/ MALCOLM WALLOP Malcolm Wallop	Director of the General Partner, on behalf of Leviathan and its subsidiaries	June 18, 1999

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
1.1*	-- Purchase Agreement dated as of May 24, 1999 among (i) Leviathan Gas Pipeline Partners, L.P., (ii) Leviathan Finance Corporation, (iii) Delos Offshore Company, L.L.C., Ewing Bank Gathering Company, L.L.C., Flextrend Development Company, L.L.C., Green Canyon Pipe Line Company, L.L.C., Leviathan Oil Transport Systems, L.L.C., Manta Ray Gathering Company, L.L.C., Poseidon Pipeline Company, L.L.C., Sailfish Pipeline Company, L.L.C., Stingray Holding, L.L.C., Delaware Transco Hydrocarbons Company, L.L.C., Texam Offshore Gas Transmission, L.L.C., Transco Offshore Pipeline Company, L.L.C, Tarpon Transmission Company, Viosca Knoll Gathering Company, VK-Main Pass Gathering Company, L.L.C., VK Deepwater Gathering Company, L.L.C. and the Subsidiary Guarantors from time to time party thereto (collectively, the "Subsidiary Guarantors"), (iv) Donaldson, Lufkin & Jenrette Securities Corporation, and (v) Chase Securities Inc.
3.1	-- Certificate of Limited Partnership of Leviathan (filed as Exhibit 3.1 to Leviathan's Registration Statement on Form S-1, File No. 33-55642).
3.2	-- Amended and Restated Agreement of Limited Partnership of Leviathan (filed as Exhibit 10.41 to Amendment No. 1 to DeepTech's Registration Statement on Form S-1, File No. 33-73538).
3.3	-- Amendment Number 1 to the Amended and Restated Agreement of Limited Partnership of Leviathan (filed as Exhibit 10.1 to Leviathan's Current Report on Form 8-K dated December 31, 1996, File No. 1-11680).
3.4*	-- Amendment Number 2 to the Amended and Restated Agreement of Limited Partnership of Leviathan.
3.5*	-- Certificate of Incorporation of Leviathan Finance Corporation.
3.6*	-- Bylaws of Leviathan Finance Corporation.
4.1*	-- Indenture dated as of May 27, 1999 among Leviathan Gas Pipeline Partners, L.P., Leviathan Finance Corporation, the Subsidiary Guarantors and Chase Bank of Texas, as Trustee.
4.2*	-- Form of Certificate of 10 3/8% Series A Senior Subordinated Note due 2009 (included in Exhibit 4.1 hereto).
4.3*	-- Form of Certificate of 10 3/8% Series B Senior Subordinated Note due 2009 (included in Exhibit 4.1 hereto).
4.4*	-- Form of Guarantee Notation of securities issued pursuant to the Indenture (included in Exhibit 4.1 hereto).
4.5*	-- A/B Exchange Registration Rights Agreement dated as of May 27, 1999 among Leviathan Gas Pipeline Partners, L.P., Leviathan Finance Corporation, the Subsidiary Guarantors, Donaldson, Lufkin & Jenrette Securities Corporation, and Chase Securities Inc.
5.1**	-- Opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P.
10.1	-- First Amended and Restated Management Agreement, dated June 27, 1994 and effective as of July 1, 1992, between DeepTech International Inc. ("DeepTech") and the General Partner (filed as Exhibit 10.1 to DeepTech's Annual Report on Form 10-K for 1994, File No. 0-23934).
10.2	-- First Amendment to First Amended and Restated Management Agreement between DeepTech and the General Partner (filed as Exhibit 10.76 to DeepTech's Registration Statement on Form S-1, File No. 33-88688).

EXHIBIT NO.	DESCRIPTION
10.3	-- Second Amendment to First Amended and Restated Management Agreement between DeepTech and the General Partner (filed as Exhibit 10.18 to Leviathan's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, File No. 1-11680).
10.4*	-- Third Amendment to First Amended and Restated Management Agreement between DeepTech and the General Partner.
10.5	-- Fourth Amendment to First Amended and Restated Management Agreement between DeepTech and the General Partner (filed as Exhibit 10.1 to Leviathan's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1997, File No. 1-11680).
10.6	-- Fifth Amendment to First Amended and Restated Management Agreement between DeepTech and the General Partner (filed as Exhibit 10.1 to Leviathan's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1997, File No. 1-11680).
10.7	-- Sixth Amendment to First Amended and Restated Management Agreement between DeepTech and the General Partner (filed as Exhibit 10.2 to Leviathan's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 1-11680).
10.8	-- Redemption Agreement dated February 27, 1998 between Tatham Offshore, Inc. and Flextrend Development Company, L.L.C., a subsidiary of Leviathan (filed as Exhibit 10.1 to Leviathan's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998, File No. 1-11680).
10.9	-- Contribution Agreement between Leviathan and El Paso Field Services Company (filed as Exhibit C to Leviathan's Schedule 14A (Rule 14A-101) Proxy Statement effective February 9, 1998).
10.10	-- Leviathan 1998 Unit Option Plan for Non-Employee Directors Effective as of August 14, 1998 (filed as Exhibit 10.2 to Leviathan's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998, File No. 1-11680).
10.11	-- Leviathan Unit Rights Appreciation Plan (filed as Exhibit 10.25 to Leviathan's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, File No. 1-11680).
10.12	-- Leviathan 1998 Omnibus Compensation Plan, Amended and Restated, Effective as of January 1, 1999 (filed as Exhibit 10.9 to Leviathan's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 1-11680).
12.1*	-- Statement Regarding Computation of Ratios.
21.1*	-- List of Subsidiaries of the Leviathan Gas Pipeline Partners, L.P.
23.1*	-- Consent of PricewaterhouseCoopers LLP.
23.2*	-- Consent of Deloitte & Touche LLP.
23.3*	-- Consent of Arthur Andersen LLP.
23.4*	-- Consent of Netherland, Sewell & Associates, Inc.
23.5**	-- Consent of Akin, Gump, Strauss, Hauer & Feld, L.L.P. (included in Exhibit 5.1 hereto).
24.1*	-- Power of Attorney (included on the signature pages of this Registration Statement on Form S-4).
25.1*	-- Statement of Eligibility of Trustee.

EXHIBIT NO.	DESCRIPTION
27.1	-- Financial Data Schedule (filed as Exhibit 27 to Leviathan's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 1-11680).
27.2	-- Financial Data Schedule (filed as Exhibit 27 to Leviathan's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1999, File No. 1-11680).
99.1*	-- Form of Letter of Transmittal for the 10 3/8% Series B Senior Subordinated Note due 2009.
99.2*	-- Form of Notice of Guaranteed Delivery for the 10 3/8% Series B Senior Subordinated Note due 2009.
99.3*	-- Letter to Holders.
99.4*	-- Letter to Clients.
99.5*	-- Letter to Registered Holder and Depository Trust Company Participants.
99.6*	-- Guidelines for Certificate of Taxpayer Identification Number on substitute Form W-9 (included in Exhibit 99.1 hereto).

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* Filed herewith.

** To be filed by amendment.

EXHIBIT 1.1

CONFORMED COPY

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
AND
LEVIATHAN FINANCE CORPORATION

AS ISSUERS

AND

THE SUBSIDIARIES LISTED ON SCHEDULE A

AS SUBSIDIARY GUARANTORS

$175,000,000

103/8% Series A Senior Subordinated Notes Due 2009

PURCHASE AGREEMENT

May 24, 1999

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

AND

CHASE SECURITIES INC.

AS CO-MANAGERS

$175,000,000

103/8% Series A SENIOR SUBORDINATED NOTES DUE 2009

of LEVIATHAN GAS PIPELINE PARTNERS, L.P.
and
LEVIATHAN FINANCE CORPORATION

PURCHASE AGREEMENT

May 24, 1999

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
CHASE SECURITIES INC.
c/o DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
277 Park Avenue
New York, New York 10172

Dear Ladies and Gentlemen:

LEVIATHAN GAS PIPELINE PARTNERS, L.P., a Delaware limited partnership (the "PARTNERSHIP"), and LEVIATHAN FINANCE CORPORATION, a Delaware corporation ("LEVIATHAN FINANCE" and, together with the Partnership, the "ISSUERS"), propose to issue and sell to Donaldson, Lufkin & Jenrette Securities Corporation and Chase Securities Inc. (each an "INITIAL PURCHASER" and, collectively, the "INITIAL PURCHASERS") an aggregate of $175,000,000 in principal amount of its 103/8% Series A Senior Subordinated Notes Due 2009 (the "SERIES A NOTES"), subject to the terms and conditions set forth herein. The Series A Notes are to be issued pursuant to the provisions of an indenture (the "INDENTURE"), to be dated as of the Closing Date (as defined below), among the Issuers, the Guarantors (as defined below) and The Chase Bank of Texas, National Association, as trustee (the "TRUSTEE"). The Series A Notes and the Series B Notes (as defined below) issuable in exchange therefor are collectively referred to herein as the "NOTES." The Notes will be guaranteed (the "GUARANTEES") by each of the entities listed on Schedule A hereto (each, a "SUBSIDIARY GUARANTOR" and, collectively, the "SUBSIDIARY GUARANTORS"). Capitalized terms used but not defined herein shall have the meanings given to such terms in the Indenture.

1. OFFERING MEMORANDUM. The Series A Notes will be offered and sold to the Initial Purchasers pursuant to one or more exemptions from the registration requirements under the Securities Act of 1933, as amended (the "ACT"). The Issuers and the Subsidiary Guarantors have prepared a preliminary offering memorandum, dated May 6, 1999 (the "PRELIMINARY OFFERING MEMORANDUM") and a final offering memorandum, dated May 24, 1999 (the "OFFERING MEMORANDUM"), relating to the Series A Notes and the Guarantees.

Upon original issuance thereof, and until such time as the same is no longer required pursuant to the Indenture, the Series A Notes (and all securities issued in exchange therefor, in substitution thereof or upon conversion thereof) shall bear the following legend:

"THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, ACCORDINGLY, THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT AS SET FORTH IN THE NEXT SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER:

(1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB"), (B) IT HAS ACQUIRED THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (C) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT (AN "IAI")),

(2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE PARTNERSHIP, LEVIATHAN FINANCE, OR ANY SUBSIDIARIES OF THE PARTNERSHIP, (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (C) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF THE SECURITIES ACT, (D) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (E) TO AN IAI THAT, PRIOR TO SUCH TRANSFER, FURNISHES THE TRUSTEE WITH A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE TRANSFER OF THIS NOTE (THE FORM OF WHICH CAN BE OBTAINED FROM THE TRUSTEE) AND, IF SUCH TRANSFER IS IN RESPECT OF AN AGGREGATE PRINCIPAL AMOUNT OF NOTES LESS THAN $250,000, AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUERS THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUERS) OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, AND

(3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

2. AGREEMENTS TO SELL AND PURCHASE. On the basis of the representations, warranties and covenants contained in this Agreement, and subject to the terms and conditions contained herein, the Issuers agree to issue and sell to the Initial Purchasers, and each Initial Purchasers agree, severally and not jointly, to purchase from the Issuers, the principal amounts of Series A Notes set forth opposite the name of such Initial Purchaser on Schedule C hereto at a purchase price equal to 103/8% of the principal amount thereof (the "PURCHASE PRICE").

3. TERMS OF OFFERING. The Initial Purchasers have advised the Issuers that the Initial Purchasers will make offers (the "EXEMPT RESALES") of the Series A Notes purchased hereunder on the terms set forth in the Offering Memorandum, as amended or supplemented, solely to (i) persons whom the Initial Purchasers reasonably believe to be "qualified institutional buyers" as defined in Rule 144A under the Act ("QIBS") and (ii) persons permitted to purchase the Series A Notes in offshore transactions in reliance upon Regulation S under the Act (each, a "REGULATION S PURCHASER") (such persons specified in clauses (i) and (ii) being referred to herein as the "ELIGIBLE PURCHASERS"). The Initial Purchasers will offer the Series A Notes to Eligible Purchasers initially at a price equal to 103/8% of the principal amount thereof.

Holders (including subsequent transferees) of the Series A Notes will have the registration rights set forth in the registration rights agreement (the "REGISTRATION RIGHTS AGREEMENT"), to be dated as of the Closing Date, in substantially the form of Exhibit A hereto, for so long as such Series A Notes constitute "TRANSFER RESTRICTED SECURITIES" (as defined in the Registration Rights Agreement). Pursuant to the Registration Rights Agreement, the Issuers and the Subsidiary Guarantors will agree to file with the Securities and Exchange Commission (the "COMMISSION") under the circumstances set forth therein, (i) a registration statement under the Act (the "EXCHANGE OFFER REGISTRATION STATEMENT") relating to the Issuers' 103/8% Series B Senior Subordinated Notes Due 2009 (the "SERIES B NOTES"), to be offered in exchange for the Series A Notes (such offer to exchange being referred to as the "EXCHANGE OFFER") and the Guarantees thereof and (ii) a shelf registration statement pursuant to Rule 415 under the Act (the "SHELF REGISTRATION STATEMENT" and, together with the Exchange Offer Registration Statement, the "REGISTRATION STATEMENTS") relating to the resale by certain holders of the Series A Notes and to use its best efforts to cause such Registration Statements to be declared and remain effective and usable for the periods specified in the Registration Rights Agreement and to consummate the Exchange Offer. This Agreement, the Indenture, the Notes, the Guarantees and the Registration Rights Agreement are hereinafter sometimes referred to collectively as the "OPERATIVE DOCUMENTS."

4. DELIVERY AND PAYMENT.

(a) Delivery of, and payment of the Purchase Price for, the Series A Notes shall bemade at the offices of Akin, Gump, Strauss, Hauer & Feld, L.L.P. or such otherlocation as may be mutually acceptable. Such delivery and payment shall be made at 9:00 a.m. New York City time, on May 27, 1999 or at such other time on the same date or such other date as shall be agreed upon by the Initial Purchasers and the Issuers in writing. The time and date of such delivery and the payment for the Series A Notes are herein called the "CLOSING DATE."

(b) One or more of the Series A Notes in definitive global form, registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), having an aggregate principal amount corresponding to the aggregate principal amount of the Series A Notes (collectively, the "GLOBAL NOTE"), shall be delivered by the Issuers to the Initial Purchasers (or as the Initial Purchasers direct) in each case with any transfer taxes thereon duly paid by the Issuers against payment by the Initial Purchasers of the Purchase Price thereof by wire transfer in same day funds to the order of the Partnership. The Global Note shall be made available to the Initial Purchasers for inspection not later than 9:30 a.m., New York City time, on the business day immediately preceding the Closing Date.

5. AGREEMENTS OF THE ISSUERS AND THE SUBSIDIARY GUARANTORS. Each of the Partnership, Leviathan Finance and the Subsidiary Guarantors hereby agrees with the Initial Purchasers as follows:

(a) To advise the Initial Purchasers promptly and, if requested by the Initial Purchasers, to confirm such advice in writing, (i) of the issuance by any state securities commission of any stop order suspending the qualification or exemption from qualification of any Series A Notes for offering or sale in any jurisdiction designated by the Initial Purchasers pursuant to Section 5(e) hereof, or the initiation of any proceeding by any state securities commission or any other federal or state regulatory authority for such purpose and (ii) of the happening of any event during the period referred to in Section 5(c) below that makes any statement of a material fact made in the Preliminary Offering Memorandum or the Offering Memorandum untrue or that requires any additions to or changes in the Preliminary Offering Memorandum or the Offering Memorandum in order to make the statements therein not misleading. The Issuers and the Subsidiary Guarantors shall use their best efforts to prevent the issuance of any stop order or order suspending the qualification or exemption of any Series A Notes under any state securities or Blue Sky laws and, if at any time any state securities commission or other federal or state regulatory authority shall issue an order suspending the qualification or exemption of any Series A Notes under any state securities or Blue Sky laws, the Issuers and the Subsidiary Guarantors shall use their best efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(b) To furnish the Initial Purchasers and those persons identified by the Initial Purchasers to the Issuers as many copies of the Preliminary Offering Memorandum and the Offering Memorandum, and any amendments or supplements thereto, as the Initial Purchasers may reasonably request for the time period specified in Section 5(c). Subject to the Initial Purchasers' compliance with its representations and warranties and agreements set forth in Section 7 hereof, the Issuers consent to the use of the Preliminary Offering Memorandum and the Offering Memorandum, and any amendments and supplements thereto required pursuant hereto, by the Initial Purchasers in connection with Exempt Resales;

(c) During such period as in the opinion of counsel for the Initial Purchasers an Offering Memorandum is required by law to be delivered in connection with Exempt Resales by the Initial Purchasers and in connection with market-making activities of the Initial Purchasers for so long as any Series A Notes are outstanding, (i) not to make any amendment or supplement to the Offering Memorandum of which the Initial Purchasers shall not previously have been advised or to which the Initial Purchasers shall reasonably object after being so advised and (ii) to prepare promptly upon the Initial Purchasers' reasonable request, any amendment or supplement to the Offering Memorandum which may be necessary or advisable in connection with such Exempt Resales or such market-making activities;

(d) If, during the period referred to in Section 5(c) above, any event shall occur or condition shall exist as a result of which. in the opinion of counsel to the Initial Purchasers, it becomes necessary to amend or supplement the Offering Memorandum in order to make the statements therein, in the light of the circumstances when such Offering Memorandum is delivered to an Eligible Purchaser, not mis leading, or if, in the opinion of counsel to the Initial Purchasers, it is necessary to amend or supplement the Offering Memorandum to comply with any applicable law, forthwith to prepare an appropriate amendment or supplement to such Offering Memorandum so that the statements therein, as so amended or supplemented, will not, in the light of the circumstances when it is so delivered, be misleading, or so that such Offering Memorandum will comply with applicable law, and to furnish to the Initial Purchasers and such other persons as the Initial Purchasers may designate such number of copies thereof as the Initial Purchasers may reasonably request;

(e) Prior to the sale of all Series A Notes pursuant to Exempt Resales as contemplated hereby, to cooperate with the Initial Purchasers and counsel to the Initial Purchasers in connection with the registration or qualification of the Series A Notes for offer and sale to the Initial Purchasers and pursuant to Exempt Resales under the securities or Blue Sky laws of such jurisdictions as the Initial Purchasers may request and to continue such registration or qualification in effect so long as required for Exempt Resales and to file such consents to service of process or other documents as may be necessary in order to effect such registration or qualification; provided, however, that neither the Issuers nor any Subsidiary Guarantor shall be required in connection therewith to qualify as a foreign partnership or corporation in any jurisdiction in which it is not now so qualified or to take any action that would subject it to general consent to service of process or taxation other than as to matters and transactions relating to the Preliminary Offering Memorandum, the Offering Memorandum or Exempt Resales, in any jurisdiction in which it is not now so subject;

(f) To provide to the Initial Purchasers and, upon request, to the record holders
of the Notes, all the information required by Section 4.19 of the Indenture;

(g) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of the obligations of the Issuers and the Subsidiary Guarantors under this Agreement, including: (i) the fees, disbursements and expenses of counsel to the Issuers and the Subsidiary Guarantors and accountants of the Issuers and the Subsidiary Guarantors in connection with the sale and delivery of the Series A Notes to the Initial Purchasers and pursuant to Exempt Resales, and all other fees and expenses in connection with the preparation, printing, filing and distribution of the Preliminary Offering Memorandum, the Offering Memorandum and all amendments and supplements to any of the foregoing (including financial statements), including the mailing and delivery of copies thereof to the Initial Purchasers and persons designated by them in the quantities specified herein, (ii) all costs and expenses related to the transfer and

delivery of the Series A Notes to the Initial Purchasers and pursuant to Exempt Resales, including any transfer or other taxes payable thereon, (iii) all costs of printing or producing this Agreement, the other Operative Documents and any other agreements or documents in connection with the offering, purchase, sale or delivery of the Series A Notes, (iv) all expenses in connection with the registration or qualification of the Series A Notes and the Guarantees for offer and sale under the securities or Blue Sky laws of the several states and all costs of printing or producing any preliminary and supplemental Blue Sky memoranda in connection therewith (including the filing fees and fees and disbursements of counsel for the Initial Purchasers in connection with such registration or qualification and memoranda relating thereto), (v) the cost of printing certificates representing the Series A Notes and the Guarantees, (vi) all expenses and listing fees in connection with the application for quotation of the Series A Notes in the National Association of Securities Dealers, Inc. ("NASD") Automated Quotation System - PORTAL ("PORTAL"), (vii) the fees and expenses of the Trustee and the Trustee's counsel in connection with the Indenture, the Notes and the Guarantees, (viii) the costs and charges of any transfer agent, registrar and/or depositary (including DTC), (ix) any fees charged by rating agencies for the rating of the Notes, (x) all costs and expenses of the Exchange Offer and any Registration Statement, as set forth in the Registration Rights Agreement, and (xi) and all other costs and expenses incident to the performance of the obligations of the Issuers and the Subsidiary Guarantors hereunder for which provision is not otherwise made in this Section;

(h) To use its best efforts to effect the inclusion of the Series A Notes in PORTAL and to maintain the listing of the Series A Notes on PORTAL for so long as the Series A Notes are outstanding;

(i) To obtain the approval of DTC for "book-entry" transfer of the Notes, and to comply with all of its agreements set forth in the representation letters of the Issuers and the Subsidiary Guarantors to DTC relating to the approval of the Notes by DTC for "book-entry" transfer;

(j) During the period beginning on the date hereof and continuing to and including the Closing Date, not to offer, sell, contract to sell or otherwise transfer or dispose of any debt securities of each of the Issuers or any Subsidiary Guarantor or any warrants, rights or options to purchase or otherwise acquire debt securities of the Issuers or any Subsidiary Guarantor substantially similar to the Notes and the Guarantees (other than (i) the Notes and the Guarantees, (ii) commercial paper issued in the ordinary course of business and (iii) the incurrence of debt in connection with the Third Amended and Restated Credit Agreement among the Partnership, several lenders from time to time parties thereto and the Chase Manhattan Bank, dated as of March 23, 1995, as amended, (the "CREDIT FACILITY")), without the prior written consent of the Initial Purchasers;

(k) Not to sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the Act) that would be integrated with the sale of the Series A Notes to the Initial Purchasers or pursuant to Exempt Resales in a manner that would require the registration of any such sale of the Series A Notes under the Act;

(l) Not to voluntarily claim, and to actively resist any attempts to claim, the benefit of any usury laws against the holders of any Notes and the related Guarantees;

(m) To cause the Exchange Offer to be made in the appropriate form to permit Series B Notes and guarantees thereof by the Subsidiary Guarantors registered pursuant to the Act to be

offered in exchange for the Series A Notes and the Guarantees and to comply with all applicable federal and state securities laws in connection with the Exchange Offer;

(n) To comply with all of its agreements set forth in the Registration Rights Agreement; and

(o) To use its best efforts to do and perform all things required or necessary to be done and performed under this Agreement by it prior to the Closing Date and to satisfy all conditions precedent to the delivery of the Series A Notes and the Guarantees.

(p) The Partnership hereby agrees that promptly following the closing of this offering, the Partnership will use a portion of the proceeds from the sale of the Notes to consummate the purchase from El Paso Energy Corporation of a 49% interest in the Viosca Knoll Gathering Company and to repay in full all amounts due under, and to terminate, the Viosca Knoll credit facility all as more fully explained in the Offering Memorandum, which purchase, repayment and termination the Partnership expects to occur on May 31, 1999.

(q) The Partnership hereby agrees that concurrently with or promptly following the closing of the offering, the Partnership will apply the remaining proceeds of the offering as described in "Use of Proceeds" section of the Offering Memorandum to reduce the balance outstanding under the Credit Facility and to amend and restate the Credit Facility as described in the Offering Memorandum.

6. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE PARTNERSHIP, LEVIATHAN FINANCE AND THE GUARANTORS. As of the date hereof, each of the Partnership, Leviathan Finance and the Subsidiary Guarantors represents and warrants to, and agrees with, the Initial Purchasers that:

(a) The Preliminary Offering Memorandum and the Offering Memorandum do not, and any supplement or amendment to them will not, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties contained in this paragraph (a) shall not apply to statements in or omissions from the Preliminary Offering Memorandum or the Offering Memorandum (or any supplement or amendment thereto) based upon information relating to the Initial Purchasers furnished to the Issuers in writing by the Initial Purchasers expressly for use therein. No stop order preventing the use of the Preliminary Offering Memorandum or the Offering Memorandum, or any amendment or supplement thereto, or any order asserting that any of the transactions contemplated by this Agreement are subject to the registration requirements of the Act, has been issued;

(b) Each of the Partnership and its Restricted Subsidiaries and Leviathan Finance, as applicable, has been duly formed or incorporated, is validly existing as a limited partnership, corporation or limited liability company in good standing under the laws of their respective jurisdictions of formation or incorporation and has the partnership, corporate or limited liability company power and authority to carry on their respective businesses as described in the Preliminary Offering Memorandum and the Offering Memorandum and to own, lease and operate their respective properties, and each is duly qualified and is in good standing as a foreign limited partnership, corporation or limited liability company authorized to do business in each jurisdiction in which the nature of each of their businesses or their ownership or leasing of property requires such qualification, except where the failure to be so qualified could

reasonably be expected not to have a material adverse effect on the business, financial condition or results of operations of the Partnership, its subsidiaries and Leviathan Finance, taken as a whole (a "MATERIAL ADVERSE EFFECT");

(c) Leviathan Gas Pipeline Company, a Delaware corporation, (the "GENERAL PARTNER") has been duly incorporated and is validly existing in good standing under the laws of the State of Delaware with full corporate power and authority to carry on its businesses; to own, lease and operate its properties; and to act as the general partner of the Partnership in all material respects as described in the Preliminary Offering Memorandum and in the Offering Memorandum. The General Partner is duly qualified and is in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its businesses or its ownership or leasing of property requires such qualification, except where the failure to be so qualified could reasonably be expected not to (i) have a Material Adverse Effect, or (ii) subject the limited partners of the Partnership to any material liability or disability;

(d) All outstanding shares of capital stock or partnership interests of Leviathan Finance or the Partnership, as applicable, have been duly authorized and validly issued and are fully paid, non-assessable (except, in the case of the partnership interests of the Partnership, to the extent set forth in Section 17-303 of the Delaware Revised Uniform Limited Partnership Act (the "DRULPA")) and not subject to any preemptive or similar rights;

(e) The entities listed on Schedule B hereto are the only subsidiaries, direct or indirect, of the Partnership. All of the outstanding shares of capital stock or limited liability company interests of each of the Partnership's subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and are owned by the Partnership, directly or indirectly through one or more subsidiaries or the General Partner, free and clear of any security interest, claim, lien, encumbrance or adverse interest of any nature (each, a "LIEN"), except for the liens created as security for the Credit Facility;

(f) At the Closing Date, after giving effect to the transactions contemplated in the Preliminary Offering Memorandum and the Offering Memorandum, the General Partner will be the sole general partner of the Partnership with a 1.0% general partner interest in the Partnership, and such general partner interest will be duly authorized and validly issued in accordance with the Amended and Restated Agreement of Limited Partnership of Leviathan Gas Pipeline Partners, L.P. dated as of February 19, 1993 (as amended, the "PARTNERSHIP AGREEMENT"); and at or before the Closing Date, such Partnership Agreement will have been duly authorized, executed and delivered by the General Partner and will be a valid and legally binding agreement of the General Partner, enforceable against the General Partner in accordance with its terms;

(g) At the Closing Date, after giving effect to the transactions contemplated in the Preliminary Offering Memorandum and the Offering Memorandum, the General Partner will own limited partner interests in the Partnership represented by 6,291,894 common units (approximately 6,291,894 common units after the consummation of the Viosca Knoll Gathering Company acquisition transaction); all of the limited partner interests represented thereby will be duly authorized and validly issued in accordance with the Partnership Agreement, and will be fully paid (to the extent required by the Partnership Agreement) and nonassessable;

(h) This Agreement has been duly authorized, executed and delivered by each of the Issuers and each of the Subsidiary Guarantors;

(i) The Indenture has been duly authorized by each of the Issuers and each of the Subsidiary Guarantors, and, on the Closing Date, will have been validly executed and delivered by each of the Issuers and each of the Subsidiary Guarantors. When the Indenture has been duly executed and delivered by each of the Issuers and each of the Subsidiary Guarantors, the Indenture will be a valid and binding agreement of each of the Issuers and each of the Subsidiary Guarantors, enforceable against each of the Issuers and each of the Subsidiary Guarantors in accordance with its terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability. On the Closing Date, the Indenture will conform in all material respects to the requirements of the Trust Indenture Act of 1939, as amended (the "TIA" or "TRUST INDENTURE ACT"), and the rules and regulations of the Commission applicable to an indenture which is qualified thereunder;

(j) The Series A Notes have been duly authorized and, on the Closing Date, will have been validly executed and delivered by each of the Issuers. When the Series A Notes have been issued, executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Initial Purchasers in accordance with the terms of this Agreement, the Series A Notes will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Issuers, enforceable in accordance with their terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability. On the Closing Date, the Series A Notes will conform as to legal matters to the description thereof contained in the Offering Memorandum;

(k) On the Closing Date, the Series B Notes will have been duly authorized by each of the Issuers. When the Series B Notes are issued, executed and authenticated in accordance with the terms of the Exchange Offer and the Indenture, the Series B Notes will be entitled to the benefits of the Indenture and will be the valid and binding obligations of the Issuers, enforceable against the Issuers in accordance with their terms, except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability;

(l) The Guarantee to be endorsed on the Series A Notes by each Subsidiary Guarantor has been duly authorized by such Subsidiary Guarantor and, on the Closing Date, will have been duly executed and delivered by each such Subsidiary Guarantor. When the Series A Notes have been issued, executed and authenticated in accordance with the Indenture and delivered to and paid for by the Initial Purchasers in accordance with the terms of this Agreement, the Guarantee of each Subsidiary Guarantor endorsed thereon will be entitled to the benefits of the Indenture and will be the valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms, except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability. On the Closing Date, the Guarantees to be endorsed on the Series A Notes will conform as to legal matters to the description thereof contained in the Offering Memorandum;

(m) The Subsidiary Guarantee to be endorsed on the Series B Notes by each Subsidiary Guarantor has been duly authorized by such Subsidiary Guarantor and, when issued, will have been duly executed and delivered by each such Subsidiary Guarantor. When the Series B Notes have been

issued, executed and authenticated in accordance with the terms of the Exchange Offer and the Indenture, the Subsidiary Guarantee of each Subsidiary Guarantor endorsed thereon will be entitled to the benefits of the Indenture and will be the valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms, except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability. When the Series B Notes are issued, authenticated and delivered, the Guarantees to be endorsed on the Series B Notes will conform as to legal matters to the description thereof in the Offering Memorandum;

(n) The Registration Rights Agreement has been duly authorized by each of the Issuers and each of the Subsidiary Guarantors and, on the Closing Date, will have been duly executed and delivered by each of the Issuers and each of the Subsidiary Guarantors. When the Registration Rights Agreement has been duly executed and delivered, the Registration Rights Agreement will be a valid and binding agreement of each of the Issuers and each of the Subsidiary Guarantors, enforceable against each of the Issuers and each of the Subsidiary Guarantors in accordance with its terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability. On the Closing Date, the Registration Rights Agreement will conform as to legal matters to the description thereof in the Offering Memorandum;

(o) Neither the Issuers nor any of their subsidiaries is in violation of its respective limited partnership agreement, limited liability company agreement, charter, by-laws or similar organizational document or in default in the performance of any obligation, agreement, covenant or condition contained in any indenture, loan agreement, mortgage, lease or other agreement or instrument that is material to the Issuers and their subsidiaries, taken as a whole, to which the Issuers or any of their subsidiaries is a party or by which the Issuers or any of their subsidiaries or their respective property is bound, except with respect to any such indenture loan agreement, mortgage, loan or other agreement or instrument, any default which could reasonably be expected not to have a Material Adverse Effect;

(p) The execution, delivery and performance of this Agreement and the other Operative Documents by each of the Issuers and each of the Subsidiary Guarantors, compliance by each of the Issuers and each of the Subsidiary Guarantors with all provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not (i) require any consent, approval, authorization or other order of, or qualification with, any court or governmental body or agency (except such as may be required under the securities or Blue Sky laws of the various states or, with respect to the proposed offer to exchange the Exchange Notes for the Notes, the federal securities laws), (ii) conflict with or constitute a breach of any of the terms or provisions of, or a default under, the limited partnership agreement, limited liability company agreement, charter, by-laws or similar organizational document of the Partnership or any of its Restricted Subsidiaries or Leviathan Finance or any existing indenture, loan agreement, mortgage, lease or other agreement or instrument that is material to the Partnership and its Restricted Subsidiaries and Leviathan Finance, taken as a whole, to which the Partnership or any of its Restricted Subsidiaries or Leviathan Finance is a party or by which the Partnership or any of its Restricted Subsidiaries or Leviathan Finance or their respective property is bound, (iii) violate or conflict with any applicable existing law or any rule, regulation, judgment, order or decree of any court or any governmental body or agency having jurisdiction over the Partnership or any of its Restricted Subsidiaries or Leviathan Finance or their respective property, (iv) result in the imposition or creation of (or the obligation to create

or impose) a Lien under, any existing agreement or instrument to which the Partnership or any of its Restricted Subsidiaries or Leviathan Finance is a party or by which the Partnership or any of its Restricted Subsidiaries or Leviathan Finance or their respective property is bound, or (v) result in the termination, suspension or revocation of any existing Authorization (as defined below) of the Partnership or any of its Restricted Subsidiaries or Leviathan Finance or result in any other impairment of the rights of the holder of any such Authorization, except to the extent they could reasonably be expected not to have a Material Adverse Effect;

(q) Except for the lawsuit against the Partnership filed by Transcontinental Gas Pipe Line Corporation in the 157th Judicial District Court, Harris County, Texas on August 30, 1996, and United States ex rel Grynberg v. El Paso Natural Gas Company, et al., which proceedings are described in the Preliminary Offering Memorandum and the Offering Memorandum under the caption "Business -- Legal Proceedings," there are no legal or governmental proceedings pending or, to our knowledge, threatened to which the Partnership or any of its Restricted Subsidiaries or Leviathan Finance is or could be a party or to which any of their respective property is or could be subject, except for those proceedings which, singly or in the aggregate, could reasonably be expected not to result in a Material Adverse Effect;

(r) Neither the Partnership nor any of its Restricted Subsidiaries nor Leviathan Finance has violated any foreign, federal, state or local law or regulation relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("ENVIRONMENTAL LAWS"), any provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or any provisions of the Foreign Corrupt Practices Act or the rules and regulations promulgated thereunder, except for such violations which, singly or in the aggregate, could reasonably be expected not to result in a Material Adverse Effect;

(s) There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any Authorization, any related constraints on operating activities and any potential liabilities to third parties) which, singly or in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(t) Each of the Partnership and its Restricted Subsidiaries and Leviathan Finance has such permits, licenses, consents, exemptions, franchises, authorizations and other approvals (each, an "AUTHORIZATION") of, and has made all filings with and notices to, all governmental or regulatory authorities and self-regulatory organizations and all courts and other tribunals, including without limitation, under any applicable Environmental Laws, as are necessary to own, lease, license and operate its respective properties and to conduct its business, except where the failure to have any such Authorization or to make any such filing or notice could, singly or in the aggregate, reasonably be expected not to have a Material Adverse Effect. Each such Authorization is valid and in full force and effect and each of the Partnership and its Restricted Subsidiaries and Leviathan Finance is in compliance with all the terms and conditions thereof and with the rules and regulations of the authorities and governing bodies having jurisdiction with respect thereto; and no event has occurred (including, without limitation, the receipt of any notice from any authority or governing body) which allows or, after notice or lapse of time or both, would allow, revocation, suspension or termination of any such Authorization or results or, after notice or lapse of time or both, would result in any other impairment of the rights of the holder of any such Authorization; and such Authorizations contain no restrictions that are burdensome to the Partnership or any of its Restricted Subsidiaries or Leviathan Finance; except where such failure to be valid and in full force and effect or to be in compliance,

the occurrence of any such event or the presence of any such restriction could, singly or in the aggregate, reasonably be expected not to have a Material Adverse Effect;

(u) Each of the Partnership and its subsidiaries and Leviathan Finance has, or at the Closing Date will have, such consents, easements, right-of-way or licenses from any person ("RIGHTS- OF-WAY") as are necessary to conduct its business in the manner described in the Offering Memorandum, subject to such qualifications as may be set forth in the Offering Memorandum and except for such rights-of-way which, if not obtained, could, singly or in the aggregate, reasonably be expected not to have a Material Adverse Effect; each of the Partnership and its subsidiaries and Leviathan Finance has, or at the Closing Date will have, fulfilled and performed all its material obligations with respect to such rights-of-way and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or would result in any impairment of the rights of the holder of any such rights-of-way, except for such revocations, terminations and impairments that could reasonably be expected not to have a Material Adverse Effect, subject in each case to such qualifications as may be set forth in the Offering Memorandum; and except as described in the Offering Memorandum, none of such rights-of-way contains any restriction that is materially burdensome to the Partnership and its subsidiaries and Leviathan Finance considered as a whole;

(v) The accountants, Pricewaterhouse Coopers, L.L.P., that have certified the financial statements and supporting schedules included in the Preliminary Offering Memorandum and the Offering Memorandum are independent public accountants with respect to the Issuers and the Subsidiary Guarantors, as required by the Act and the Exchange Act. The historical financial statements, together with related schedules and notes, set forth in the Preliminary Offering Memorandum and the Offering Memorandum comply as to form in all material respects with the requirements applicable to registration statements on Form S-1 under the Act;

(w) The historical financial statements, together with related schedules and notes forming part of the Offering Memorandum (and any amendment or supplement thereto), present fairly the consolidated financial position, results of operations and changes in financial position of the Partnership and its subsidiaries and Leviathan Finance on the basis stated in the Offering Memorandum at the respective dates or for the respective periods to which they apply; such statements and related schedules and notes have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved, except as disclosed therein; and the other financial and statistical information and data set forth in the Offering Memorandum (and any amendment or supplement thereto) are, in all material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Partnership and Leviathan Finance;

(x) The pro forma financial statements included in the Preliminary Offering Memorandum and the Offering Memorandum have been prepared on a basis consistent with the historical financial statements of the Partnership and its subsidiaries and Leviathan Finance and give effect to assumptions used in the preparation thereof on a reasonable basis and in good faith and present fairly the historical and proposed transactions contemplated by the Preliminary Offering Memorandum and the Offering Memorandum; and such pro forma financial statements comply as to form in all material respects with the requirements applicable to pro forma financial statements included in registration statements on Form S-1 under the Act. The other pro forma financial and statistical information and data included in the Offering Memorandum are, in all material respects, accurately presented and prepared on a basis consistent with the pro forma financial statements;

(y) The Issuers are not and, after giving effect to the offering and sale of the Series A Notes and the application of the net proceeds thereof as described in the Offering Memorandum, will not be, an "investment company,"as such term is defined in the Investment Company Act of 1940, as amended;

(z) There are no contracts, agreements or understandings between the Issuers or any Subsidiary Guarantor and any person granting such person the right to require the Issuers or such Subsidiary Guarantor to file a registration statement under the Act with respect to any securities of the Issuers or such Subsidiary Guarantor or to require the Issuers or such Subsidiary Guarantor to include such securities with the Notes and Guarantees registered pursuant to any Registration Statement (other than the rights (i) of the General Partner and its affiliates in Section 6.14 of the Partnership Agreement; (ii) of EPEC Deepwater Gathering Company and its successors ("EPEC") pursuant to the Registration Rights Agreement between EPEC and the Partnership to be executed in connection with the acquisition by the Partnership of an additional interest in Viosca Knoll Gathering Company, which the General Partner (as defined in the Partnership Agreement) and EPEC, as applicable, have agreed not to exercise for 90 days pursuant to the letter agreement of even date herewith); and (iii) granted under the Credit Facility and related agreements;

(aa) Neither the Partnership nor any of its subsidiaries nor Leviathan Finance nor any agent thereof acting on the behalf of them has taken, and none of them will take, any action that might cause this Agreement or the issuance or sale of the Series A Notes to violate Regulation G (12 C.F.R. Part 207), Regulation T (12 C.F.R. Part 220), Regulation U (12 C.F.R. Part 221) or Regulation X (12 C.F.R. Part 224) of the Board of Governors of the Federal Reserve System;

(bb) No "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g)(2) under the Act (i) has imposed (or has informed the Issuers or any Subsidiary Guarantor that it is considering imposing) any condition (financial or otherwise) on the Issuers' or any Subsidiary Guarantor's retaining any rating assigned to the Issuers or any Subsidiary Guarantor, any securities of the Issuer or any Subsidiary Guarantor or (ii) has indicated to the Issuers or any Subsidiary Guarantor that it is considering (a) the downgrading, suspension, or withdrawal of, or any review for a possible change that does not indicate the direction of the possible change in, any rating so assigned or (b) any change in the outlook for any rating of the Issuers, any Subsidiary Guarantor or any securities of the Issuers or any Subsidiary Guarantor;

(cc) Since the respective dates as of which information is given in the Offering Memorandum other than as set forth in the Offering Memorandum (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement), (i) there has not occurred any material adverse change or any development involving a prospective material adverse change in the condition, financial or otherwise, or the earnings, business, management or operations of the Partnership and its subsidiaries and Leviathan Finance, taken as a whole, (ii) there has not been any material adverse change or any development involving a prospective material adverse change in the capital stock, limited liability company interests or partnership units, as applicable, or in the long-term debt of the Partnership or any of its subsidiaries or Leviathan Finance and (iii) neither the Partnership nor any of its subsidiaries nor Leviathan Finance has incurred any material liability or obligation, direct or contingent;

(dd) Each of the Preliminary Offering Memorandum and the Offering Memorandum, as of its date, contains all the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Act;

(ee) When the Series A Notes and the Guarantees are issued and delivered pursuant to this Agreement, neither the Series A Notes nor the Guarantees will be of the same class (within the meaning of Rule 144A under the Act) as any security of the Issuers or the Subsidiary Guarantors that is listed on a national securities exchange registered under Section 6 of the Exchange Act or that is quoted in a United States automated inter-dealer quotation system;

(ff) No form of general solicitation or general advertising (as defined in Regulation D under the Act) was used by the Issuers, the Subsidiary Guarantors or any of their respective representatives (other than the Initial Purchasers, as to whom the Issuers and the Subsidiary Guarantors make no representation) in connection with the offer and sale of the Series A Notes contemplated hereby, including, but not limited to, articles, notices or other communications published in any newspaper, magazine, or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising. No securities of the same class as the Series A Notes have been issued and sold by the Issuers within the six-month period immediately prior to the date hereof;

(gg) Prior to the effectiveness of any Registration Statement, the Indenture is not required to be qualified under the TIA;

(hh) None of the Issuers, the Subsidiary Guarantors nor any of their respective affiliates or any person acting on its or their behalf (other than the Initial Purchasers, as to whom the Issuers and the Subsidiary Guarantors make no representation) has engaged or will engage in any directed selling efforts within the meaning of Regulation S under the Act ("REGULATION S") with respect to the Series A Notes or the Guarantees;

(ii) The Issuers, the Subsidiary Guarantors and their respective affiliates and all persons acting on their behalf (other than the Initial Purchasers, as to whom the Issuers and the Subsidiary Guarantors make no representation) have complied with and will comply with the offering restrictions requirements of Regulation S in connection with the offering of the Series A Notes outside the United States and, in connection therewith, the Offering Memorandum will contain the disclosure required by Rule 902(h);

(jj) The Partnership is a "reporting issuer," as defined in Rule 902 under the Act;

(kk) The Series A Notes offered and sold in reliance on Regulation S have been and will be offered and sold only in offshore transactions;

(ll) The sale of the Series A Notes pursuant to Regulation S is not part of a plan or scheme to evade the registration provisions of the Act;

(mm) No registration under the Act of the Series A Notes or the Guarantees is required for the sale of the Series A Notes and the Guarantees to the Initial Purchasers as contemplated hereby or for the Exempt Resales assuming the accuracy of the Initial Purchasers' representations and warranties and agreements set forth in Section 7 hereof;

(nn) Each certificate signed by any officer of the Issuers or any Subsidiary Guarantor and delivered to the Initial Purchasers or counsel for the Initial Purchasers shall be deemed to be

a representation and warranty by the Issuers or such Subsidiary Guarantor to the Initial Purchasers as to the matters covered thereby;

(oo) Except as otherwise set forth in the Preliminary Offering Memorandum or the Offering Memorandum or such as are not material to the business, prospects, financial condition or results of operations of thePartnership and its subsidiaries (taken as a whole), and except for liens created by operation and maintenance agreements, space lease agreements and other similar types of agreements ordinary and customary to the operations of the General Partner, the Partnership and its subsidiaries, the Partnership and the Subsidiary Guarantors have good and defensible title to their interests in their oil and gas properties;

(pp) The information which was supplied by the Partnership to Netherland, Sewell & Associates, Inc. ("NETHERLAND & SEWELL"), independent petroleum engineers, for purposes of evaluating the oil and gas reserves of the Partnership and the Subsidiary Guarantors as of December 31, 1998, including, without limitation, production, costs of operation and development, current prices for production, agreements relating to current and future operations and sales of production, was true and correct in all material respects on the dates such estimates were made and such information was supplied and was prepared in accordance with customary industry practices, as indicated in the letter of Netherland & Sewell dated February 8, 1999 (the "NETHERLAND & SEWELL LETTER"); Netherland & Sewell was, as of the date of the Netherland & Sewell Letter, and is, as of the date hereof, independent with respect to the Partnership and the Subsidiary Guarantors; other than normal production of the reserves and intervening spot market product price fluctuations, the Partnership is not aware of any facts or circumstances that would result in a materially adverse change in the reserves, or the present value of future net cash flows therefrom, as described in the Offering Memorandum and as reflected in the Netherland & Sewell Letter and the reserve report referenced therein; estimates of such reserves and present values as described in the Offering Memorandum and reflected in the Netherland & Sewell Letter and the reserve report referenced therein comply in all material respects to the applicable requirements of Regulation S-X and Industry Guide 2 under the Securities Act;

(qq) The Partnership and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; and neither the Partnership nor any of its subsidiaries (i) has received notice from any insurer or agent of such insurer that substantial capital improvements or other material expenditures will have to be made in order to continue such insurance or (ii) has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers at a cost that could reasonably be expected not to have a Material Adverse Effect;

(rr) Except as disclosed in the Offering Memorandum, no relationship, direct or indirect, exists between or among the Partnership or any of its subsidiaries on the one hand, and the directors, officers, stockholders, customers or suppliers of the Partnership or any of its subsidiaries on the other hand, which would be required by the Act to be described in the Offering Memorandum if the Offering Memorandum were a prospectus included in a registration statement on Form S-1 filed with the Commission;

(ss) There is no (i) significant unfair labor practice complaint, grievance or arbitration proceeding pending or threatened against the Partnership or any of its subsidiaries before the National Labor Relations Board or any state or local labor relations board, (ii) strike, labor dispute, slowdown or stoppage pending or threatened against the Partnership or any of its subsidiaries or (iii) union representation question existing with respect to the employees of the Partnership or any of its subsidiaries, except in the case of clauses (i), (ii) and (iii) for such actions which, singly or in the aggregate, could reasonably be expected

not to have a Material Adverse Effect. To the best knowledge of the Partnership, no collective bargaining organizing activities are taking place with respect to the Partnership or any of its subsidiaries;

(tt) The Issuers and each of their subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(uu) All material tax returns required to be filed by the Issuers and each of their subsidiaries in any jurisdiction have been filed, other than those filings being contested in good faith, and all material taxes, including withholding taxes, penalties and interest, assessments, fees and other charges due pursuant to such returns or pursuant to any assessment received by the Issuers or any of their subsidiaries have been paid, other than those being contested in good faith and for which adequate reserves have been provided;

(vv) All indebtedness of the Partnership that will be repaid with the proceeds of the issuance and sale of the Series A Notes was incurred, and the indebtedness represented by the Series A Notes is being incurred, for proper purposes and in good faith and each of the Issuers and the Subsidiary Guarantors was, at the time of the incurrence of such indebtedness that will be repaid with the proceeds of the issuance and sale of the Series A Notes, and will be on the Closing Date (after giving effect to the application of the proceeds from the issuance of the Series A Notes) solvent, and had at the time of the incurrence of such indebtedness that will be repaid with the proceeds of the issuance and sale of the Series A Notes and will have on the Closing Date (after giving effect to the application of the proceeds from the issuance of the Series A Notes) sufficient capital for carrying on their respective business and were, at the time of the incurrence of such indebtedness that will be repaid with the proceeds of the issuance and sale of the Series A Notes, and will be on the Closing Date (after giving effect to the application of the proceeds from the issuance of the Series A Notes) able to pay their respective debts as they mature;

(ww) No action has been taken and no law, statute, rule or regulation or order has been enacted, adopted or issued by any governmental agency or body which prevents the execution, delivery and performance of any of the Operative Documents, the issuance of the Series A Notes or the Guarantees, or suspends the sale of the Series A Notes or the Guarantees in any jurisdiction referred to in Section 5(e); and no injunction, restraining order or other order or relief of any nature by a federal or state court or other tribunal of competent jurisdiction has been issued with respect to the Issuers or any of their subsidiaries which would prevent or suspend the issuance or sale of the Series A Notes or the Guarantees in any jurisdiction referred to in Section 5(e);

The Issuers acknowledge that the Initial Purchasers and, for purposes of the opinions to be delivered to the Initial Purchasers pursuant to Section 9 hereof, counsel to the Issuers and the Subsidiary Guarantors and counsel to the Initial Purchasers will rely upon the accuracy and truth of the foregoing representations and hereby consents to such reliance.

7. INITIAL PURCHASERS' REPRESENTATIONS AND WARRANTIES. Each of the Initial Purchasers, severally and not jointly, represents and warrants to each of the Issuers and the Subsidiary Guarantors, and agrees that:

(a) Such Initial Purchaser is either a QIB or an Accredited Institution, in either case, with such knowledge and experience in financial and business matters as is necessary in order to evaluate the merits and risks of an investment in the Series A Notes;

(b) Such Initial Purchaser (A) is not acquiring the Series A Notes with a view to any distribution thereof or with any present intention of offering or selling any of the Series A Notes in a transaction that would violate the Act or the securities laws of any state of the United States or any other applicable jurisdiction and (B) will be reoffering and reselling the Series A Notes only to (x) QIBs in reliance on the exemption from the registration requirements of the Act provided by Rule 144A, and (y) in offshore transactions in reliance upon Regulation S under the Act;

(c) Such Initial Purchaser agrees that no form of general solicitation or general advertising (within the meaning of Regulation D under the Act) has been or will be used by such Initial Purchaser or any of its representatives in connection with the offer and sale of the Series A Notes pursuant hereto, including, but not limited to, articles, notices or other communications published in any newspaper, magazine or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising;

(d) Such Initial Purchaser agrees that, in connection with Exempt Resales, such Initial Purchaser will solicit offers to buy the Series A Notes only from, and will offer to sell the Series A Notes only to, Eligible Purchasers. Each Initial Purchaser further agrees that it will offer to sell the Series A Notes only to, and will solicit offers to buy the Series A Notes only from (A) Eligible Purchasers that the Initial Purchaser reasonably believes are QIBs, and (B) Regulation S Purchasers, in each case, that agree that (x) the Series A Notes purchased by them may be resold, pledged or otherwise transferred within the time period referred to under Rule 144(k) (taking into account the provisions of Rule 144(d) under the Act, if applicable) under the Act, as in effect on the date of the transfer of such Series A Notes, only (I) to the Partnership, Leviathan Finance or any Restricted Subsidiary of the Partnership, (II) to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A under the Act, (III) in an offshore transaction meeting the requirements of Rule 903 or 904 under the Act, (IV) in a transaction meeting the requirements of Rule 144 under the Act, (V) to an IAI that, prior to such transfer, furnishes the Trustee a signed letter containing certain representations and agreements relating to the transfer of such Series A Note (the form of which is substantially the same as Annex A to the Offering Memorandum) and, if such transfer is in respect of an aggregate principal amount of Series A Notes less than $250,000, an opinion of counsel acceptable to the Issuers that such transfer is in compliance with the Act, (VI) in accordance with another exemption from the registration requirements of the Act (and based upon an opinion of counsel acceptable to the Issuers) or (VII) pursuant to an effective registration statement under the Act and, in each case, in accordance with the applicable securities laws of any state of the United States or any other applicable jurisdiction and (y) they will deliver to each person to whom such Series A Notes or an interest therein is transferred a notice substantially to the effect of the foregoing;

(e) Such Initial Purchaser and its affiliates or any person acting on its or their behalf have not engaged or will not engage in any directed selling efforts within the meaning of Regulation S with respect to the Series A Notes or the Guarantees;

(f) The Series A Notes offered and sold by such Initial Purchaser pursuant hereto in reliance on Regulation S have been and will be offered and sold only in offshore transactions;

(g) The sale of the Series A Notes offered and sold by such Initial Purchaser pursuant hereto in reliance on Regulation S is not part of a plan or scheme to evade the registration provisions of the Act.

(h) Such Initial Purchaser agrees that it has not offered or sold and will not offer or sell the Series A Notes in the United States or to, or for the benefit or account of, a U.S. Person (other than a distributor), in each case, as defined in Rule 902 under the Act (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering of the Series A Notes pursuant hereto and the Closing Date, other than in accordance with Regulation S of the Act or another exemption from the registration requirements of the Act. Such Initial Purchaser agrees that, during such 40- day restricted period, it will not cause any advertisement with respect to the Series A Notes (including any "tombstone" advertisement) to be published in any newspaper or periodical or posted in any public place and will not issue any circular relating to the Series A Notes, except such advertisements as are permitted by and include the statements required by Regulation S; and

(i) Such Initial Purchaser agrees that, at or prior to confirmation of a sale of Series A Notes by it to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the 40-day restricted period referred to in Rule 903(b) under the Act, it will send to such distributor, dealer or person receiving a selling concession, fee or other remuneration a confirmation or notice to substantially the following effect:

"The Series A Notes covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of your distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering and the Closing Date, except in either case in accordance with Regulation S under the Securities Act (or Rule 144A or to Accredited Institutions in transactions that are exempt from the registration requirements of the Securities Act), and in connection with any subsequent sale by you of the Series A Notes covered hereby in reliance on Regulation S during the period referred to above to any distributor, dealer or person receiving a selling concession, fee or other remuneration, you must deliver a notice to substantially the foregoing effect. Terms used above have the meanings assigned to them in Regulation S."

Each Initial Purchaser acknowledges that the Issuers and the Subsidiary Guarantors and, for purposes of the opinions to be delivered to each Initial Purchaser pursuant to Section 9 hereof, counsel to the Issuers and the Subsidiary Guarantors and counsel to the Initial Purchasers will rely upon the accuracy and truth of the foregoing representations and the Initial Purchasers hereby consent to such reliance.

8. INDEMNIFICATION.

(a) Each of the Issuers and each Subsidiary Guarantor agree, jointly and severally, to indemnify and hold harmless the Initial Purchasers, their directors, their officers and each person, if any, who controls such Initial Purchasers within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages, liabilities and judgments (including, without limitation, any legal or other expenses incurred in connection with investigating or defending any matter, including any action, that could give rise to any such losses, claims, damages, liabilities or judgments) caused by any untrue statement or alleged untrue statement of a material fact contained in the Offering Memorandum (or any amendment or supplement thereto), the Preliminary Offering Memorandum or any Rule 144A Information provided by the Issuers or any Subsidiary Guarantor to any

holder or prospective purchaser of Series A Notes pursuant to Section 5(h) or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or judgments are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to the Initial Purchasers furnished in writing to the Issuers by such Initial Purchaser (and not with respect to the information provided by any other Initial Purchaser); provided, however, that the foregoing indemnity agreement with respect to any Preliminary Offering Memorandum shall not inure to the benefit of any Initial Purchaser who failed to deliver a Final Offering Memorandum, as then amended or supplemented, (so long as the Final Offering Memorandum and any amendment or supplement thereto was provided by the Issuers to the several Initial Purchasers in the requisite quantity and on a timely basis to permit proper delivery on or prior to the Closing Date) to the person asserting any losses, claims, damages, liabilities or judgements caused by any untrue statement or alleged untrue statement of a material act contained in any Preliminary Offering Memorandum, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, if such material misstatement or omission or alleged material misstatement or omission was cured in the Final Offering Memorandum, as so amended or supplemented.

(b) The Initial Purchasers agree, severally and not jointly, to indemnify and hold harmless the Issuers and the Subsidiary Guarantors, and their respective directors and officers and each person, if any, who controls (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) the Issuers or the Subsidiary Guarantors, to the same extent as the foregoing indemnity from the Issuers and the Subsidiary Guarantors to the Initial Purchasers but only with reference to information relating to the Initial Purchaser furnished in writing to the Issuers by such Initial Purchaser expressly for use in the Preliminary Offering Memorandum or the Offering Memorandum and not with respect to the information provided by any other Initial Purchaser.

(c) In case any action shall be commenced involving any person in respect of which indemnity may be sought pursuant to Section 8(a) or 8(b) (the "INDEMNIFIED PARTY"), the indemnified party shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PARTY") in writing and the indemnifying party shall assume the defense of such action, including the employment of counsel reasonably satisfactory to the indemnified party and the payment of all fees and expenses of such counsel, as incurred (except that in the case of any action in respect of which indemnity may be sought pursuant to both Sections 8(a) and 8(b), the Initial Purchasers shall not be required to assume the defense of such action pursuant to this Section 8(c), but may employ separate counsel and participate in the defense thereof, but the fees and expenses of such counsel, except as provided below, shall be at the expense of the Initial Purchasers). Any indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the indemnified party unless (i) the employment of such counsel shall have been specifically authorized in writing by the indemnifying party, (ii) the indemnifying party shall have failed to assume the defense of such action or employ counsel reasonably satisfactory to the indemnified party or (iii) the named parties to any such action (including any impleaded parties) include both the indemnified party and the indemnifying party, and the indemnified party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party (in which case the indemnifying party shall not have the right to assume the defense of such action on behalf of the indemnified party). In any such case, the indemnifying party shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses

of more than one separate firm of attorneys (in addition to any local counsel) for all indemnified parties and all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by Donaldson, Lufkin & Jenrette Securities Corporation, in the case of the parties indemnified pursuant to Section 8(a), and by the Issuers, in the case of parties indemnified pursuant to Section 8(b). The indemnifying party shall indemnify and hold harmless the indemnified party from and against any and all losses, claims, damages, liabilities and judgments by reason of any settlement of any action (i) effected with its written consent or (ii) effected without its written consent if the settlement is entered into more than twenty business days after the indemnifying party shall have received a request from the indemnified party for reimbursement for the fees and expenses of counsel (in any case where such fees and expenses are at the expense of the indemnifying party) and, prior to the date of such settlement, the indemnifying party shall have failed to comply with such reimbursement request. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement or compromise of, or consent to the entry of judgment with respect to, any pending or threatened action in respect of which the indemnified party is or could have been a party and indemnity or contribution may be or could have been sought hereunder by the indemnified party, unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability on claims that are or could have been the subject matter of such action and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of the indemnified party.

(d) To the extent the indemnification provided for in this Section 8 is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages, liabilities or judgments referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities and judgments (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuers and the Subsidiary Guarantors, on the one hand, and the Initial Purchasers on the other hand from the offering of the Series A Notes or (ii) if the allocation provided by clause 8(d)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 8(d)(i) above but also the relative fault of the Issuers and the Subsidiary Guarantors, on the one hand, and the Initial Purchasers, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or judgments, as well as any other relevant equitable considerations. The relative benefits received by the Issuers and the Subsidiary Guarantors, on the one hand and the Initial Purchasers, on the other hand, shall be deemed to be in the same proportion as the total net proceeds from the offering of the Series A Notes (after underwriting discounts and commissions, but before deducting expenses) received by the Issuers, and the total discounts and commissions received by the Initial Purchasers bear to the total price to investors of the Series A Notes, in each case as set forth in the table on the cover page of the Offering Memorandum. The relative fault of the Issuers and the Subsidiary Guarantors, on the one hand, and the Initial Purchasers, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuers or the Subsidiary Guarantors, on the one hand, or the Initial Purchasers, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Issuers and the Subsidiary Guarantors, and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation, even if the Initial Purchasers were treated as one entity for such purpose, or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims,

damages, liabilities or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such indemnified party in connection with investigating or defending any matter, including any action, that could have given rise to such losses, claims, damages, liabilities or judgments. Notwithstanding the provisions of this Section 8, the Initial Purchasers shall not be required to contribute any amount in excess of the amount by which the total discounts and commissions received by such Initial Purchasers exceeds the amount of any damages which each Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Initial Purchasers' obligations to contribute pursuant to this Section 8(d) are several in proportion to the respective principal amount of Series A Notes purchased by each of the Initial Purchasers hereunder and not joint.

(e) The remedies provided for in this Section 8 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

9. CONDITIONS OF INITIAL PURCHASERS' OBLIGATIONS. The obligations of each of the Initial Purchasers to purchase the Series A Notes under this Agreement are subject to the satisfaction of each of the following conditions:

(a) All the representations and warranties of the Issuers and the Subsidiary Guarantors contained in this Agreement shall be true and correct in all material respects on the Closing Date with the same force and effect as if made on and as of the Closing Date, provided that the representations and warranties qualified by "materiality" shall be true and correct on the Closing Date;

(b) On or after the date hereof, (i) there shall not have occurred any downgrading, suspension or withdrawal of, nor shall any notice have been given of any potential or intended downgrading, suspension or withdrawal of, or of any review (or of any potential or intended review) for a possible change that does not indicate the direction of the possible change in, any rating of the Issuers or any Subsidiary Guarantor or any securities of the Issuers or any Subsidiary Guarantor (including, without limitation, the placing of any of the foregoing ratings on credit watch with negative or developing implications or under review with an uncertain direction) by any "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g)(2) under the Act, (ii) there shall not have occurred any change, nor shall any notice have been given of any potential or intended change, in the outlook for any rating of the Issuers or any Subsidiary Guarantor or any securities of the Issuers or any Subsidiary Guarantor by any such rating organization and (iii) no such rating organization shall have given notice that it has assigned (or is considering assigning) a lower rating to the Notes than that on which the Notes were marketed;

(c) Since the respective dates as of which information is given in the Offering Memorandum other than as set forth in the Offering Memorandum (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement), (i) there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or the earnings, business, management or operations of the Partnership and its subsidiaries and Leviathan Finance, taken as a whole, (ii) there shall not have been any change or any development involving a prospective change in the capital stock, limited liability company interests or partnership units, as applicable, or in the long-term debt of the Issuers or any of their subsidiaries and (iii) neither the Issuers nor any of their subsidiaries shall have

incurred any liability or obligation, direct or contingent, the effect of which, in any such case described in clause 9(c)(i), 9(c)(ii) or 9(c)(iii), in your judgment, is material and adverse and, in your judgment, makes it impracticable to market the Series A Notes on the terms and in the manner contemplated in the Offering Memorandum;

(d) You shall have received on the Closing Date a certificate dated the Closing Date, signed by the President and the Chief Financial Officer of the General Partner and Leviathan Finance and each of the Subsidiary Guarantors, confirming the matters set forth in Sections 6(cc), 9(a) and 9(b) and stating that each of the Issuers and the Subsidiary Guarantors has complied with all the agreements and satisfied all of the conditions herein contained and required to be complied with or satisfied on or prior to the Closing Date;

(e) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Initial Purchasers), dated the Closing Date, of Akin, Gump, Strauss, Hauer & Feld, L.L.P., counsel for the Issuers and the Subsidiary Guarantors, to the effect that:

(i) each of the Partnership and its Restricted Subsidiaries and Leviathan Finance, as applicable, has been duly formed or incorporated, is validly existing as a limited partnership, corporation or limited liability company in good standing under the laws of its jurisdiction of formation or incorporation and has the partnership or corporate power and authority to carry on its business as described in the Offering Memorandum and to own, lease and operate its properties;

(ii) each of the Partnership and its Restricted Subsidiaries and Leviathan Finance, as applicable, is duly qualified and, based solely on the various certificates from public officials of Texas and Louisiana (the "GOOD STANDING CERTIFICATES"), is in good standing as a foreign partnership, corporation or limited liability company authorized to do business in such jurisdictions, which are the only jurisdictions (other than offshore in the Gulf of Mexico) in which the businesses of the Partnership and such other entities or their respective ownership or leasing of property requires such qualification, except where the failure to be so qualified could reasonably be expected not to have a Material Adverse Effect;

(iii) the General Partner has been duly incorporated and is validly existing in good standing under the laws of the State of Delaware with full corporate power and authority to carry on its businesses; to own, lease and operate its properties; and to act as the general partner of the Partnership in all material respects as described in the Preliminary Offering Memorandum and in the Offering Memorandum. The General Partner is duly qualified and, based solely on the Good Standing Certificates, is in good standing as a foreign corporation authorized to do business in such jurisdictions, which are the only jurisdictions in which the business of the General Partner or its ownership or leasing of property requires such qualification, except where the failure to be so qualified could reasonably be expected not to have a Material Adverse Effect;

(iv) the General partner is, and after giving effect to the transactions (the "TRANSACTIONS") in the Offering Memorandum which are described under the

caption "The Transactions," the General Partner is the sole general partner of the Partnership with a 1.0% general partner interest in the Partnership;

(v) the Series A Notes have been duly authorized by each of the Issuers and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Initial Purchasers in accordance with the terms of this Agreement, will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Issuers, enforceable in accordance with their terms except as may be limited by (i) applicable bankruptcy, insolvency, fraudulent transfer and conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally; (ii) general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity); (iii) commercial reasonableness and unconscionability and an implied covenant of good faith and fair dealing; (iv) the power of the courts to award damages in lieu of equitable remedies; and (v) the limitations imposed by rights to indemnification and contribution thereunder may be limited by Federal or state securities laws or public policy underlying such laws on any right to indemnification or contribution contained in the agreements (the "GENERAL EXCEPTIONS");

(vi) the Guarantees have been duly authorized and, when the Series A Notes are executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Initial Purchasers in accordance with the terms of this Agreement, the Guarantees endorsed thereon will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Subsidiary Guarantors, enforceable in accordance with their terms except as may be limited by the General Exceptions;

(vii) the Indenture has been duly authorized, executed and delivered by each of the Issuers and each Subsidiary Guarantor and is a valid and binding agreement of each of the Issuers and each Subsidiary Guarantor, enforceable against each of the Issuers and each Subsidiary Guarantor in accordance with its terms except as may be limited by the General Exceptions;

(viiii) this Agreement has been duly authorized, executed and delivered by each of the Issuers and the Subsidiary Guarantors;

(ix) The Registration Rights Agreement has been duly authorized, executed and delivered by each of the Issuers and the Subsidiary Guarantors and is a valid and binding agreement of each of the Issuers and each Subsidiary Guarantor, enforceable against each of the Issuers and each Subsidiary Guarantor in accordance with its terms, except as may be limited by the General Exceptions;

(x) the Series B Senior Notes have been duly authorized;

(xi) the statements under the captions "Description of Notes," "Summary of the Partnership Agreement," "Description of Existing Indebtedness,"

and "Plan of Distribution" in the Offering Memorandum, insofar as such statements purport to constitute a summary of the legal matters, documents or proceedings referred to therein, fairly present in all material respects such legal matters, documents and proceedings;

(xii) to our knowledge, neither the Partnership nor any of its Restricted Subsidiaries nor Leviathan Finance is in violation of its respective partnership agreement, limited liability company agreement, charter or by-laws or other organizational documents, as applicable and, neither the Partnership nor any of its subsidiaries nor Leviathan Finance is in default in the performance of any obligation, agreement, covenant or condition contained in any of the material agreements attached as exhibits to the Partnership's most recent annual report and most recent quarterly report (the "MATERIAL AGREEMENTS");

(xiii) the execution, delivery and performance of this Agreement and the other Operative Documents by each of the Issuers and each of the Subsidiary Guarantors, the compliance by each of the Issuers and each of the Subsidiary Guarantors with all provisions hereof and thereof and the consummation of the transactions contemplated by this Agreement and the other Operative Documents will not, to our knowledge, (i) require any consent, approval, authorization or other order of, or qualification with, any court or governmental body or agency (except such as may be required under the securities or Blue Sky laws of the various states or the Trust Indenture Act or, with respect to the proposed offer to exchange the Exchange Notes for the Notes, the federal securities laws), (ii) conflict with or constitute a breach of any of the terms or provisions of, or a default under, the partnership agreement, limited liability company agreement, charter or by-laws or other organizational documents, as applicable, of the Partnership or any of its Restricted Subsidiaries or Leviathan Finance or any Material Agreement, (iii) violate or conflict with any applicable law or any rule, regulation, judgment, order or decree of any court or any governmental body or agency having jurisdiction over the Partnership, any of its Restricted Subsidiaries or Leviathan Finance or their respective property, (iv) result in the imposition or creation of (or the obligation to create or impose) a Lien under, any Material Agreement, or (v) result in the termination, suspension or revocation of any Authorization of the Partnership or any of its Restricted Subsidiaries or Leviathan Finance or result in any other impairment of the rights of the holder of any such Authorization, except for those which, singly or in the aggregate, could reasonably be expected not to result in a Material Adverse Effect.

(xiv) except for the proceedings set forth in Schedule D, we do not know of any legal or governmental proceedings pending or threatened to which the Partnership or any of its Restricted Subsidiaries or Leviathan Finance is a party or to which any of their respective property is subject, except for those which, singly or in the aggregate, could reasonably be expected not to result in a Material Adverse Effect.

(xv) to our knowledge, (i) each of the Partnership and its Restricted Subsidiaries and Leviathan Finance has such Authorizations of, and has made all filings with and notices to, all governmental or regulatory authorities and self-regulatory organizations and all courts and other tribunals, including without limitation, under any applicable Environmental Laws, as are necessary to own, lease, license and operate its respective properties and to conduct its business, except where the failure to have any such Authorization or to make any such filing or notice could, singly or in the aggregate, reasonably be expected not to have a Material Adverse Effect; (ii) each such Authorization known to us is valid and in full force and effect and, to our knowledge, each of the Partnership and its Restricted Subsidiaries and Leviathan Finance is in compliance with all the terms and conditions thereof and with the rules and regulations of the authorities and governing bodies having jurisdiction with respect thereto; (iii) and, to our knowledge, no event has occurred (including the receipt of any notice from any authority or governing body) which allows or, after notice or lapse of time or both, would allow, revocation, suspension or termination of any such Authorization or results or, after notice or lapse of time or both, would result in any other material impairment of the rights of the holder of any such Authorization; (iv) and, to our knowledge, such Authorizations contain no restrictions that are materially burdensome to the Partnership or any of its Restricted Subsidiaries or Leviathan Finance; except in the case of (i) through (iv) above those which could reasonably be expected not to, singly or in the aggregate, have a Material Adverse Effect;

(xvi) the Issuers are not and, after giving effect to the offering and sale of the Series A Notes and the application of the net proceeds thereof as described in the Offering Memorandum, will not be, an "investment company" as such term is defined in the Investment Company Act of 1940, as amended;

(xvii) to our knowledge, there are no contracts, agreements or understandings between the Partnership, Leviathan Finance or any Subsidiary Guarantor and any person granting such person the right to require the Partnership, Leviathan Finance or such Subsidiary Guarantor to file a registration statement under the Act with respect to any securities of the Partnership, Leviathan Finance or such Subsidiary Guarantor or to require the Partnership, Leviathan Finance or such Subsidiary Guarantor to include such securities with the Notes and Guarantees registered pursuant to any Registration Statement (other than the rights (i) of the General Partner and its affiliates in Section 6.14 of the Amended and Restated Agreement of Limited Partnership of Leviathan Gas Pipeline Partners, L.P. dated as of February 19, 1993 (the "PARTNERSHIP AGREEMENT"); (ii) of EPEC Deepwater Gathering Company and its successors ("EPEC") pursuant to the Registration Rights Agreement between EPEC and the Partnership to be executed in connection with the acquisition by the Partnership of an additional interest in Viosca Knoll Gathering Company which the General Partner (as defined in the Partnership Agreement) and EPEC, as applicable, have agreed not to exercise for 90 days pursuant to the letter agreement of even date herewith); and (iii) granted under the Credit Facility and related agreements;

(xviii) the Indenture complies as to form in all material respects with the requirements of the TIA, and the rules and regulations of the Commission applicable to an indenture which is qualified thereunder. It is not necessary in connection with the offer, sale and delivery of the Series A Notes to the Initial Purchasers in the manner contemplated by this Agreement or in connection with the Exempt Resales to qualify the Indenture under the TIA; and

(xix) no registration under the Act of the Series A Notes is required for the sale of the Series A Notes to the Initial Purchasers as contemplated by this Agreement or for the Exempt Resales assuming that (i) each Initial Purchaser is a QIB, or a Regulation S Purchaser, (ii) the accuracy of, and compliance with, the Initial Purchasers' representations and agreements contained in Section 7 of this Agreement and (iii) the accuracy of the representations of each of the Issuers and the Subsidiary Guarantors set forth in Sections 6(hh), (ii), (jj), (kk) and (ll) of this Agreement.

Based upon the participation of Akin, Gump, Strauss, Hauer & Feld, L.L.P. in the preparation of the Offering Memorandum and any amendments or supplements thereto and the review and discussion of the contents thereof, but without independent check or verification except as specified, such counsel has no reason to believe that, as of the date of the Offering Memorandum or as of the Closing Date, the Offering Memorandum, as amended or supplemented, if applicable (except for the financial statements and other financial data included therein, as to which such counsel need not express any belief) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P. described in Section 9(e) above shall be rendered to you at the request of the Issuers and the Subsidiary Guarantors and shall so state therein.

(f) The Initial Purchasers shall have received on the Closing Date an opinion, dated the Closing Date, of Andrews & Kurth L.L.P., counsel for the Initial Purchasers, in form and substance reasonably satisfactory to the Initial Purchasers.

(g) The Initial Purchasers shall have received, at the time this Agreement is executed and at the Closing Date, letters dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to the Initial Purchasers from Pricewaterhouse Coopers, L.L.P., independent public accountants, containing the information and statements of the type ordinarily included in accountants' "comfort letters" to the Initial Purchasers with respect to the financial statements and certain financial information contained in the Offering Memorandum.

(h) The Initial Purchasers shall have received, at the time of this Agreement is executed and at the Closing Date, letters dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to the Initial Purchasers from Netherland & Sewell.

(i) The Series A Notes shall have been approved by the NASD for trading and duly listed in PORTAL.

(j) The Initial Purchasers shall have received a counterpart, conformed as executed, of the Indenture which shall have been entered into by the Issuers, the Subsidiary Guarantors and the Trustee.

(k) The Issuers and the Subsidiary Guarantors shall have executed the Registration Rights Agreement and the Initial Purchasers shall have received an original copy thereof, duly executed by the Issuers and the Subsidiary Guarantors.

(l) Neither the Issuers nor the Subsidiary Guarantors shall have failed at or prior to the Closing Date to perform or comply with any of the agreements herein contained and required to be performed or complied with by each of the Issuers or the Subsidiary Guarantors, as the case may be, at or prior to the Closing Date.

10. EFFECTIVENESS OF AGREEMENT AND TERMINATION. This Agreement shall become effective upon the execution and delivery of this Agreement by the parties hereto.

This Agreement may be terminated at any time on or prior to the Closing Date by the Initial Purchasers by written notice to the Issuers if any of the following has occurred: (i) any outbreak or escalation of hostilities or other national or international calamity or crisis or change in economic conditions or in the financial markets of the United States or elsewhere that, in the Initial Purchasers' judgment, is material and adverse and, in the Initial Purchasers' judgment, makes it impracticable to market the Series A Notes on the terms and in the manner contemplated in the Offering Memorandum, (ii) the suspension or material limitation of trading in securities or other instruments on the New York Stock Exchange, the American Stock Exchange, the Chicago Board of Options Exchange, the Chicago Mercantile Exchange, the Chicago Board of Trade or the Nasdaq National Market or limitation on prices for securities or other instruments on any such exchange or the Nasdaq National Market, (iii) the suspension of trading of any securities of the Issuers or any Subsidiary Guarantor on any exchange or in the over-the-counter market, (iv) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority which in your opinion materially and adversely affects, or will materially and adversely affect, the business, prospects, financial condition or results of operations of the Issuers and their subsidiaries, taken as a whole, (v) the declaration of a banking moratorium by either federal or New York State authorities or (vi) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affairs which in your opinion has a material adverse effect on the financial markets in the United States.

If on the Closing Date any one or more of the Initial Purchasers shall fail or refuse to purchase the Series A Notes which it or they have agreed to purchase hereunder on such date and the aggregate principal amount of the Series A Notes which such defaulting Initial Purchaser or Initial Purchasers, as the case may be, agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount of the Series A Notes to be purchased on such date by all Initial Purchasers, each non-defaulting Initial Purchaser shall be obligated severally, in the proportion which the principal amount of the Series A Notes set forth opposite its name in Schedule C bears to the aggregate principal amount of the Series A Notes which all the non-defaulting Initial Purchasers, as the case may be, have agreed to purchase, or in such other proportion as you may specify, to purchase the Series A Notes which such defaulting Initial Purchaser or Initial Purchasers, as the case may be, agreed but failed or refused to purchase on such date; provided that in no event shall the aggregate principal amount of the Series A Notes which any Initial Purchaser has agreed to purchase pursuant to Section 2 hereof be increased pursuant to this Section 10 by an amount in excess of one-ninth of such principal amount of the Series A Notes without the consent

of such Initial Purchaser. If on the Closing Date any Initial Purchaser or Initial Purchasers shall fail or refuse to purchase the Series A Notes and the aggregate principal amount of the Series A Notes with respect to which such default occurs is more than one-tenth of the aggregate principal amount of the Series A Notes to be purchased by all Initial Purchasers and arrangements satisfactory to the Initial Purchasers and the Issuers for purchase of such the Series A Notes are not made within 48 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Initial Purchaser and the Issuers. In any such case which does not result in termination of this Agreement, either you or the Issuers shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Offering Memorandum or any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Initial Purchaser from liability in respect of any default of any such Initial Purchaser under this Agreement.

11. MISCELLANEOUS. Notices given pursuant to any provision of this Agreement shall be addressed as follows: (i) if to the Issuers or any Subsidiary Guarantor, to Leviathan Gas Pipeline Partners, L.P., El Paso Energy Building, 1001 Louisiana, 26th Floor, Houston, Texas 77002, Attention: Chief Financial Officer; and (ii) if to the Initial Purchasers, Donaldson, Lufkin & Jenrette Securities Corporation, 277 Park Avenue, New York, New York 10172, Attention: Syndicate Department, or in any case to such other address as the person to be notified may have requested in writing.

The respective indemnities, contribution agreements, representations, warranties and other statements of the Issuers, the Subsidiary Guarantors and the Initial Purchasers, set forth in or made pursuant to this Agreement shall remain operative and in full force and effect, and will survive delivery of and payment for the Series A Notes, regardless of (i) any investigation, or statement as to the results thereof, made by or on behalf of the Initial Purchasers, the officers or directors of the Initial Purchasers, any person controlling the Initial Purchasers, the Issuers, any Subsidiary Guarantor, the officers or directors of the Issuers or any Subsidiary Guarantor, or any person controlling the Issuers or any Subsidiary Guarantor, (ii) acceptance of the Series A Notes and payment for them hereunder and (iii) termination of this Agreement.

If for any reason the Series A Notes are not delivered by or on behalf of the Issuers as provided herein (other than as a result of any termination of this Agreement pursuant to Section 10), the Issuers and each Subsidiary Guarantor, jointly and severally, agree to reimburse the Initial Purchasers for all out-of-pocket expenses (including the fees and disbursements of counsel) incurred by them. Notwithstanding any termination of this Agreement, the Issuers shall be liable for all expenses which they have agreed to pay pursuant to Section 5(i) hereof. Each of the Issuers and each Subsidiary Guarantor also agree, jointly and severally, to reimburse each of the Initial Purchasers and its officers, directors and each person, if any, who controls such Initial Purchasers within the meaning of Section 15 of the Act or Section 20 of the Exchange Act for any and all fees and expenses (including without limitation the fees and expenses of counsel) incurred by them in connection with enforcing their rights under this Agreement (including without limitation its rights under Section 8).

Except as otherwise provided, this Agreement has been and is made solely for the benefit of and shall be binding upon the Partnership, Leviathan Finance, the Subsidiary Guarantors, the Initial Purchasers, each of these Initial Purchasers' directors and officers, any controlling persons referred to herein, the directors of the Issuers and the Subsidiary Guarantors and their respective successors and assigns, all as and to the extent provided in this Agreement, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include a purchaser of any of the Series A Notes from the Initial Purchasers merely because of such purchase.

This Agreement shall be governed and construed in accordance with the laws of the State of New York.

This Agreement may be signed in various counterparts which together shall constitute one and the same instrument.

Please confirm that the foregoing correctly sets forth the agreement among the Partnership, Leviathan Finance, the Subsidiary Guarantors and the Initial Purchasers.

* * * *

Very truly yours,

LEVIATHAN GAS PIPELINE PARTNERS, L.P.

By: Leviathan Gas Pipeline Company,
as General Partner

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

LEVIATHAN FINANCE CORPORATION

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

SUBSIDIARY GUARANTORS:

DELOS OFFSHORE COMPANY, L.L.C.

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

EWING BANK GATHERING COMPANY, L.L.C.

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

FLEXTREND DEVELOPMENT COMPANY, L.L.C.

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

GREEN CANYON PIPE LINE COMPANY, L.L.C.

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

LEVIATHAN OIL TRANSPORT SYSTEMS, L.L.C.

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

MANTA RAY GATHERING COMPANY, L.L.C.

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

POSEIDON PIPELINE COMPANY, L.L.C.

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

SAILFISH PIPELINE COMPANY, L.L.C.

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

STINGRAY HOLDING, L.L.C.

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

TARPON TRANSMISSION COMPANY

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

TRANSCO HYDROCARBONS COMPANY, L.L.C.

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

TEXAM OFFSHORE GAS TRANSMISSION, L.L.C.

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

TRANSCO OFFSHORE PIPELINE
COMPANY, L.L.C.

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

VK DEEPWATER GATHERING COMPANY, L.L.C.

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

VK-MAIN PASS GATHERING COMPANY, L.L.C.

By: /s/ Keith Forman

Name: Keith Forman
Title: Chief Financial Officer

VIOSCA KNOLL GATHERING COMPANY1

By: /s/ Keith Forman

Name: Keith Forman
Title: Vice President - Finance

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1 As of the closing date of the acquisition by the Partnership from El Paso Energy of an additional interest in Viosca Knoll Gathering Company, as contemplated in the Issuers' Preliminary Offering Memorandum and Offering Memorandum relating to the Series A Notes, Viosca Knoll Gathering Company will automatically become a Subsidiary Guarantor and a party to this Agreement.

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
CHASE SECURITIES INC.

By: DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

By: /s/ Paul A. Davis

Name: Paul A. Davis
Title: Vice President

SCHEDULE A

SUBSIDIARY GUARANTORS

Delos Offshore Company, L.L.C.
Ewing Bank Gathering Company, L.L.C.
Flextrend Development Company, L.L.C.
Green Canyon Pipe Line Company, L.L.C.
Leviathan Oil Transport Systems, L.L.C.
Manta Ray Gathering Company, L.L.C.
Poseidon Pipeline Company, L.L.C.
Sailfish Pipeline Company, L.L.C.
Stingray Holding, L.L.C.
Tarpon Transmission Company
Texam Offshore Gas Transmission, L.L.C.
Transco Hydrocarbons Company, L.L.C.
Transco Offshore Pipeline Company, L.L.C.
VK Deepwater Gathering Company, L.L.C.
VK-Main Pass Gathering Company, L.L.C.
Viosca Knoll Gathering Company(1)

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1 As of the closing date of the acquisition by the Partnership from El Paso Energy of an additional interest in Viosca Knoll Gathering Company, as contemplated in the Preliminary Offering Memorandum and the Offering Memorandum relating to the Series A Notes, Viosca Knoll Gathering Company will automatically become a Subsidiary Guarantor.

SCHEDULE B

SUBSIDIARIES

Delos Offshore Company, L.L.C.
Ewing Bank Gathering Company, L.L.C.
Flextrend Development Company, L.L.C.
Green Canyon Pipe Line Company, L.L.C.
Leviathan Finance Corporation
Leviathan Oil Transport Systems, L.L.C.
Louisiana Offshore Gathering Systems, L.L.C.
Manta Ray Gathering Company, L.L.C.
Manta Ray Pipeline Holding Company, L.L.C.
Poseidon Pipeline Company, L.L.C.
Sailfish Pipeline Company, L.L.C.
Stingray Holding, L.L.C.
Tarpon Transmission Company
Texam Offshore Gas Transmission, L.L.C.
Transco Hydrocarbons Company, L.L.C.
Transco Offshore Pipeline Company, L.L.C.
VK Deepwater Gathering Company, L.L.C.
VK-Main Pass Gathering Company, L.L.C.
Viosca Knoll Gathering Company(1)

- --------

1 As of the closing date of the acquisition by the Partnership from El Paso Energy of an additional interest in Viosca Knoll Gathering Company, as contemplated in the Preliminary Offering Memorandum and the Offering Memorandum relating to the Series A Notes, Viosca Knoll Gathering Company will become a subsidiary of the Partnership.

SCHEDULE C

Initial Purchaser	Principal Amount of Notes
Donaldson, Lufkin & Jenrette Securities Corporation	$ 87,500,000
Chase Securities Inc	87,500,000
Total	$ 175,000,000

EXHIBIT A

[REGISTRATION RIGHTS AGREEMENT]

EXHIBIT 3.4

AMENDMENT NO. 2
TO
THE AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF
LEVIATHAN GAS PIPELINE PARTNERS, L.P.

This Amendment, dated as of June 1, 1999 (this "Amendment"), to the Amended and Restated Limited Partnership Agreement of Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership (as amended, the "Partnership"), dated as of February 19, 1993 (the "Partnership Agreement"), is entered into by and among Leviathan Gas Pipeline Company, a Delaware corporation (the "General Partner"), as the general partner of the Partnership, and the Limited Partners (as defined in the Partnership Agreement).

R E C I T A L S

A. WHEREAS, the Partnership has entered into certain transactions with El Paso Field Services Company, a Delaware corporation ("El Paso"), and certain affiliates thereof pursuant to which, at the closing contemplated thereby, El Paso will contribute to the Partnership an interest in Viosca Knoll Gathering Company, a Delaware joint venture ("Viosca Knoll"), in exchange for cash and common units of the Partnership; and

B. WHEREAS, in connection with such transactions, the General Partner deems it to be in the Partnership's best interests to amend the Partnership Agreement by action of the General Partner pursuant to Sections 15.1-15.3 of the Partnership Agreement; and

C. NOW, THEREFORE, AND IN CONSIDERATION of the mutual covenants, conditions and agreements contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

A G R E E M E N T

1. Undefined Terms. Undefined terms used herein shall have the meanings ascribed such terms in the Partnership Agreement.

2. Amendments.

A. Section 13.2 of the Partnership Agreement is amended by deleting it in its entirety and replacing it with the following:

"13.2 Removal of the General Partner. The General Partner may be removed with or without Cause if such removal is approved by at least 55% of the Outstanding Units. Any such action by the Limited Partners for removal of the General Partner also must provide for the election of a new General Partner by the holders of a majority of the Outstanding Units. Such removal shall be effective immediately following the admission of the successor General Partner pursuant to Article XII. The right of the Limited

Partners to remove the General Partner shall not exist or be exercised unless the Partnership has received an Opinion of Counsel opining as to the matters covered by a Withdrawal Opinion of Counsel. Any such successor General Partner shall be subject to the provisions of Section 12.3."

B. Section 15.4 of the Partnership Agreement is amended by deleting it in its entirety and replacing it with the following:

"15.4 Meetings. All acts of Limited Partners to be taken hereunder shall be taken in the manner provided in this Article XV. Meetings of the Limited Partners may be called only by the General Partner or, with respect to meetings called to remove the General Partner, by Limited Partners owning 55% or more of the Outstanding Units. Limited Partners shall call a meeting to remove the General Partner by delivering to the General Partner one or more requests in writing stating that the signing Limited Partners wish to call a meeting to remove the General Partner. Within 60 days after receipt of such a call from Limited Partners or within such greater time as may be reasonably necessary for the Partnership to comply with any statutes, rules, regulations, listing agreements or similar requirements governing the holding of a meeting or the solicitation of proxies for use at such a meeting, the General Partner shall send a notice of the meeting to the Limited Partners either directly or indirectly through the Transfer Agent. A meeting shall be held at a time and place determined by the General Partner on a date not more than 60 days after the mailing of notice of the meeting. Limited Partners shall not vote on matters that would cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize the Limited Partners' limited liability under the Delaware Act or the law of any other state in which the Partnership is qualified to do business."

3. Miscellaneous.

(a) Pronouns and Plurals. Whenever the context may required, any pronoun used in this Amendment shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice-versa.

(b) Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Amendment.

(c) Binding Effect. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

(d) Integration. This Amendment constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

(e) Creditors. None of the provisions of this Amendment shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

(f) Waiver. No failure by any party to insist upon the strict performance of any covenant duty, agreement or condition of this Amendment or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant duty, agreement or condition.

(g) Counterparts. This Amendment may be executed in counterparts, all of which together shall constitute an agreement binding on all of the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Amendment immediately upon affixing its signature hereto, or, in the case of a Person acquiring a Unit, upon executing and delivering a Transfer Application as described in the Partnership Agreement, independently of the signature of any other party.

(h) Applicable Law. This Amendment shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

(i) Invalidity of Provisions. If any provision of this Amendment is or becomes invalid, illegal or unenforceable in any respect the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

[Remainder of Page Intentionally Left Blank.]

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

GENERAL PARTNER

LEVIATHAN GAS PIPELINE COMPANY

By: /s/ Keith B. Forman

Name: Keith B. Forman
Title: Chief Financial Officer

LIMITED PARTNERS

All Limited Partners now and hereafter admitted as limited partners of the Partnership, pursuant to Powers of Attorney now and hereafter executed in favor of, and granted and delivered to, the General Partner.

By: Leviathan Gas Pipeline Company, General Partner, as attorney-in-fact for all Limited Partners pursuant to Powers of Attorney granted pursuant to Section 1.4.

By: /s/ Keith B. Forman

Name: Keith B. Forman
Title: Chief Financial Officer

EXHIBIT 3.5

CERTIFICATE OF INCORPORATION

OF

LEVIATHAN FINANCE CORPORATION

FIRST: The name of the corporation is

LEVIATHAN FINANCE CORPORATION

SECOND: The address of the corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, City of Wilmington, New Castle County, Delaware 19801, and the name of its registered agent at the above address is The Corporation Trust Company.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of stock the corporation shall have authority to issue is one thousand (1,000) shares of common stock with a par value of one dollar ($1.00) per share.

Shares of stock of this corporation whether with or without par value, of any class or classes hereby or hereafter authorized, may be issued by this corporation from time to time for such consideration permitted by law as may be fixed from time to time by the Board of Directors.

FIFTH: Unless required by the By-laws, the election of the Board of Directors need not be by written ballot.

Upon the filing of the Certificate of Incorporation, the powers of the incorporator shall terminate and the following named individuals, whose mailing addresses are set out beside their respective names, shall serve as directors until the first meeting of the stockholders or until successors are elected and qualified:

H. Brent Austin	1001 Louisiana Street Houston, Texas 77002
Robert G. Phillips	1001 Louisiana Street Houston, Texas 77002
Grant E. Sims	1001 Louisiana Street Houston, Texas 77002
William A. Wise	1001 Louisiana Street Houston, Texas 77002

SIXTH: The Board of Directors of this corporation is expressly authorized to make, alter, or repeal the By-laws of the corporation, but the stockholders may make additional by-laws and may alter or repeal any By-law whether or not adopted by them.

SEVENTH: The corporation shall indemnify its officers and directors to the full extent permitted by the General Corporation Law of the State of Delaware, as amended from time to time.

EIGHTH: No director of the Corporation shall be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, for any act or omission, except that a director may be liable (i) for breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or that involve international misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. If the General Corporation Law of the State of Delaware is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of the directors shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended. The elimination and limitation of liability provided herein shall continue after a director has ceased to occupy such position as to acts or omissions occurring during such director's term or terms of office. Any amendment, repeal or modification of this Article Eighth shall not adversely affect any right of protection of a director of the Corporation existing at the time of such repeal or modification.

NINTH: Margaret E. Roark is the sole incorporator and her mailing address is 1001 Louisiana Street, Houston, TX 77002.

IN WITNESS WHEREOF, I have signed this Certificate of Incorporation this 30th day of April 1999.

/s/ Margaret E. Roark

Margaret E. Roark, Incorporator

EXHIBIT 3.6

LEVIATHAN FINANCE CORPORATION

(A DELAWARE CORPORATION)

BY-LAWS

Adopted April 30, 1999

BY-LAWS

OF

LEVIATHAN FINANCE CORPORATION

ARTICLE I. STOCKHOLDERS

SECTION 1. ANNUAL MEETINGS. The annual meeting of the stockholders shall be held for the election of directors on the second Tuesday in June of each year, if such day be not a legal holiday, in the state where such meeting is to be held, or, if a legal holiday, then at the same time on such next succeeding business day at the principal office of the Corporation in the State of Delaware or at such other date, time or place either within or without the State of Delaware as may be designated by the Board of Directors from time to time. Any other proper business may be transacted at the annual meeting.

SECTION 2. SPECIAL MEETINGS. Special meetings of stockholders, to be held at the principal office of the Corporation in the State of Delaware or at such other place within or without the State of Delaware and at such date and time as may be stated in the notice of the meeting, and for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Board of Directors, the Chairman of the Board, or the President, and shall be called by the Chairman of the Board, the President or the Secretary at the request in writing of stockholders owning a majority of the issued and outstanding shares of capital stock of the Corporation of the class or classes which would be entitled to vote on the matter or matters proposed to be acted upon at such special meeting of stockholders. Any such request shall state the purpose or purposes of the proposed meeting.

SECTION 3. NOTICE OF MEETINGS. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the written notice of any meeting shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation.

SECTION 4. ADJOURNMENTS. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 5. QUORUM. At any meeting of stockholders, except where otherwise provided by law or the certificate of incorporation or these by-laws, the holders of a majority of the outstanding shares of each class of stock entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum. For purposes of the foregoing, two or more classes or series of stock shall be considered a single class if the holders thereof are entitled to vote together as a single class at the meeting. In the absence of a quorum the stockholders so present may, by majority vote, adjourn the meeting from time to time in the manner provided by Section 1.4 of these by-laws until a quorum shall attend. Shares of its own capital stock belonging on the record date for the meeting to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

SECTION 6. ORGANIZATION. Meetings of stockholders shall be presided over by the Chairman of the Board, or in his absence, by the President, any Executive Vice President, Senior Vice President or Vice President, or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the presiding chairman of the meeting may appoint any person to act as secretary of the meeting.

SECTION 7. VOTING; PROXIES. Unless otherwise provided in the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by him which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Corporation. The vote for directors and, upon the demand of any stockholder, the vote upon any question before the meeting shall be by written ballot. All elections shall be had and all questions decided, unless otherwise provided by law, the certificate of incorporation or these by-laws, by a plurality vote.

SECTION 8. FIXING DATE FOR DETERMINATION OF STOCKHOLDERS OF RECORD. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a

meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (2) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board is necessary, shall be on the day on which the first written consent is expressed; and (3) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

SECTION 9. LIST OF STOCKHOLDERS ENTITLED TO VOTE. The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present.

ARTICLE II. BOARD OF DIRECTORS

SECTION 1. POWERS; NUMBERS; QUALIFICATIONS. The business, affairs, operations and property of the Corporation shall be managed by or under the direction of the Board of Directors, except as may be otherwise provided by law or in the certificate of incorporation. The number of directors constituting the entire Board shall be not less than one. The number of directors shall be as determined from time to time by resolution of the Board of Directors or by the stockholders at the Annual Meeting. Directors need not be stockholders.

SECTION 2. ELECTION; TERM OF OFFICE; RESIGNATION; VACANCIES. Each director shall hold office until the annual meeting of stockholders next succeeding his election and until his successor is elected and qualified or until his earlier resignation or removal. Any director may resign at any time upon written notice to the Board of Directors, to the Chairman of the Board, to the President or to the Secretary of the Corporation. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein no acceptance of such resignation shall be necessary to make it effective. Unless otherwise provided in the certificate of incorporation or these by-laws, vacancies and newly created directorships resulting from any increase in the authorized number of directors or from any other cause may be filled by a majority of the directors then in office, although less than a quorum.

SECTION 3. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board may from time to time determine, and if so determined notice thereof need not be given.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the Chairman of the Board, the President or by any two directors. Reasonable notice thereof shall be given by the person or persons calling the meeting.

SECTION 5. TELEPHONIC MEETINGS PERMITTED. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of the Board or of such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this by-law shall constitute presence in person at such meeting.

SECTION 6. QUORUM; VOTE REQUIRED FOR ACTION. At all meetings of the Board of Directors, directors constituting a majority of the entire Board shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board unless the certificate of incorporation or these by-laws shall require a vote of a greater number; provided, however, that whenever any meeting of the Board shall be held outside of the United States of America, no action taken at such meeting shall be effective unless concurred in by a majority of the entire Board. In case at any meeting of the Board a quorum shall not be present, the members of the Board present may adjourn the meeting from time to time until a quorum shall attend.

SECTION 7. ORGANIZATION. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the presiding chairman of the meeting may appoint any person to act as secretary of the meeting.

SECTION 8. INFORMAL ACTION BY DIRECTORS. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or of such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

SECTION 9. ADVISORY DIRECTORS. The Board of Directors may, from time to time, elect one or more Advisory Directors, each of whom shall serve until the first meeting of the Board next following the Annual Meeting of Stockholders or until his earlier resignation or removal by the Board. Advisory Directors shall serve as advisors and consultants to the Board of Directors, shall be invited to attend all meetings of the Board and may participate in all discussions occurring during such meetings. Advisory Directors shall not be privileged to vote on matters brought before the Board and shall not be counted for the purpose of determining whether a quorum of the Board is present.

ARTICLE III. COMMITTEES

SECTION 1. COMMITTEES OF THE BOARD. The Board of Directors may, by resolution passed by a majority of the entire Board, designate one or more committees, each committee to

consist of one or more of the directors. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Vacancies in any such committee shall be filled by the Board, but in the absence or disqualification of a member of such committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have power or authority in reference to amending the certificate of incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors, fix any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation), adopting an agreement of merger or consolidation under Sections 251 or 252 of the Delaware General Corporation Law, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of dissolution, or amending these by-laws, and, unless the resolution or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock or to adopt a certificate of ownership and merger pursuant to Section 253 of the Delaware General Corporation Law.

SECTION 2. COMMITTEE RULES. Unless the Board of Directors otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of a provision by the Board or a provision in the rules of such committee to the contrary, a majority of the entire authorized number of members of such committee shall constitute a quorum for the transaction of business, the vote of a majority of the members present at a meeting at the time of such vote if a quorum is then present shall be the act of such committee, and in other respects such committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article II of these by-laws.

ARTICLE IV. OFFICERS

SECTION 1. OFFICERS; GENERAL PROVISIONS. The officers of the Corporation shall consist of such of the following as the Board of Directors may from time to time elect: a Chairman of the Board, a President, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Vice Presidents, a Secretary, a Treasurer and a Controller. The Chairman of the Board shall be chosen from among the directors. The Board may also elect one or more Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers and Assistant Controllers, and such other officers with such titles and powers and/or duties as the Board shall from time to time determine. Officers may be designated for particular areas of responsibility and simultaneously serve as officers of subsidiaries or divisions. The foregoing officers shall be elected as soon as practicable after the annual meeting of stockholders in each year to hold office until the first meeting of the Board after the annual meeting of stockholders next succeeding his

election, and until his successor is elected and qualified or until his earlier resignation or removal. Any officer so elected may resign at any time upon written notice to the Board, the Chairman of the Board, the President or the Secretary. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein no acceptance of such resignation shall be necessary to make it effective. Any officer may be removed, with or without cause, by vote of a majority of the entire Board of Directors at a meeting called for that purpose. Any such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation, but the election or appointment of any officer shall not of itself create contractual rights. Any number of offices may be held by the same person. Any vacancy occurring in any office by death, resignation, removal or otherwise my be filled for the unexpired portion of the term by the Board at any regular or special meeting.

SECTION 2. CHAIRMAN OF THE BOARD. The Chairman of the Board shall, when present, preside at all meetings of the stockholders and the Board; have authority to call special meetings of the stockholders and of the Board; have authority to sign and acknowledge in the name and on behalf of the corporation all stock certificates, contracts or other documents and instruments except where the signing thereof shall be expressly delegated to some other officer or agent by the Board or required by law to be otherwise signed or executed and, unless otherwise provided by law or by the Board may authorize any officer, employee or agent of the corporation to sign, execute and acknowledge in his place and stead all such documents and instruments; he shall fix the compensation of officers of the corporation, other than his own compensation, and the compensation of officers of its principal operating subsidiaries reporting directly to him unless such authority is otherwise reserved to the Board or a committee thereof; and he shall approve proposed employee compensation and benefit plans of subsidiary companies not involving the issuance or purchase of capital stock of the corporation. He shall have the power to appoint and remove any Vice President, Controller, General Counsel, Secretary or Treasurer of the corporation. He shall also have the power to appoint and remove such associate or assistant officers of the corporation with such titles and duties as he may from time to time deem necessary or appropriate. He shall have such other powers and perform such other duties as from time to time may be assigned to him by the Board or the Executive Committee.

SECTION 3. PRESIDENT. The President shall have general control of the business, affairs, operations and property of the Corporation, subject to the Chairman of the Board and the Board of Directors. He may sign or execute, in the name of the Corporation, all deeds, mortgages, bonds, contracts or other undertakings or instruments, except in cases where the signing or execution thereof shall have been expressly delegated by the Chairman of the Board or the Board to some other officer or Agent of the Corporation. He shall have and may exercise such powers and perform such duties as may be provided by law or as are incident to the office of President of a corporation and such other duties as are assigned by these by-laws and as may from time to time be assigned by the Chairman of the Board or the Board.

SECTION 4. VICE PRESIDENTS. Each Executive Vice President, Senior Vice President, Vice President and Assistant Vice President shall have such powers and perform such duties as may be provided by law or as may from time to time be assigned to him, either generally or in specific instances, by the Board of Directors, the Chairman of the Board or the President.

Any Executive Vice President or Senior Vice President may perform any of the duties or exercise any of the powers of the Chairman of the Board or the President at the request of, or in the absence or disability of, the Chairman of the Board or the President or otherwise as occasion may require in the administration of the business and affairs of the Corporation.

Each Executive Vice President, Senior Vice President, Vice President and Assistant Vice President shall have authority to sign or execute all deeds, mortgages, bonds, contracts or other instruments on behalf of the Corporation, except in cases where the signing or execution thereof shall have been expressly delegated by the Board of Directors or these by-laws to some other officer or agent of the Corporation.

SECTION 5. SECRETARY. The Secretary shall keep the minutes of meetings of the stockholders and of the Board of Directors in books provided for the purpose; he shall see that all notices are duly given in accordance with the provisions of these by-laws, or as required by law; he shall be custodian of the records and of the corporate seal or seals of the Corporation; he shall see that the corporate seal is affixed to all documents requiring same, the execution of which, on behalf of the Corporation, under its seal, is duly authorized, and when said seal is so affixed he may attest same; and, in general, he shall perform all duties incident to the office of the secretary of a corporation, and such other duties as from time to time may be assigned to him by the Board, the Chairman of the Board or the President or as may be provided by law. Any Assistant Secretary may perform any of the duties or exercise any of the powers of the Secretary at the request of, or in the absence or disability of, the Secretary or otherwise as occasion may require in the administration of the business and affairs of the Corporation.

SECTION 6. TREASURER. The Treasurer shall have charge of and be responsible for all funds, securities, receipts and disbursements of the Corporation, and shall deposit, or cause to be deposited, in the name of the Corporation, all moneys or other valuable effects in such banks, trust companies or other depositories as shall, from time to time, be selected by or under authority of the Board of Directors, if required by the Board, he shall give a bond for the faithful discharge of his duties, with such surety or sureties as the Board may determine; he shall keep or cause to be kept full and accurate records of all receipts and disbursements in books of the Corporation and shall render to the Chairman of the Board, the President and the Board, whenever requested, an account of the financial condition of the Corporation; and, in general, he shall perform all the duties incident to the office of treasurer of a corporation, and such other duties as may be assigned to him by the Board, the Chairman of the Board or the President or as may be provided by law.

SECTION 7. CONTROLLER. The Controller shall be the chief accounting officer of the Corporation. He shall keep full and accurate accounts of the assets, liabilities, commitments, receipts, disbursements and other financial transactions of the Corporation; shall cause regular audits of the books and records of account of the Corporation and supervise the preparation of the Corporation's financial statements; and, in general, he shall perform the duties incident to the office of controller of a corporation and such other duties as may be assigned to him by the Board, the Chairman of the Board or the President or as may be provided by law. If no Controller is elected by the Board of Directors, the Treasurer shall perform the duties of the office of controller.

ARTICLE V. STOCK

SECTION 1. CERTIFICATES. Every holder of stock in the Corporation shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman of the Board, the President or by any Executive Vice President, Senior Vice President or Vice President, and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation. Any or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

SECTION 2. LOST, STOLEN OR DESTROYED STOCK CERTIFICATES; ISSUANCE OF NEW CERTIFICATES. The Corporation may issue a new certificate of stock or uncertificated shares in place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

ARTICLE VI. MISCELLANEOUS

SECTION 1. FISCAL YEAR. The fiscal year of the Corporation shall end on the thirty-first day of December in each year, or on such other day as may be fixed from time to time by the Board of Directors.

SECTION 2. SEAL. The Corporation may have a corporate seal which shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware." The corporate seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

SECTION 3. WAIVER OF NOTICE OF MEETINGS OF STOCKHOLDERS, DIRECTORS AND COMMITTEES. Whenever notice is required to be given by law or under any provision of the certificate of incorporation or these by-laws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice unless so required by the certificate of incorporation or these by-laws.

SECTION 4. INDEMNIFICATION OF DIRECTORS. OFFICERS AND EMPLOYEES. The Corporation shall indemnify to the full extent authorized by law any person made or threatened to be made a party to any action, suit or proceeding, whether criminal, civil, administrative or

investigative, by reason of the fact that he, his testator or intestate, is or was a director, officer or employee of the Corporation or any predecessor of the Corporation or serves or served any other enterprise as a director, officer or employee at the request of the Corporation or any predecessor of the Corporation. In the event that the Board of Directors or stockholders refuse or fail to provide indemnity, a person may seek indemnity from the Corporation in court and have the court substitute its judgment as to the propriety of indemnity, or determine such propriety in the absence of any determination thereof by the Board or by stockholders.

SECTION 5. INTERESTED DIRECTORS; QUORUM. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (1) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

SECTION 6. FORM OF RECORDS. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on or be in the form of punch cards, magnetic tape, photographs, microphotographs or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

SECTION 7. AMENDMENT OF BY-LAWS. These by-laws may be altered or repealed, and new by-laws made, by the affirmative vote of a majority of the entire Board of Directors, but the stockholders may make additional by-laws and may alter or repeal any by-laws whether or not adopted by them.

SECTION 8. GENDER REFERENCES. all references and uses herein of the masculine pronouns "he" or "his" shall have equal applicability to and shall also mean their feminine counterpart pronouns, such as "she" or "her."

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
LEVIATHAN FINANCE CORPORATION, as the Issuers,

and
THE SUBSIDIARIES NAMED HEREIN, as Subsidiary Guarantors

Up to $175,000,000 of

10 3/8% SENIOR SUBORDINATED NOTES DUE 2009, SERIES A
10 3/8% SENIOR SUBORDINATED NOTES DUE 2009, SERIES B

to

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as Trustee

INDENTURE

Dated as of May 27, 1999

CROSS-REFERENCE TABLE*

Trust Indenture Act Section	Indenture Section
310 (a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.10
(c)	N.A.
311 (a)	7.11
(b)	7.11
(c)	N.A.
312 (a)	2.05
(b)	13.03
(c)	13.03
313 (a)	7.06
(b)(1)	N.A.
(b)(2)	7.06
(c)	7.06; 13.02
(d)	7.6
314 (a)	4.03; 4.19; 13.02
(b)	N.A.
(c)(1)	13.04
(c)(2)	13.04
(c)(3)	N.A.
(d)	N.A.
(e)	13.05
(f)	N.A.
315 (a)	7.01
(b)	7.05, 13.02
(c)	7.01
(d)	7.01; 6.05
(e)	6.11
316 (a) (last sentence)	2.09
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	2.12
317 (a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318 (a)	13.01
(b)	N.A.
(c)	13.01

N.A. means not applicable.

* This Cross-Reference Table is not part of the Indenture.

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EXHIBITS

INDENTURE dated as of May 27, 1999 among Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership (the "Partnership"), Leviathan Finance Corporation, a Delaware corporation, ("Leviathan Finance," and collectively with the Partnership, the "Issuers"), the Subsidiary Guarantors (as defined herein) listed on Schedule A hereto, and Chase Bank of Texas, National Association, a national banking association, as trustee (the "Trustee").

The Issuers, the Subsidiary Guarantors, and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the 103/8% Series A Senior Subordinated Notes due 2009 (the "Series A Notes") and the 103/8% Series B Senior Subordinated Notes due 2009 (the "Exchange Notes" and, together with the Series A Notes, the "Notes"):

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. DEFINITIONS.

"Acquired Debt" means, with respect to any specified Person: (i) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person, but excluding Indebtedness that is extinguished, retired or repaid in connection with such Person merging with or becoming a Subsidiary of such specified Person; and (ii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, control, as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a specified Person shall be deemed to be control by the other Person; provided, further, that any third Person which also beneficially owns 10% or more of the Voting Stock of a specified Person shall not be deemed to be an Affiliate of either the specified Person or the other Person merely because of such common ownership in such specified Person. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings. Notwithstanding the foregoing, the term "Affiliate" shall not include a Restricted Subsidiary of any specified Person.

"Agent" means any Registrar, Paying Agent or co-registrar.

"Applicable Procedures" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Cedel Bank that apply to such transfer or exchange.

"Asset Sale" means, (i) the sale, lease, conveyance or other disposition of any assets or rights, other than sales of inventory in the ordinary course of business consistent with past practices; provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Partnership or the

Partnership and its Restricted Subsidiaries taken as a whole will be governed by the provisions of Section 4.06 and/or the provisions of Article 5 hereof and not by the provisions of Section 4.07; and (ii) the issuance of Equity Interests by any of the Partnership's Restricted Subsidiaries or the sale by the Partnership or any of its Restricted Subsidiaries of Equity Interests in any of its Restricted Subsidiaries. Notwithstanding the preceding, the following items shall not be deemed to be Asset Sales: (i) any single transaction or series of related transactions that: (a) involves assets having a fair market value of less than $1.0 million; or (b) results in net proceeds to the Partnership and its Restricted Subsidiaries of less than $1.0 million; (ii) a transfer of assets between or among the Partnership and its Restricted Subsidiaries; (iii) an issuance of Equity Interests by a Restricted Subsidiary to the Partnership or to another Restricted Subsidiary of the Partnership; (iv) a Restricted Payment that is permitted under Section 4.08 hereof; and (v) a transaction of the type described in Section 4.07(d).

"Attributable Debt" in respect of a sale and lease-back transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and lease-back transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"Available Cash" has the meaning assigned to such term in the Partnership Agreement, as in effect on the date of this Indenture.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Board of Directors" means, with respect to the Partnership, the Board of Directors of the General Partner, or any authorized committee of such Board of Directors, and with respect to Leviathan Finance or any other Subsidiary of the Partnership, the Board of Directors or managing members of such Person.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the General Partner or Leviathan Finance, as applicable, to have been duly adopted by the Board of Directors of the General Partner or Leviathan Finance, as applicable, and to be in full force and effect on the date of such certification.

"Business Day" means any day other than a Legal Holiday.

"Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized on a balance sheet in accordance with GAAP.

"Cash Equivalent" means (i) United States dollars or, in an amount up to the amount necessary or appropriate to fund local operating expenses, other currencies; (ii) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than one year from the date of acquisition; (iii) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding 365 days, demand and overnight bank deposits and other similar types of investments

routinely offered by commercial banks, in each case with any domestic commercial bank, that is a member of the Federal Reserve System and has a combined capital and surplus of not less than $500 million and a Thompson Bank Watch Rating of "B" or better; (iv) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (ii) and (iii) above entered into with any financial institution meeting the qualifications specified in clause (iii) above; (v) commercial paper having one of the two highest ratings obtainable from Moody's Investors Service, Inc. or Standard & Poor's Ratings Group and in each case maturing within six months after the date of acquisition; and (vi) investments in money market funds at least 95% of whose assets consist of investments of the types described in clauses (i) through (v) above.

"Cash from Operations" shall have the meaning assigned to such term in the Partnership Agreement, as in effect on the date of this Indenture.

"Cedel Bank" means Cedel Bank, societe anonyme.

"Certificated Note" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, in the form of Exhibit A-1 hereto except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Change of Control" means the occurrence of any of the following: (i) the sale, transfer, lease, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Partnership and its Restricted Subsidiaries taken as a whole to any "person" (as such term is used in Section 13(d)(3) of the Exchange Act) other than the El Paso Group; (ii) the adoption of a plan relating to the liquidation or dissolution of the Partnership or the General Partner; and (iii) such time as the El Paso Group ceases to own, directly or indirectly, the general partner interests of Leviathan, or members of the El Paso Group cease to serve as the only general partners of the Partnership. Notwithstanding the foregoing, a conversion of the Partnership from a limited partnership to a corporation, limited liability company or other form of entity or an exchange of all of the outstanding limited partnership interests for capital stock in a corporation, for member interests in a limited liability company or for Equity Interests in such other form of entity shall not constitute a Change of Control, so long as following such conversion or exchange the El Paso Group beneficially owns, directly or indirectly, in the aggregate more than 50% of the Voting Stock of such entity, or continues to own a sufficient number of the outstanding shares of Voting Stock of such entity to elect a majority of its directors, managers, trustees or other persons serving in a similar capacity for such entity.

"Change of Control Offer" has the meaning assigned to such term in Section 4.06.

"Change of Control Payment" has the meaning assigned to such term in Section 4.06.

"Change of Control Payment Date" has the meaning assigned to such term in Section 4.06.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations thereunder.

"Consolidated Cash Flow" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus: (i) an amount equal to the dividends or distributions paid during

such period in cash or Cash Equivalents to such Person or any of its Restricted Subsidiaries by a Person that is not a Restricted Subsidiary of such Person; plus (ii) an amount equal to any extraordinary loss of such Person and its Restricted Subsidiaries plus any net loss realized by such Person and its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; plus (iii) the provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus (iv) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with aspect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments, if any, pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income, excluding any such expenses to the extent incurred by a Person that is not a Restricted Subsidiary of the Person for which the calculation is being made; plus (v) depreciation, depletion and amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income (excluding any such expenses to the extent incurred by a Person that is neither an Issuer nor a Restricted Subsidiary); minus (vi) non-cash items increasing such Consolidated Net Income for such period, other than items that were accrued in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash charges of, a Restricted Subsidiary of the Partnership shall be added to Consolidated Net Income to compute Consolidated Cash Flow of the Partnership only to the extent that a corresponding amount would be permitted at the date of determination to be dividended or distributed to the Partnership by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that: (i) the aggregate Net Income (but not net loss in excess of such aggregate Net Income) of all Persons that are Unrestricted Subsidiaries shall be excluded (without duplication); (ii) the earnings included therein attributable to all Persons that are accounted for by the equity method of accounting and the aggregate Net Income (but not net loss in excess of such aggregate Net Income) included therein attributable to all entities constituting Joint Ventures that are accounted for on a consolidated basis (rather than by the equity method of accounting) shall be excluded; (iii) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement (other than this Indenture, the Notes or any Guarantee), instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders; (iv) the Net Income of any Person acquired in a pooling of interests

transaction for any period prior to the date of such acquisition shall be excluded; and (v) the cumulative effect of a change in accounting principles shall be excluded.

"Consolidated Net Worth" means, with respect to any Person as of any date, the sum of: (i) the consolidated equity of the common stockholders or members (or consolidated partners' capital in the case of a partnership) of such Person and its consolidated Subsidiaries as of such date as determined in accordance with GAAP; plus (ii) the respective amounts reported on such Person's balance sheet as of such date with respect to any series of preferred stock (other than Disqualified Equity) that by its terms is not entitled to the payment of dividends unless such dividends may be declared and paid only out of net earnings in respect of the year of such declaration and payment, but only to the extent of any cash received by such Person upon issuance of such preferred stock.

"Corporate Trust Office of the Trustee" shall be at the address of the Trustee specified in Section 13.02 hereof or such other address as to which the Trustee may give notice to the Issuers.

"Covenant Defeasance" has the meaning assigned to such term in Section 1.02.

"Credit Facilities" means, with respect to the Partnership, Leviathan Finance or any Restricted Subsidiary, one or more debt facilities or commercial paper facilities, in each case providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"Default" means any event that is or with the passage of time or the giving of notice or both would be, an Event of Default.

"Depositary" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provision of this Indenture.

"Designated Guarantor Senior Indebtedness" means, with respect to a Subsidiary Guarantor, amounts owing by such Restricted Subsidiary under the Credit Facility and guarantees, if any, by such Subsidiary Guarantor of Designated Senior Debt.

"Designated Senior Debt" means Obligations under the Partnership Credit Facility and any other Senior Debt permitted under this Indenture the principal amount of which is $25.0 million or more and that has been specifically designated by the Partnership as "Designated Senior Debt."

"Disqualified Equity" means any Equity Interests that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the occurrence of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the Holder thereof, in whole or in part, on or prior to the date on which the Notes mature. Notwithstanding the preceding sentence, any Equity Interests that would constitute Disqualified Equity solely because the holders thereof have the right to require the issuer or any of its Restricted Subsidiaries or Leviathan Finance to repurchase such Equity Interests upon the

occurrence of a change of control or an asset sale shall not constitute Disqualified Equity if the terms of such Equity Interests provide that such Equity Interests shall not be repurchased or redeemed pursuant to such provisions unless such repurchase or redemption is conditioned upon, and subject to, compliance with Section 4.08 hereof.

"Distribution Compliance Period" means the 40-day distribution compliance period as defined in Regulation S.

"East Breaks" means East Breaks Gathering Company, L.L.C., a Delaware limited liability company.

"El Paso Energy" means El Paso Energy Corporation, a Delaware corporation, and its successors.

"El Paso Group" means, collectively, (1) El Paso Energy, (2) each Person of which, as of the time of the determination, El Paso Energy is a direct or indirect Subsidiary and (3) each Person which is a direct or indirect Subsidiary of any Person described in (1) or (2) above.

"Equity Interests" means : (i) in the case of a corporation, corporate stock; (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, and any rights (other than debt securities convertible into capital stock) warrants or options exchangeable for or convertible into such capital stock; and (v) all warrants, options or other rights to acquire any of the interests described in clauses (i) through (iv) above (but excluding any debt security that is convertible into, or exchangeable for, any of the interests described in clauses (i) through (iv) above).

"Equity Offering" means any sale for cash of Equity Interests of the Partnership (excluding sales made to any Restricted Subsidiary and excluding sales of Disqualified Equity).

"Euroclear" means Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear system.

"Excess Proceeds" shall have the meaning specified in Section 4.07(c).

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

"Exchange Notes" means the 103/8% Series B Senior Subordinated Notes due 2009, having terms substantially identical to the Series A Notes, offered to the Holders of the Series A Notes under the Exchange Offer Registration Statement.

"Exchange Offer" means the offer that may be made by the Issuers pursuant to the Registration Rights Agreement to the Holders of the Series A Notes to exchange their Series A Notes for the Exchange Notes.

"Exchange Offer Registration Statement" means that certain registration statement filed by the Issuers and the Subsidiary Guarantors with the SEC to register the Exchange Notes for issuance in the Exchange Offer.

"Existing Indebtedness" means the aggregate principal amount of Indebtedness of the Partnership and its Restricted Subsidiaries in existence on the Issue Date, which amount (excluding Indebtedness outstanding under the Partnership Credit Facility), is zero.

"Fixed Charge Coverage Ratio" means, with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays or redeems any Indebtedness (other than revolving credit borrowings not constituting a permanent reduction) or issues or redeems Disqualified Equity subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence (and the application of the net proceeds thereof), assumption, guarantee, repayment or redemption of Indebtedness, or such issuance or redemption of Disqualified Equity, as if the same had occurred at the beginning of the applicable four-quarter reference period (and if such Indebtedness is incurred to finance the acquisition of assets (including, without limitation, a single asset, a division or segment or an entire company) that were conducting commercial operations prior to such acquisition, there shall be included pro forma net income for such assets, as if such assets had been acquired on the first day of such period).

In addition, for purposes of calculating the Fixed Charge Coverage Ratio: (i) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be deemed to have occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated without giving effect to clause (iv) of the proviso set forth in the definition of Consolidated Net Income; (ii) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded; (iii) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date; (iv) interest on outstanding Indebtedness of the specified Person or any of its Restricted Subsidiaries as of the last day of the four-quarter reference period shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on such last day; and (v) if interest on any Indebtedness incurred by the specified Person or any of its Restricted Subsidiaries on such date may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate or other rates, then the interest rate in effect on the last day of the four-quarter reference period will be deemed to have been in effect during such period.

"Fixed Charges" means, with respect to any Person for any period, without duplication, (A) the sum of: (i) the consolidated interest expense of such Person and its Restricted Subsidiaries (excluding for purposes of this clause (i) consolidated interest expense included therein that is attributable to Indebtedness

of a Person that is not a Restricted Subsidiary of the Person for which the calculation is being made) for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts, and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments, if any, pursuant to Hedging Obligations; plus (ii) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period (excluding for purposes of this clause (ii) any such consolidated interest included therein that is attributable to Indebtedness of a Person that is not a Restricted Subsidiary); plus (iii) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such guarantee or Lien is called upon, provided that this clause (iii) excludes interest on "claw-back," "make-well" or "keep-well" payments made by the Partnership or any Restricted Subsidiary; plus (iv) the product of (a) all dividend payments, whether or not in cash, on any series of Disqualified Equity of such Person or any of its Restricted Subsidiaries, other than dividend payments on Equity Interests payable solely in Equity Interests of the Partnership (other than Disqualified Equity) or to the Partnership or a Restricted Subsidiary of the Partnership, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP, less (B) to the extent included in clause (A) above, amortization or write-off of deferred financing costs of such Person and its Restricted Subsidiaries during such period and any charge related to, or any premium or penalty paid in connection with, incurring any such Indebtedness of such Person and its Restricted Subsidiaries prior to its Stated Maturity. In the case of both clauses (A) and (B) of this definition, such amounts will be determined after elimination of intercompany accounts among such Person and its Restricted Subsidiaries and in accordance with GAAP.

"GAAP" means U.S. generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements, and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

"General Partner" means Leviathan Gas Pipeline Company, a Delaware corporation, in its capacity as the general partner of the Partnership.

"Global Note Legend" means the legend set forth in Section 2.06(g)(ii), which is required to be placed on all Global Notes issued under this Indenture.

"Global Notes" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes, in the form of Exhibit A-1 hereto issued in accordance with Section 2.01, 2.06(b), 2.06(d) or 2.06(f) hereof.

"guarantee" means a guarantee, other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner, including, without limitation, by way of pledge of assets, or through letters of credit or reimbursement, "claw-back," "make-well" or "keep-well" agreement in respect thereof, contingent or otherwise, the practical effect of which is to assure in any way the payment or performance (or payment of damages in the event of nonperformance) of all or any part of

any Indebtedness. The term "guarantee" used as a verb has a corresponding meaning. The term "guarantor" shall mean any Person providing a guarantee of any obligation.

"Guarantee" means, individually and collectively, the guarantees given by the Subsidiary Guarantors pursuant to Article 11 hereof, including a notation in the Notes substantially in the form attached hereto as Exhibit D.

"Guarantee Obligations" means, with respect to each Subsidiary Guarantor, the obligations of such Guarantor under Article 11.

"Guarantor Senior Debt" of a Subsidiary Guarantor means all Obligations with respect to any Indebtedness of such Subsidiary Guarantor, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall be on a parity with or subordinated in right of payment to such Subsidiary Guarantor's Guarantee. Without limiting the generality of the foregoing, (x) "Guarantor Senior Debt" shall include the principal of, premium, if any, and interest on all Obligations of every nature of such Subsidiary Guarantor from time to time owed to the lenders under the Credit Facility, including, without limitation, principal of and interest on, and all fees, indemnities and expenses payable by such Subsidiary Guarantor under, the Partnership Credit Facility, and (y) in the case of amounts owing by such Subsidiary Guarantor under the Partnership Credit Facility and guarantees of Designated Senior Indebtedness, "Guarantor Senior Debt" shall include interest accruing thereon subsequent to the occurrence of any Event of Default specified in clause (h) or (i) of Section 6.01 relating to such Subsidiary Guarantor, whether or not the claim for such interest is allowed under any applicable Bankruptcy Law. Notwithstanding the foregoing, "Guarantor Senior Indebtedness" shall not include (i) Indebtedness evidenced by the Notes or the Guarantees, (ii) Indebtedness that is expressly subordinate or junior in right of payment to any other Indebtedness of such Subsidiary Guarantor, (iii) any liability for federal, state, local or other taxes owed or owing by such Subsidiary Guarantor, (vi) Indebtedness of such Subsidiary Guarantor to the Partnership or a Subsidiary of the Partnership or any other Affiliate of the Partnership, (vii) any trade payables of such Subsidiary Guarantor, and (viii) any Indebtedness which is incurred by such Subsidiary Guarantor in violation of this Indenture.

"Guarantor Subordinated Indebtedness" means, with respect to a Subsidiary Guarantor, indebtedness and other obligations of such Subsidiary Guarantor which are expressly subordinated in right of payment to such Subsidiary Guarantor's Guarantee.

"Hedging Obligations" means, with respect to any Person, the net obligations (not the notional amount) of such Person under (i) interest rate and commodity price swap agreements, interest rate and commodity price cap agreements, interest rate and commodity price collar agreements and foreign currency and commodity price exchange agreements, options or futures contracts and hydrocarbon hedging contracts and hydrocarbon forward sales contracts; and (ii) other agreements or arrangements; in each case designed to protect such Person against fluctuations in interest rates, the value of foreign currencies, or the commodities prices.

"HIOS" means High Island Offshore System, L.L.C., a Delaware limited liability company.

"Holder" means the Person in whose name a Note is registered on the Registrar's books.

"Incremental Funds" shall have the meaning given to such term in Section 4.08(a)(A).

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent, in respect of: (i) borrowed money; (ii) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof), other than standby letters of credit and performance bonds issued by such Person in the ordinary course of business, to the extent not drawn; (iii) banker's acceptances; (iv) representing Capital Lease Obligations; (v) all Attributable Debt of such Person in respect of any sale and lease-back transactions not involving a Capital Lease Obligation; (vi) the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable incurred in the ordinary course of business; (vii) representing Disqualified Equity; or (viii) representing any Hedging Obligations other than to (in the ordinary course of business and consistent with prior practice) hedge risk exposure in the operations, ownership of assets or the management of liabilities of such Person or its Restricted Subsidiaries; if and to the extent any of the preceding item (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by such Person of any indebtedness of any other Person, provided that a guarantee otherwise permitted by this Indenture to be incurred by the Partnership or any of its Restricted Subsidiaries of Indebtedness incurred by the Partnership or a Restricted Subsidiary in compliance with the terms of this Indenture shall not constitute a separate incurrence of Indebtedness.

The amount of any Indebtedness outstanding as of any date shall be: (i) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and (ii) the principal amount thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness. For purposes of clause (vii) of this definition of Indebtedness, Disqualified Equity shall be valued at the maximum fixed redemption, repayment or repurchase price, which shall be calculated in accordance with the terms of such Disqualified Equity as if such Disqualified Equity were repurchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture; provided, however, that if such this Disqualified Equity is not then permitted by its terms to be redeemed, repaid or repurchased, the redemption, repayment or repurchase price shall be the book value of such Disqualified Equity. The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional Obligations as described above and the maximum liability of any guarantees at such date; provided that for purposes of calculating the amount of any non-interest bearing or other discount security, such Indebtedness shall be deemed to be the principal amount thereof that would be shown on the balance sheet of the issuer thereof dated such date prepared in accordance with GAAP, but that such security shall be deemed to have been incurred only on the date of the original issuance thereof. The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Indirect Participant" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Institutional Accredited Investor" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of the rules and regulations promulgated under the Securities Act.

"Interest Payment Date" means Stated Maturity of an installment of interest on the Notes.

"Investments" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including guarantees of Indebtedness or other obligations), advances (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender and commission, moving, travel and similar advances to officers and employees made in the ordinary course of business) or capital contributions, purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that would be classified as investments on a balance sheet prepared in accordance with GAAP. For purposes of the definition of "Unrestricted Subsidiary," the definition of "Restricted Payment" and the covenant in Section 4.08, (i) the term "Investment" shall include the portion (proportionate to the Partnership's Equity Interest in such Subsidiary) of the fair market value of the net assets of any Subsidiary of the Partnership or any of its Restricted Subsidiaries at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Partnership or such Restricted Subsidiary shall be deemed to continue to have a permanent "Investment" in such Subsidiary at the time of such redesignation equal to the amount thereof as determined immediately prior to redesignation less the portion (proportionate to the Partnership's or such Restricted Subsidiary's Equity Interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation, and (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the General Partner. If the Partnership or any Restricted Subsidiary of the Partnership sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Partnership such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Partnership, the Partnership shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in Section 4.08(c).

"Issue Date" means May 27, 1999.

"Issuers" means the Partnership and Leviathan Finance, collectively; "Issuer" means the Partnership or Leviathan Finance.

"Joint Venture" shall have the meaning assigned to such term in the definition of "Permitted Business Investments" set forth in this Section 1.01. The term "Joint Venture" shall include Western Gulf and its Subsidiaries (including HIOS and UTOS and its Subsidiaries), and no such Person shall constitute a Restricted Subsidiary for purposes of this Indenture (even if such Person is then a Subsidiary of the Partnership), until such time as the Board of Directors of the General Partner designates, in a manner consistent with the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or a Restricted Subsidiary as an Unrestricted Subsidiary, each as described in Section 4.15, Western Gulf or UTOS, including one or more of its Subsidiaries, as the case may be, as a Restricted Subsidiary or an Unrestricted Subsidiary.

"Legal Holiday" means a Saturday, a Sunday or a day on which banking institutions in the City of Houston, Texas or New York, New York or at a place of payment are authorized by law, regulation or

executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

"Letter of Transmittal" means the letter of transmittal to be prepared by the Issuers and sent to all Holders of the Series A Notes for use by such Holders in connection with the Exchange Offer.

"Leviathan Finance" means the Person named as such in the preamble of this Indenture under and until a successor replaces it pursuant to the applicable provision of this Indenture and thereafter means such successor.

"Lien" means, with respect to any asset, any mortgage, lien (statutory or otherwise), pledge, charge, security interest, hypothecation, assignment for security, claim, preference, priority or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof, any option or other agreement to grant a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statute) of any jurisdiction.

"Liquidated Damages" means all liquidated damages then owing pursuant to Section 5 of the Registration Rights Agreement.

"Management Agreement" means the First Amended and Restated Management Agreement, dated as of June 27, 1994, between DeepTech International, Inc., a Delaware corporation, and Leviathan Gas Pipeline Company, as amended and in effect on the Issue Date.

"Net Income" means, with respect to any Person, the consolidated net income (loss) of such Person and its Restricted Subsidiaries, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however: (i) the aggregate gain (but not loss in excess of such aggregate gain), together with any related provision for taxes on such gain, realized in connection with (a) any Asset Sale or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and (ii) the aggregate extraordinary gain (but not loss in excess of such extraordinary gain), together with any related provision for taxes on such extraordinary gain (but not loss in excess of such aggregate extraordinary gain).

"Net Proceeds" means, with respect to any Asset Sale or sale of Equity Interests, the aggregate cash proceeds received by the Partnership or any of its Restricted Subsidiaries in respect of any Asset Sale or sale of Equity Interests (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any such sale), net of (without duplication): (i) the direct costs relating to such Asset Sale or sale of Equity Interests, including, without limitation, brokerage commissions and legal, accounting and investment banking fees, sales commissions, recording fees, title transfer fees and any relocation expenses incurred as a result thereof, (ii) taxes paid or payable as a result thereof, in each case after taking into account any available tax credits or deductions and any tax sharing arrangements and amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale or sale of Equity Interests, (iii) all distributions and payments required to be made to minority interest holders in Restricted Subsidiaries as a result of such Asset Sale and (iv) any amounts to be set aside in any reserve established in accordance with GAAP or any amount placed in escrow, in either case for adjustment in respect of the sale price of such asset or Equity Interests or for liabilities

associated with such Asset Sale or sale of Equity Interests and retained by the Partnership or any of its Restricted Subsidiaries until such time as such reserve is reversed or such escrow arrangement is terminated, in which case Net Proceeds shall include only the amount of the reserve so reserved or the amount returned from such escrow arrangement to the Partnership or its Restricted Subsidiaries, as the case may be.

"Non-Recourse Debt" means Indebtedness: (i) as to which neither the Partnership nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender of such Indebtedness; (ii) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Notes) of the Partnership or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and (iii) the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Partnership or any of its Restricted Subsidiaries, provided that in no event shall Indebtedness of any Person which is not a Restricted Subsidiary fail to be Non-Recourse Debt solely as a result of any default provisions contained in a guarantee thereof by the Partnership or any of its Restricted Subsidiaries provided that the Partnership or such Restricted Subsidiary was otherwise permitted to incur such guarantee pursuant to this Indenture.

"Non-U.S. Person" means a person who is not a U.S. Person.

"Note Custodian" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"Notes" has the meaning assigned to it in the preamble to this Indenture.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursement obligations, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offering" means the offering of the Series A Notes by the Issuers.

"Officer" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Chief Accounting Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary or any Vice-President of such Person (or, with respect to the Partnership, so long as it remains a partnership, the General Partner).

"Officers' Certificate" means a certificate signed on behalf of the Partnership by two Officers of the Partnership or two Officers of the General Partner, Leviathan Finance or any Subsidiary Guarantor, as the case may be, one of whom must be the principal executive officer, the principal financial officer or the principal accounting officer of such Person, that meets the requirements of Section 13.05 hereof.

"Opinion of Counsel" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 13.05 hereof. The counsel may be an employee of or counsel to the Partnership, Leviathan Finance or the General Partner (or any Subsidiary Guarantor, if applicable), any Subsidiary of the Partnership or the Trustee.

"Participant" means, with respect to DTC, Euroclear or Cedel Bank, a Person who has an account with DTC, Euroclear or Cedel Bank, respectively (and, with respect to DTC, shall include Euroclear and Cedel Bank).

"Partnership" means the Person named as such in the preamble of this Indenture unless and until a successor replaces it pursuant to the applicable provisions of this Indenture and thereafter means such successor.

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of Leviathan Gas Pipeline Partners, L.P., dated as of February 19, 1993, as such may be amended, modified or supplemented from time to time.

"Partnership Credit Facility" means the Third Amended and Restated Credit Agreement to be entered into among the Partnership, Leviathan Finance, the lenders from time to time party thereto and The Chase Manhattan Bank, as administrative agent, including any deferrals, renewals, extensions, replacements, refinancings or refundings thereof, and any amendments, modifications or supplements thereto and any agreement providing therefor (including any restatement thereof and any increases in the amount of commitments thereunder), whether by or with the same or any other lenders, creditors, group of lenders or group of creditors and including related notes, guarantees, collateral security documents and other instruments and agreements executed in connection therewith.

"Permitted Business" means (i) gathering, transporting (by barge, pipeline, ship, truck or other modes of hydrocarbon transportation), terminalling, storing, producing, acquiring, developing, exploring for, processing, dehydrating 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 (ii) any other business that does not constitute a reportable segment (as determined in accordance with GAAP) for the Partnership's annual audited consolidated financial statements.

"Permitted Business Investments" means Investments by the Partnership or any of its Restricted Subsidiaries in any Unrestricted Subsidiary of the Partnership or in any Person that does not constitute a direct or indirect Subsidiary of the Partnership (a "Joint Venture"), provided that (i) either (a) at the time of such Investment and immediately thereafter, the Partnership could incur $1.00 of additional Indebtedness under Section 4.09(a) or (b) such investment is made with the proceeds of Incremental Funds; (ii) if such Unrestricted Subsidiary or Joint Venture has outstanding Indebtedness at the time of such Investment, either (a) all such Indebtedness is Non-Recourse Debt with respect to the Partnership and its Restricted Subsidiaries or (b) any such Indebtedness of such Unrestricted Subsidiary or Joint Venture that is recourse to the Partnership or any of its Restricted Subsidiaries (which shall include all Indebtedness of such Unrestricted Subsidiary or Joint Venture for which the Partnership or any of its Restricted Subsidiaries may be directly or indirectly, contingently or otherwise, obligated to pay, whether pursuant to the terms of such Indebtedness, by law or pursuant to any guaranty or "claw-back," "make-well" or "keep-well" arrangement) could, at the time such Investment is made and, if later, at the time any such Indebtedness is incurred, be incurred by the Partnership and its Restricted Subsidiaries in accordance with the limitation on indebtedness set forth in Section 4.09(a); and (iii) such Unrestricted Subsidiary's or Joint Venture's activities constitute a Permitted Business.

"Permitted Investments" means (i) any Investment in, or that results in the creation of, a Restricted Subsidiary of the Partnership; (ii) any Investment in the Partnership or in a Restricted Subsidiary of the Partnership (excluding redemptions, purchases, acquisitions or other retirements of Equity Interests in the Partnership); (iii) any Investment in cash or Cash Equivalents; (iv) any Investment by the Partnership or any Restricted Subsidiary of the Partnership in a Person if as a result of such Investment: (a) such Person becomes a Restricted Subsidiary of the Partnership; or (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Partnership or a Restricted Subsidiary of the Partnership; (v) any Investment made as a result of the receipt of consideration consisting of other than cash or Cash Equivalents from an Asset Sale that was made pursuant to and in compliance with Section 4.07; (vi) any acquisition of assets solely in exchange for the issuance of Equity Interests (other than Disqualified Equity) of the Partnership; (vii) payroll advances arising in the ordinary course of business and other advances and loans to officers and employees of the Partnership or any of its Restricted Subsidiaries, so long as the aggregate principal amount of such advances and loans does not exceed $1.0 million at any one time outstanding; (viii) Investments in stock, obligations or securities received in settlement of debts owing to the Partnership or any Restricted Subsidiary as a result of bankruptcy or insolvency proceedings or upon the foreclosure, perfection or enforcement or any Lien in favor of the Partnership or any such Restricted Subsidiary, in each case as to debt owing to the Partnership or any such Restricted Subsidiary that arose in the ordinary course of business of the Partnership or any such Restricted Subsidiary; (ix) any Investment in Hedging Obligations; (x) any Investments in prepaid expenses, negotiable instruments held for collection and lease, utility, workers' compensation and performance and other similar deposits and prepaid expenses made in the ordinary course of business; (xi) any Investments required to be made pursuant to any agreement or obligation of the Partnership or any Restricted Subsidiary in effect on the Issue Date; and (xii) other Investments in any Person engaged in a Permitted Business (other than an Investment in an Unrestricted Subsidiary) having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (xii) since the Issue Date and existing at the time the Investment, which is the subject of the determination, was made, not to exceed $5.0 million.

"Permitted Junior Securities" means (i) nonmandatorily redeemable Equity Interests in the Partnership or any Subsidiary Guarantor, as reorganized or adjusted, or (ii) debt securities of the Partnership or any Subsidiary Guarantor as reorganized or readjusted that are subordinated to all Senior Debt and Guarantor Senior Debt and any debt securities issued in exchange for Senior Debt and Guarantor Senior Debt to substantially the same extent as, or to a greater extent than, the Notes and the Guarantees are subordinated to Senior Debt and Guarantor Senior Debt pursuant to Article 10 and Article 11 of this Indenture, provided that the rights of the holders of Senior Debt and Guarantor Senior Debt under the Partnership Credit Facility are not altered or impaired by such reorganization or readjustment.

"Permitted Liens" means, (i) Liens on the assets of the Partnership and any Subsidiary securing Senior Debt and Guarantor Senior Debt; (ii) Liens in favor of the Partnership or any of its Restricted Subsidiaries; (iii) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Partnership or any Restricted Subsidiary of the Partnership, provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Partnership or such Restricted Subsidiary; (iv) Liens on property existing at the time of acquisition thereof by the Partnership or any Restricted Subsidiary of the Partnership, provided that such Liens were in existence prior to the contemplation of such acquisition and relate solely to such property, accessions thereto and the proceeds thereof; (v) Liens to secure the performance of tenders, bids, leases, statutory obligations, surety or appeal

bonds, government contracts, performance bonds or other obligations of a like nature incurred in the ordinary course of business; (vi) Liens on any property or asset acquired, constructed or improved by the Partnership or any Restricted Subsidiary (a "Purchase Money Lien"), which (A) are in favor of the seller of such property or assets, in favor of the Person constructing or improving such asset or property, or in favor of the Person that provided the funding for the acquisition, construction or improvement of such asset or property, (B) are created within 360 days after the date of acquisition, construction or improvement, (C) secure the purchase price or construction or improvement cost, as the case may be, of such asset or property in an amount up to 100% of the fair market value (as determined by the Board of Directors of the General Partner) of such acquisition, construction or improvement of such asset or property, and (D) are limited to the asset or property so acquired, constructed or improved (including proceeds thereof and accretions and upgrades thereof); (vii) Liens on assets of a Subsidiary Guarantor to secure Senior Guarantor Debt of such a Subsidiary Guarantor that, at the time of such incurrence, was permitted by this Indenture to be incurred; (viii) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor; (ix) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, old age pension or public liability obligations; (x) easements, rights-of-way, restrictions, minor defects and irregularities in title and other similar charges or encumbrances not interfering in any material respect with the business of the Partnership or any of its Restricted Subsidiaries; (xi) Liens securing reimbursement obligations of the Partnership or a Restricted Subsidiary with respect to letters of credit encumbering only documents and other property relating to such letters of credit and the products and proceeds thereof; (xii) judgment and attachment Liens not giving rise to a Default or Event of Default; (xiii) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual or warranty requirements of the Partnership and its Restricted Subsidiaries; (xiv) liens arising out of consignment or similar arrangements for the sale of goods; (xv) any interest or title of a lessor in property subject to any Capital Lease Obligation; (xvi) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen and repairmen and other like Liens (including contractual landlord's Liens) arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings, if a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor, (xvii) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment, or storage of such inventory or other goods; (xviii) Liens to secure the performance of Hedging Obligations of the Partnership or any Restricted Subsidiary; (xix) Liens on pipelines or pipeline facilities that arise by operation of law; (xx) Liens arising under operating agreements, joint venture agreements, partnership agreements, oil and gas leases, farm out agreements, 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 agreements arising in the ordinary course of the Partnership's or any Restricted Subsidiary's business that are customary in the Permitted Businesses; (xxi) Liens securing the Obligations of the Issuers under the Notes and this Indenture and of the Subsidiary Guarantors under the Guarantees; (xxii) Liens in favor of collecting or payor banks having a right of setoff, revocation, refund or chargeback with respect to money or instruments of the Partnership or any of its Restricted Subsidiaries on deposit with or in possession of such bank; (xxiii) Liens on and pledges of the Equity Interests of an Unrestricted Subsidiary or any Joint Venture owned by the Partnership or any Restricted Subsidiary to the extent securing Non-Recourse Debt or Indebtedness incurred pursuant to Section 4.09(a); (xxiv) Liens existing on the Issue Date and Liens on any extensions, refinancing, renewal, replacement or defeasance of any Indebtedness or other obligation secured

thereby; (xxv) Liens arising from protective filings made in the appropriate office(s) for the filing of a financing statement in the applicable jurisdiction(s) in connection with any lease, consignment or similar transaction otherwise permitted hereby, which filings are made for the purpose of perfecting the interest of the secured party in the relevant items, if the transaction were subsequently classified as a sale and secured lending arrangement; (xxvi) Liens securing any Indebtedness, which Indebtedness includes a covenant that limits Liens in a manner substantially similar to Section 4.11; and (xxvii) in addition to Liens permitted by clauses (i) through (xxvi) above, Liens that are incurred in the ordinary course of business of the Partnership or any Restricted Subsidiary of the Partnership with respect to obligations that do not exceed $5.0 million at any one time outstanding.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Partnership or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Partnership or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that: (i) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount of (or accreted value, if applicable), plus accrued interest on the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of necessary fees and expenses incurred in connection therewith and any premiums paid on the Indebtedness so extended, refinanced, reviewed or replaced); (ii) such Permitted Refinancing Indebtedness has a final maturity date no earlier than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (iii) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes or the Guarantees, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes or the Guarantees, as the case may be, on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and (iv) such Indebtedness is incurred either by the Partnership or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Person" means any individual, corporation, partnership (general or limited), limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or agency or political subdivision thereof (including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business).

"Private Placement Legend" means the legend set forth in Section 2.06(g)(i) to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A of the rules and regulations promulgated by the SEC under the Securities Act.

"Registrable Securities" has the meaning set forth in the Registration Rights Agreement.

"Registration Rights Agreement" means that certain agreement among the Issuers, the Subsidiary Guarantors and Donaldson, Lufkin & Jenrette Securities Corporation and Chase Securities Inc. requiring the Issuers and the Subsidiary Guarantors to file the Exchange Offer Registration Statement and the Shelf Registration Statement.

"Regulation S" means Regulation S promulgated by the SEC under the Securities Act.

"Regulation S Global Note" means a Regulation S Temporary Global Note or Regulation S Permanent Global Note, as appropriate.

"Regulation S Permanent Global Note" means a permanent global Note in the form of Exhibit A-1 hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the principal amount of the Regulation S Temporary Global Note upon expiration of the Distribution Compliance Period.

"Regulation S Temporary Global Note" means a temporary Global Note in the form of Exhibit A-2 hereto bearing the Global Note Legend and the Private Placement Legend and that has the "Schedule of Exchange of Interests in the Global Note" attached thereto and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903 of Regulation S.

"Representative" means this Indenture trustee or other trustee, agent or representative for any Senior Debt.

"Responsible Officer,"when used with respect to the Trustee, means any officer with direct responsibility for the administration of this Indenture within the corporate trust department of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Broker-Dealer" has the meaning set forth in the Registration Rights Agreement.

"Restricted Certificated Note" means a Certificated Note bearing the Private Placement Legend.

"Restricted Global Note" means a Global Note bearing the Private Placement Legend and that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Restricted Investment" means an Investment other than a Permitted Investment or a Permitted Business Investment.

"Restricted Subsidiary" of a Person means any Subsidiary of the referenced Person that is not an Unrestricted Subsidiary, provided that UTOS, Western Gulf and their respective Subsidiaries (including HIOS) shall not constitute a Restricted Subsidiary of the Partnership, even if such Person is then a Subsidiary of the Partnership, until such time as either such entity becomes a Restricted Subsidiary in the manner provided in the definition of "Joint Venture" above. Notwithstanding anything in this Indenture to the contrary, Leviathan Finance shall constitute a Restricted Subsidiary of the Partnership.

"Rule 144" means Rule 144 promulgated by the SEC under the Securities Act.

"Rule 144A" means Rule 144A promulgated by the SEC under the Securities Act.

"Rule 144A Global Note" means the Global Note in the form of Exhibit A-1 hereto bearing the Global Note Legend and the Private Placement Legend and that has the "Schedule of Exchange of Interests in the Global Note" attached thereto and deposited with and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

"Rule 903" means Rule 903 of Regulation S promulgated by the SEC under the Securities Act.

"Rule 904" means Rule 904 of Regulation S promulgated by the SEC under the Securities Act.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Debt" means, (i) all Indebtedness outstanding under Credit Facilities and all Hedging Obligations with respect thereto, (ii) any other Indebtedness permitted to be incurred by the Partnership and the Restricted Subsidiaries under the terms of this Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Notes or the Guarantees, as applicable; and (iii) all Obligations with respect to the items listed in the preceding clauses (i) and (ii). Notwithstanding anything to the contrary in the preceding, Senior Debt will not include: (i) Indebtedness evidenced by the Notes or the Guarantees; (ii) Indebtedness that is expressly subordinate or junior in right of payment to any other indebtedness of the Partnership, Leviathan Finance or any Subsidiary Guarantor; (iii) any liability for federal, state, local or other taxes owed or owing by the Partnership or any Restricted Subsidiary; (iv) any Indebtedness of the Partnership or any of its Subsidiaries to any of its Subsidiaries or other Affiliates; (v) any trade payables; or (vi) any Indebtedness that is incurred in violation of this Indenture.

"Series A Notes" has the meaning set forth in the preamble of this Indenture.

"Shelf Registration Statement" means that certain shelf registration statement filed by the Issuers and the Subsidiary Guarantors in accordance with the Registration Rights Agreement with the SEC to register resales of the Notes or the Exchange Notes.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act and the Exchange Act, as such Regulation is in effect on the date hereof.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means, with respect to any Person: (i) any corporation, association or other business entity of which more than 50% of the total Voting Stock is at the time owned or controlled, directly or

indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and (ii) any partnership (whether general or limited), limited liability company or joint venture (a) the sole general partner or the managing general partner or managing member of which is such Person or a Subsidiary of such Person or (b) if there are more than a single general partner or member either (i) the only general partners or managing members of such Person are such Person or of one or more Subsidiaries of such Person (or any combination thereof) or (ii) such Person owns or controls, directly or indirectly, a majority of the outstanding general partner interests, member interests or other Voting Stock of such partnership, limited liability company or joint venture, respectively; provided, however, that each of Western Gulf and its Subsidiaries (including HIOS and East Breaks) shall be deemed not to be a Subsidiary of the Partnership or any of its Subsidiaries unless, and to the extent, any of Western Gulf or any of its Subsidiaries is redesignated as a Restricted Subsidiary of the Partnership in accordance with the terms of this Indenture.

"Subsidiary Guarantors" means each of: (i) the entities listed on Schedule A hereto; and (ii) any other Restricted Subsidiary of the Partnership that executes a Guarantee in accordance with the provisions of Article 11 of this Indenture; and (iii) their respective successors and assigns. Notwithstanding anything in this Indenture to the contrary, Leviathan Finance shall not constitute a Subsidiary Guarantor.

"Tax Payment" means any payment of foreign, federal, state or local tax liabilities.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb) as in effect on the date on which this Indenture is qualified under the TIA, except as provided in Section 9.03 hereof.

"Trustee" means the party named as such above until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"Unrestricted Certificated Note" means one or more Certificated Notes that do not bear and are not required to bear the Private Placement Legend.

"Unrestricted Global Note" means a permanent global Note in the form of Exhibit A-1 attached hereto that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, and that is deposited with or on behalf of and registered in the name of the Depositary, representing a series of Notes that do not bear the Private Placement Legend.

"Unrestricted Subsidiary" means any Subsidiary of the Partnership (other than Leviathan Finance) that is designated by the Board of Directors of the General Partner as an Unrestricted Subsidiary pursuant to a Board Resolution, provided that, at the time of such designation, (i) no portion of the Indebtedness or other obligation of such Subsidiary (whether contingent or otherwise and whether pursuant to the terms of such Indebtedness or the terms governing the organization of such Subsidiary or by law (A) is guaranteed by the Partnership or any Restricted Subsidiary of the Partnership, (B) is recourse to or obligates the Partnership or any Restricted Subsidiary of the Partnership in any way (including any "claw-back," "keep-well," "make-well" or other agreements, arrangements or understandings to maintain the financial performance or results of operations of such Subsidiary or to otherwise infuse or contribute cash to such Subsidiary), or (C) subjects any property or assets of the Partnership or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction of such Indebtedness, unless such Investment or Indebtedness is permitted by Section 4.08 or Section 4.09, (ii) no Equity Interests of a Restricted Subsidiary are held by such Subsidiary, directly or indirectly, and (iii) the amount of the Partnership's Investment, as determined at the time of such designation, in such Subsidiary since the Issue Date to the date of designation

is treated as of the date of such designation as a Restricted Investment, Permitted Investment or Permitted Business Investment, as applicable.

Any designation of a Subsidiary of the Partnership as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.08. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Partnership as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.09, the Partnership shall be in default of such covenant. The Board of Directors of the General Partner may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Partnership of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under the covenant described under Section 4.09, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"U.S. Government Obligations" means securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged; (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case under clauses (i) or (ii) above, are not callable or redeemable at the option of the issuers thereof; or (iii) depository receipts issued by a bank or trust company as custodian with respect to any such U.S. Government Obligations or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a Depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such Depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation evidenced by such Depository receipt.

"U.S. Person" means a U.S. person as defined in Rule 902(k) of Regulation S promulgated by the SEC under the Securities Act.

"UTOS" means U-T Offshore System, a Delaware general partnership.

"Voting Stock" of any Person as of any date means the Equity Interests of such Person pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers, general partners or trustees of any Person (irrespective of whether or not, at the time, Equity Interests of any other class or classes shall have, or might have, voting power by reason of the occurrence of any contingency) or, with respect to a partnership (whether general or limited), any general partner interest in such partnership.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest

one-twelfth) that will elapse between such date and the making of such payment; by (ii) the then outstanding principal amount of such Indebtedness.

"Western Gulf" means Western Gulf Holdings, L.L.C., a Delaware limited liability company.

SECTION 1.02. OTHER DEFINITIONS.

Term	Defined in Section
"Affiliate Transaction"	4.13
"Asset Sale Offer"	3.09
"Calculation Date"	1.01 (definition of Fixed Charge Coverage Ratio)
"Covenant Defeasance"	8.03
"DTC"	2.03
"Event of Default"	6.01
"incur"	4.09
"Legal Defeasance"	8.02
"Offer Amount"	3.09
"Offer Period"	3.09
"Paying Agent"	2.03
"Payment Blockage Notice"	10.03
"Payment Default"	6.01(e)
"Permitted Debt"	4.09(b)
"Purchase Date"	3.09
"Registrar"	2.03
"Restricted Payment"	4.08

Section 1.03. Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes and the Guarantees;

"indenture security Holder" means a Holder of a Note;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee;

"obligor" on the Notes means the Partnership, Leviathan Finance or any Subsidiary Guarantor and any successor obligor upon the Notes.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

SECTION 1.04. RULES OF CONSTRUCTION.

Unless the context otherwise requires:

(i) a term has the meaning assigned to it;

(ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(iii) "or" is not exclusive;

(iv) words in the singular include the plural, and in the plural include the singular;

(v) provisions apply to successive events and transactions; and

(vi) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2
THE NOTES

SECTION 2.01. FORM AND DATING.

The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto. The notation on each Note relating to the Guarantees shall be substantially in the form set forth on Exhibit D, which is a part of this Indenture. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note shall be dated the date of its authentication. The Notes shall be in denominations of $1,000 and integral multiples thereof.

The terms and provisions contained in the Notes (including the Guarantees) shall constitute, and are hereby expressly made, a part of this Indenture and the Partnership, Leviathan Finance, the Subsidiary Guarantors, and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

Notes issued in global form shall be substantially in the form of Exhibits A-1 attached hereto (including the Global Note Legend and the "Schedule of Exchanges in the Global Note" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A-1 attached hereto (but without the Global Note Legend and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal

amount of outstanding Notes represented thereby shall be made by the Trustee or the Note Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

Notes offered and sold in reliance on Regulation S shall be issued initially in the form of the Regulation S Temporary Global Note (accompanied by a notation of the Note Guarantees duly endorsed by the Guarantors), which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, at its 1201 Main Street, 18th Floor, Dallas, Texas 75202 office, as custodian for the Depositary, and registered in the name of the Depositary or the nominee of the Depositary for the accounts of designated agents holding on behalf of Euroclear or Cedel Bank, duly executed by the Issuers and authenticated by the Trustee as hereinafter provided. The Distribution Compliance Period shall be terminated upon the receipt by the Trustee of (i) a written certificate from the Depositary, together with copies of certificates from Euroclear and Cedel Bank certifying that they have received certification of non-United States beneficial ownership of 100% of the aggregate principal amount of the Regulation S Temporary Global Note (except to the extent of any beneficial owners thereof who acquired an interest therein during the Distribution Compliance Period pursuant to another exemption from registration under the Securities Act and who will take delivery of a beneficial ownership interest in a 144A Global Note or a RSTD Global Note bearing a Private Placement Legend, all as contemplated by Section 2.06(a)(ii) hereof), and (ii) an Officers' Certificate from the General Partner. Following the termination of the Distribution Compliance Period, beneficial interests in the Regulation S Temporary Global Note shall be exchanged for beneficial interests in Regulation S Permanent Global Notes pursuant to the Applicable Procedures. Simultaneously with the authentication of Regulation S Permanent Global Notes, the Trustee shall cancel the Regulation S Temporary Global Note. The aggregate principal amount of the Regulation S Temporary Global Note and the Regulation S Permanent Global Notes may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depositary or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided.

The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Cedel Bank" and "Customer Handbook" of Cedel Bank shall be applicable to transfers of beneficial interests in the Regulation S Temporary Global Note and the Regulation S Permanent Global Notes that are held by the Agent Members through Euroclear or Cedel Bank.

SECTION 2.02. EXECUTION AND AUTHENTICATION.

Two Officers of the Partnership and two Officers of Leviathan Finance shall sign the Notes for the Partnership and Leviathan Finance, respectively, by manual or facsimile signature. The seal of the Partnership and Leviathan Finance shall be reproduced on the Notes and may be in facsimile form.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee shall, upon a written order of the Partnership and Leviathan Finance signed by two Officers of the Partnership and two Officers of Leviathan Finance, authenticate Notes, with the Guarantees

endorsed thereon, for original issue up to the aggregate principal amount stated in paragraph 4 of the Notes. The aggregate principal amount of Notes outstanding at any time may not exceed such amount except as provided in Section 2.07 hereof.

The Trustee may appoint an authenticating agent acceptable to the Issuers to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of either of the Issuers.

SECTION 2.03. REGISTRAR AND PAYING AGENT.

The Partnership, Leviathan Finance and the Subsidiary Guarantors shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be presented for payment ("Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange. The Issuers may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Issuers may change any Paying Agent or Registrar without notice to any Holder. The Issuers shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Issuers fail to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Partnership, Leviathan Finance or any of the Subsidiary Guarantors may act as Paying Agent or Registrar.

The Issuers initially appoint The Depository Trust Company ("DTC") to act as Depositary with respect to the Global Notes.

The Issuers initially appoint the Trustee to act as the Registrar and Paying Agent and to act as Note Custodian with respect to the Global Notes.

SECTION 2.04. PAYING AGENT TO HOLD MONEY IN TRUST.

The Issuers shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium, if any, or interest or Liquidated Damages, if any, on the Notes, and will notify the Trustee of any default by the Partnership, Leviathan Finance or the Subsidiary Guarantors in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuers at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than an Issuer or a Subsidiary Guarantor) shall have no further liability for the money. If an Issuer or a Subsidiary Guarantor acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Partnership or Leviathan Finance, the Trustee shall serve as Paying Agent for the Notes.

SECTION 2.05. HOLDER LISTS.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Issuers shall furnish to the Trustee at least seven Business Days before

each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes and the Issuers shall otherwise comply with TIA Section 312(a).

SECTION 2.06. TRANSFER AND EXCHANGE.

(a) Transfer and Exchange of Global Notes. A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes may be exchanged by the Issuers for Certificated Notes if (i) the Issuers deliver to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Issuers within 90 days after the date of such notice from the Depositary or (ii) the Issuers in their sole discretion determine that the Global Notes (in whole but not in part) should be exchanged for Certificated Notes and deliver a written notice to such effect to the Trustee; provided that in no event shall the Regulation S Temporary Global Note be exchanged by the Issuers for Certificated Notes prior to (x) the expiration of the Distribution Compliance Period and (y) the receipt by the Registrar of any certificates required pursuant to Rule 903 under the Securities Act. If a Default or an Event of Default occurs and is continuing, the Issuers shall, at the request of the Holder thereof, exchange all or part of a Global Note that is a Restricted Global Note or an Unrestricted Global Note, as the case may be, for one or more Certificated Notes representing Series A Notes or Exchange Notes, as the case may be; provided that the principal amount of each of such Certificated Notes, and such Global Note, after such exchange, shall be $1,000 or an integral multiple thereof. Whenever a Global Note is exchanged as a whole for one or more Certificated Notes, it shall be surrendered by the Holder thereof to the Trustee for cancellation. Whenever a Global Note is exchanged in part for one or more Certificated Notes, it shall be surrendered by the Holder thereof to the Trustee and the Trustee shall make the appropriate notations to the Schedule of Exchanges of Interests in the Global Notes attached thereto pursuant to Section 2.01 hereof. All Certificated Notes issued in exchange for a Global Note or any portion thereof shall be registered in such names, and delivered, as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c) or (f) hereof.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs as applicable:

(i) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set

forth in the Private Placement Legend; provided, however, that prior to the expiration of the Distribution Compliance Period transfers of beneficial interests in the Regulation S Temporary Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred only to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(i).

(ii) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests (other than a transfer of a beneficial interest in a Global Note to a Person who takes delivery thereof in the form of a beneficial interest in the same Global Note), the transferor of such beneficial interest must deliver to the Registrar either (A) (i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B) (i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Certificated Note in an amount equal to the beneficial interest to be transferred or exchanged and (ii) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Certificated Note shall be registered to effect the transfer or exchange referred to in (i) above; provided that in no event shall Certificated Notes be issued upon the transfer or exchange of beneficial interests in the Regulation S Temporary Global Note prior to (x) the expiration of the Distribution Compliance Period and (y) the receipt by the Registrar of any certificates required pursuant to Rule 903 under the Securities Act. Upon an Exchange Offer by the Issuers in accordance with Section 2.06(f) hereof, the requirements of this Section 2.06(b)(ii) shall be deemed to have been satisfied upon receipt by the Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Notes. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture, the Notes and otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h) hereof.

(iii) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of clause (ii) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Temporary Global Note or the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transferee will take delivery in the form of a beneficial interest in the RSTD Global Note, then the transferor must deliver (x) a certificate in the form of Exhibit B hereto, including the certifications and certificates and Opinion of Counsel required by item (iii) thereof, if applicable.

(iv) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in the Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of clause (ii) above and:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Partnership;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Restricted Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof;

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof; and

(iii) in each such case set forth in this subparagraph (D), an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Note has not yet been issued, the Issuers shall issue and, upon receipt of an

authentication order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) in an aggregate principal amount equal to the principal amount of beneficial interests transferred pursuant to subparagraph (B) or (D) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Certificated Notes.

(i) If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Certificated Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Certificated Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Certificated Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3)(d) thereof, if applicable;

(F) if such beneficial interest is being transferred to the Partnership, Leviathan Finance or any Restricted Subsidiary of the Partnership, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof;

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Issuers shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Certificated Note (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) in the appropriate principal amount. Any Certificated Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Certificated Notes to the Persons in whose names such Notes are so registered. Any Certificated Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) Notwithstanding Sections 2.06(c)(i)(A) and (C) hereof, a beneficial interest in the Regulation S Temporary Global Note may not be (A) exchanged for a Certificated Note prior to (x) the expiration of the Distribution Compliance Period and (y) the receipt by the Registrar of any certificates required pursuant to Rule 903(c)(iii)(B) under the Securities Act or (B) transferred to a Person who takes delivery thereof in the form of a Certificated Note prior to the conditions set forth in clause (A) above or unless the transfer is pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(iii) Notwithstanding 2.06(c)(i) hereof, a holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Certificated Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Certificated Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Partnership;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Restricted Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Certificated Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof;

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a Certificated Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof; and

(iii) in each such case set forth in this subparagraph (D), an Opinion of Counsel in form reasonably acceptable to the Issuers, to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act.

(iv) If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Certificated Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Certificated Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(ii) hereof, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Issuers shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Certificated Note (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) in the appropriate principal amount. Any Certificated Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iv) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Certificated Notes to the Persons in whose names such Notes are so registered. Any Certificated Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iv) shall not bear the Private Placement Legend. A beneficial interest in an Unrestricted Global Note cannot be exchanged for a Certificated Note bearing the Private Placement Legend or transferred to a Person who takes delivery thereof in the form of a Certificated Note bearing the Private Placement Legend.

(d) Transfer and Exchange of Certificated Notes for Beneficial Interests.

(i) If any Holder of a Restricted Certificated Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Certificated Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Certificated Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Certificated Note is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Certificated Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a

certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Certificated Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Certificated Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3)(d) thereof, if applicable;

(F) if such Certificated Note is being transferred to the Partnership, Leviathan Finance or any Restricted Subsidiary of the Partnership, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such Certificated Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof;

the Trustee shall cancel the Certificated Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the 144A Global Note, in the case of clause (C) above, the Regulation S Global Note, in the case of clause (G) above, the unrestricted Global Note, and in all other cases, the RSTD Global Note.

(ii) A Holder of a Restricted Certificated Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Certificated Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Partnership;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Restricted Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the Holder of such Restricted Certificated Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof;

(ii) if the Holder of such Restricted Certificated Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof; and

(iii) in each such case set forth in this subparagraph (D), an Opinion of Counsel in form reasonably acceptable to the Issuers to the effect that such exchange or transfer is in compliance with the Securities Act, that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act, and such Certificated Notes are being exchanged or transferred in compliance with any applicable blue sky securities laws of any State of the United States.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(ii), the Trustee shall cancel the Certificated Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(iii) A Holder of an Unrestricted Certificated Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Certificated Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Certificated Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Certificated Note to a beneficial interest is effected pursuant to subparagraphs (i)(D), (i)(G) or (iii) above at a time when an Unrestricted Global Note has not yet been issued, the Issuers shall issue and, upon receipt of an authentication order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes (accompanied by a notation of the Guarantees duly endorsed by the Guarantors) in an aggregate principal amount equal to the principal amount of beneficial interests transferred pursuant to subparagraphs (i)(D), (i)(G) or (iii) above.

(e) Transfer and Exchange of Certificated Notes for Certificated Notes. Upon request by a Holder of Certificated Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Certificated Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Certificated Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by his attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, pursuant to the provisions of this Section 2.06(e).

(i) Restricted Certificated Notes may be transferred to and registered in the name of Persons who take delivery thereof if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A under the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3)(d) thereof, if applicable.

(ii) Any Restricted Certificated Note may be exchanged by the Holder thereof for an Unrestricted Certificated Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Certificated Note if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Partnership;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Participating Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the Holder of such Restricted Certificated Notes proposes to exchange such Notes for an Unrestricted Certificated Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof;

(ii) if the Holder of such Restricted Certificated Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Certificated Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof; and

(iii) in each such case set forth in this subparagraph (D), an Opinion of Counsel in form reasonably acceptable to the Issuers to the effect that such exchange or transfer is in compliance with the Securities Act, that the restrictions

on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act, and such Restricted Certificated Note is being exchanged or transferred in compliance with any applicable blue sky securities laws of any State of the United States.

(iii) A Holder of Unrestricted Certificated Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Certificated Note. Upon receipt of a request for such a transfer, the Registrar shall register the Unrestricted Certificated Notes pursuant to the instructions from the Holder thereof. Unrestricted Certificated Notes cannot be exchanged for or transferred to Persons who take delivery thereof in the form of a Restricted Certificated Note.

(f) Exchange Offer. Upon the occurrence of the Exchange Offer in accordance with the Registration Rights Agreement, the Issuers shall issue and, upon receipt of an authentication order in accordance with Section 2.02, the Trustee shall authenticate (i) one or more Unrestricted Global Notes (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Notes tendered for acceptance by Persons that are not (x) broker-dealers, (y) Persons participating in the distribution of the Exchange Notes or (z) Persons who are affiliates (as defined in Rule 144) of the Partnership and accepted for exchange in the Exchange Offer and (ii) Certificated Notes (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) in an aggregate principal amount equal to the principal amount of the Restricted Certificated Notes accepted for exchange in the Exchange Offer. Concurrent with the issuance of such Notes, the Trustee shall cause the aggregate principal amount of the applicable Restricted Global Notes to be reduced accordingly, and the Issuers shall execute and the Trustee shall authenticate and deliver to the Persons designated by the Holders of Certificated Notes so accepted Certificated Notes in the appropriate principal amount.

(g) Legends. The following legends shall appear on the face of all Global Notes and Certificated Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(i) Private Placement Legend.

(A) Except as permitted by subparagraph (B) below, each Global Note and each Certificated Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. ACCORDINGLY, THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER:

(1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB"), (B) IT HAS ACQUIRED THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (C) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT (AN "IAI")),

(2) AGREES THAT IT WILL NOT RESELL, OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE PARTNERSHIP, LEVIATHAN FINANCE OR ANY SUBSIDIARIES OF THE PARTNERSHIP, (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (C) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF THE SECURITIES ACT, (D) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (E) TO AN IAI THAT, PRIOR TO SUCH TRANSFER, FURNISHES THE TRUSTEE WITH A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE TRANSFER OF THIS NOTE (THE FORM OF WHICH CAN BE OBTAINED FROM THE TRUSTEE) AND, IF SUCH TRANSFER IS IN RESPECT OF AN AGGREGATE PRINCIPAL AMOUNT OF NOTES LESS THAN $250,000, AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUERS THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUERS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, AND

(3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

(B) Notwithstanding the foregoing, any Global Note or Certificated Note issued pursuant to subparagraphs (b)(iv), (c)(iii), (c)(iv), (d)(ii), (d)(iii), (e)(ii), (e)(iii) or (f) to this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(ii) Global Note Legend. Each Global Note shall bear a legend in substantially the following form:

"UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUERS."

(iii) Regulation S Temporary Global Note Legend. The Regulation S Temporary Global Note shall bear a legend in substantially the following form:

"THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR CERTIFICATED NOTES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON."

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Certificated Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Certificated Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note, by the Trustee or by the Depositary at the direction of the Trustee, to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note, by the Trustee or by the Depositary at the direction of the Trustee, to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges, the Issuers shall execute and the Trustee shall authenticate Global Notes and Certificated Notes (in each case, accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) upon the Issuers' order or at the Registrar's request.

(ii) No service charge shall be made to a holder of a beneficial interest in a Global Note or to a Holder of a Certificated Note for any registration of transfer or exchange, but the Issuers may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.09, 4.06 and 9.05 hereof).

(iii) The Registrar shall not be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Certificated Notes (in each case, accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) issued upon any registration of transfer or exchange of Global Notes or Certificated Notes shall be the valid obligations of the Issuers and the Subsidiary Guarantors, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Certificated Notes surrendered upon such registration of transfer or exchange.

(v) The Issuers shall not be required (A) to issue, to register the transfer of or to exchange Notes during a period beginning at the opening of business 15 days before the day of mailing of

notice of redemption and ending at the close of business on the day of such mailing, (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part or (C) to register the transfer of or to exchange a Note between a record date and the next succeeding Interest Payment Date.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Issuers may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Issuers shall be affected by notice to the contrary.

(vii) The Trustee shall authenticate Global Notes and Certificated Notes (in each case, accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) in accordance with the provisions of Section 2.02 hereof.

(viii) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a transfer or exchange may be submitted by facsimile.

(ix) Each Holder of a Note agrees to indemnify the Issuers and the Trustee against any liability that may result from the transfer, exchange or assignment of such Holder's Note in violation of any provision of this Indenture and/or applicable United States federal or state securities law.

(j) Each beneficial owner of an interest in a Note agrees to indemnify the Issuers and the Trustee against any liability that may result from the transfer, exchange or assignment by such beneficial owner of such interest in violation of any provision of this Indenture and/or applicable United States federal or state securities law.

(k) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among beneficial owners of interest in any Global Note) other than to require delivery of such certificate and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 2.07. REPLACEMENT NOTES.

If any mutilated Note is surrendered to the Trustee or either of the Issuers and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Issuers shall issue and the Trustee, upon the written order of the Issuers signed by two Officers of the Partnership and two Officers of Leviathan Finance, shall authenticate a replacement Note (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) if the Trustee's requirements are met. An indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Issuers to protect the Issuers, the Subsidiary Guarantors, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Issuers may charge for their expenses in replacing a Note.

Every replacement Note is an additional obligation of the Issuers and the Subsidiary Guarantors and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder. The provisions of this Section 2.07 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement of mutilated, destroyed, lost or stolen Notes.

SECTION 2.08. OUTSTANDING NOTES.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because an Issuer or an Affiliate of an Issuer holds the Note.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than an Issuer or a Subsidiary or an Affiliate of an Issuer) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest (and Liquidated Damages, if any).

SECTION 2.09. TREASURY NOTES.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by an Issuer, by any Subsidiary Guarantor or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Partnership or any Subsidiary Guarantor, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded.

SECTION 2.10. TEMPORARY NOTES.

Until Certificated Notes are ready for delivery, the Issuers may prepare and the Trustee shall authenticate temporary Notes (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) upon a written order of the Issuers signed by two Officers of the Partnership and two Officers of Leviathan Finance. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that the Issuers consider appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Issuers shall prepare and the Trustee shall authenticate definitive Notes (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) in exchange for temporary Notes.

Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

SECTION 2.11. CANCELLATION.

Either of the Issuers at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall return such canceled Notes to the Partnership. The Issuers may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

SECTION 2.12. DEFAULTED INTEREST.

If any of the Partnership, Leviathan Finance or any Subsidiary Guarantor defaults in a payment of interest on the Notes, it or they (to the extent of their obligations under the Guarantees) shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Issuers shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Issuers shall fix or cause to be fixed each such special record date and payment date, provided that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Issuers (or, upon the written request of the Issuers, the Trustee in the name and at the expense of the Issuers) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

SECTION 2.13. CUSIP NUMBERS.

The Issuers in issuing the Notes may use "CUSIP" numbers (if then generally in use), and, if they do so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuers will promptly notify the Trustee of any change in the "CUSIP" numbers.

ARTICLE 3
REDEMPTION AND PREPAYMENT

SECTION 3.01. NOTICES TO TRUSTEE.

If an Issuer elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it shall furnish to the Trustee, at least 35 days (unless a shorter period is acceptable to the Trustee) but not more than 60 days before a redemption date, an Officers' Certificate setting forth (i) the clause of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Notes to be redeemed and (iv) the redemption price.

SECTION 3.02. SELECTION OF NOTES TO BE REDEEMED.

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption as follows:

(a) if the Notes are listed for trading on a national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes are so listed; or

(b) if the Notes are not so listed or there are no such requirements, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate.

No Notes of $1,000 or less shall be redeemed in part. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at its registered address. Notices of redemption may not be conditional.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest and Liquidated Damages, if applicable, cease to accrue on Notes or portions of them called for redemption unless the Issuers default in making such redemption payment.

SECTION 3.03. NOTICE OF REDEMPTION.

Subject to the provisions of Section 3.09 hereof, at least 30 days but not more than 60 days before a redemption date, the Issuers shall mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address.

The notice shall identify the Notes to be redeemed (including CUSIP numbers) and shall state:

(a) the redemption date;

(b) the redemption price;

(c) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued upon cancellation of the original Note;

(d) the name and address of the Paying Agent;

(e) that Notes called for redemption (other than a Global Note) must be surrendered to the Paying Agent to collect the redemption price;

(f) that, unless the Issuers default in making such redemption payment, interest and Liquidated Damages, if applicable, on Notes called for redemption ceases to accrue on and after the redemption date;

(g) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(h) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Issuers' request, the Trustee shall give the notice of redemption in the Issuers' names and at their expense; provided, however, that the Issuers shall have delivered to the Trustee, at least 45 days prior to the redemption date (unless a shorter period is otherwise acceptable to the Trustee), an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

SECTION 3.04. EFFECT OF NOTICE OF REDEMPTION.

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

SECTION 3.05. DEPOSIT OF REDEMPTION PRICE.

Not later than 11:00 a.m., New York City time, on the redemption date, the Issuers shall deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption price of and accrued interest and Liquidated Damages, if applicable, on all Notes to be redeemed on that date. The Trustee or the Paying Agent shall promptly return to the Issuer any money deposited with the Trustee or the Paying Agent by the Issuers in excess of the amounts necessary to pay the redemption price of, and accrued interest and Liquidated Damages, if applicable, on, all Notes to be redeemed.

If the Issuers comply with the provisions of the preceding paragraph, on and after the redemption date, interest and Liquidated Damages, if applicable, shall cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after an interest record date but on or prior to the related Interest Payment Date, then any accrued and unpaid interest (and Liquidated Damages, if any) shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Issuers to comply with the preceding paragraph, interest (and Liquidated Damages, if any) shall be paid on the unpaid principal, from the redemption date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

SECTION 3.06. NOTES REDEEMED IN PART.

Upon surrender of a Note that is redeemed in part, the Issuers shall issue and, upon the Issuers' written request, the Trustee shall authenticate for the Holder at the expense of Issuers a new Note (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) equal in principal amount to the unredeemed portion of the Note surrendered.

SECTION 3.07. OPTIONAL REDEMPTION.

(a) Except as set forth in clause (b) of this Section 3.07, the Issuers shall not have the option to redeem the Notes pursuant to this Section 3.07 prior to June 1, 2004. From and after June 1, 2004, the Issuers may redeem all or a part of these Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest thereon, if any, and Liquidated Damages, if any, to the applicable redemption date, if redeemed during the 12-month period beginning on June 1 of the years indicated below:

YEAR	PERCENTAGE
2004	105.188%
2005	103.458%
2006	101.729%
2007 and thereafter	100.000%

(b) Notwithstanding the provisions of Section 3.07(a), at any time prior to June 1, 2002, the Issuers may on any one or more occasions redeem up to 33% of the aggregate principal amount of Notes originally issued under this Indenture at a redemption price of 110.375% of the principal amount thereof, plus accrued and unpaid interest, if any, and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more Equity Offerings; provided that: (i) at least 67% of the aggregate principal amount of Notes remains outstanding immediately after the occurrence of such redemption (excluding Notes held by the Partnership, Leviathan Finance or any Restricted Subsidiary of the Partnership); and (ii) the redemption must occur within 90 days of the date of the closing of such Equity Offering.

(c) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Section 3.01 through 3.06 hereof.

SECTION 3.08. MANDATORY REDEMPTION.

Except as set forth under Sections 4.06 and 4.07 hereof, the Issuers shall not be required to make mandatory redemption payments with respect to the Notes.

SECTION 3.09. OFFER TO PURCHASE BY APPLICATION OF NET PROCEEDS.

In the event that, pursuant to Section 4.07 hereof, the Issuers shall be required to commence a pro rata offer (an "Asset Sale Offer") to all Holders and all holders of other Indebtedness that is pari passu with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the Net Proceeds of sales of assets to purchase Notes and such other pair passu Indebtedness, it shall follow the procedures specified below.

The Asset Sale Offer shall remain open for a period of at least 30 days following its commencement but no longer than 60 days, except to the extent that a longer period is required by applicable law (the "Offer Period"). Promptly after the termination of the Offer Period (the "Purchase Date"), the Issuers shall purchase the principal amount of Notes required to be purchased pursuant to Section 4.07 hereof (the "Offer

Amount") or, if less than the Offer Amount has been tendered, all Notes tendered and not withdrawn in response to the Asset Sale Offer. Payment for any Notes so purchased shall be made in the same manner as interest payments are made.

If the Purchase Date is on or after an interest record date and on or before the related Interest Payment Date, accrued and unpaid interest, if any, and Liquidated Damages (to the extent involving interest that is due and payable on such Interest Payment Date), if any, shall be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest (or Liquidated Damages, if any) shall be payable to Holders who validly tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Issuers shall send, by first class mail, a notice to the Trustee and each of the Holders, with a copy to the Trustee. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The Asset Sale Offer shall be made to all Holders. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

(a) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.07 hereof and the length of time the Asset Sale Offer shall remain open;

(b) the Offer Amount, the purchase price and the Purchase Date;

(c) that any Note not validly tendered or accepted for payment shall continue to accrue interest and Liquidated Damages, if applicable;

(d) that, unless the Issuers default in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest and Liquidated Damages, if applicable, after the Purchase Date;

(e) that Holders electing to have a Note purchased pursuant to any Asset Sale Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer by book-entry transfer, to the Issuers, a depositary, if appointed by the Issuers, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(f) that Holders shall be entitled to withdraw their election if the Issuers, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(g) that, if the aggregate principal amount of Notes surrendered by Holders exceeds the Offer Amount, the Issuers shall select the Notes to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Issuers so that only Notes in denominations of $1,000, or integral multiples thereof, shall be purchased); and

(h) that Holders whose Notes were purchased only in part shall be issued new Notes (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before the Purchase Date, the Issuers shall, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Offer Amount of Notes or portions thereof validly tendered and not properly withdrawn pursuant to the Asset Sale Offer, or if less than the Offer Amount has been validly tendered and not properly withdrawn, all Notes so tendered and not withdrawn, and shall deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Issuers in accordance with the terms of this Section 3.09. Upon surrender and cancellation of a Certificated Note that is purchased in part, the Issuers shall promptly issue and the Trustee shall authenticate and deliver to the surrendering Holder of such Certificated Note a new Certificated Note equal in principal amount to the unpurchased portion of such surrendered Certificated Note; provided that each such new Certificated Note shall be in a principal amount of $1,000 or an integral multiple thereof. Upon surrender of a Global Note that is purchased in part pursuant to an Asset Sale Offer, the Paying Agent shall forward such Global Note to the Trustee who shall make an endorsement thereon to reduce the principal amount of such Global Note to an amount equal to the unpurchased portion of such Global Note, as provided in Section 2.06(h) hereof. The Issuers, the Depositary or the Paying Agent, as the case may be, shall promptly mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Issuers for purchase, and the Issuers shall promptly issue a new Note (in each case, accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors), and the Trustee, upon written request from the Issuers shall authenticate and mail or deliver such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Issuers to the Holder thereof. The Issuers shall publicly announce the results of the Asset Sale Offer on the Purchase Date.

Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

ARTICLE 4
COVENANTS

SECTION 4.01. PAYMENT OF NOTES.

The Issuers shall pay or cause to be paid the principal of, premium, if any, and interest on the Notes in New York, New York on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, if other than an Issuer or any Subsidiary Guarantor thereof, holds as of 11:00 a.m. Eastern Time on the due date money deposited by the Issuers in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due. The Issuers shall pay all Liquidated Damages, if any, in the same manner on the dates and in the amounts set forth in the Registration Rights Agreement.

The Issuers shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the then applicable interest rate on the Notes to the extent lawful. The Issuers shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Liquidated Damages (without regard to any applicable grace period) at the same rate to the extent lawful.

SECTION 4.02. MAINTENANCE OF OFFICE OR AGENCY.

The Issuers shall maintain in the Borough of Manhattan, The City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Issuers or the Subsidiary Guarantors in respect of the Notes and this Indenture may be served. The Issuers shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuers shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Issuers may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Issuers of their obligation to maintain an office or agency in the Borough of Manhattan, The City of New York for such purposes. The Issuers shall give prompt written notice to the Trustee of any such designation or rescission and of any change in location of any such other office or agency.

The Issuers hereby designate the Corporate Trust Office of the Trustee as one such office or agency of the Issuers in accordance with Section 2.03.

SECTION 4.03. COMPLIANCE CERTIFICATE.

(a) The Issuers and the Subsidiary Guarantors shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Issuers and the Restricted Subsidiaries of the Partnership during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Issuers and the Subsidiary Guarantors have kept, observed, performed and fulfilled their respective obligations under this Indenture and the Guarantees, respectively, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge each of such Issuers and such Subsidiary Guarantors, as the case may be, has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action such Issuer or such Subsidiary Guarantor, as the case may be, is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action such Issuer or such Subsidiary Guarantor, as the case may be, is taking or proposes to take with respect thereto.

(b) So long as not contrary to the then current recommendations of the American Institute of Certified Public Accountants, the year-end financial statements delivered pursuant to Section 4.19(a) shall be accompanied by a written statement of the Issuers' independent public accountants (who shall be a firm of established national reputation) that in making the examination necessary for certification of such financial statements, nothing has come to their attention that would lead them to believe that the Issuers have violated any provisions of Article 4 or Article 5 hereof (except that such written statement need not address the Issuers' and Subsidiary Guarantors' compliance with Sections 4.02, 4.05, 4.06 or 4.13 hereof) or, if any

such violation has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any Person for any failure to obtain knowledge of any such violation.

(c) Each of the Issuers shall, so long as any of the Notes are outstanding, deliver to the Trustee, forthwith upon any Officer of the Partnership, the General Partner or Leviathan Finance becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Issuers are taking or propose to take with respect thereto.

SECTION 4.04. TAXES.

The Issuers shall pay, and shall cause each of its Restricted Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

SECTION 4.05. STAY, EXTENSION AND USURY LAWS.

Each of the Issuers and the Subsidiary Guarantors covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and each of the Issuers and the Subsidiary Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.06. CHANGE OF CONTROL.

(a) If a Change of Control occurs, each Holder of Notes shall have the right to require the Issuers to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of that Holder's Notes pursuant to the offer described below (the "Change of Control Offer"). In the Change of Control Offer, the Issuers shall offer a "Change of Control Payment" in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest thereon, if any, and Liquidated Damages, if any, to the date of purchase. Within 30 days following any Change of Control, the Issuers shall mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the Change of Control Payment Date specified in such notice, pursuant to the procedures required by this Indenture and described in such notice. If the Change of Control Payment Date is on or after a record date and on or before the related Interest Payment Date, any accrued and unpaid interest and Liquidated Damages (to the extent involving interest that is due and payable on such Interest Payment Date), if any, shall be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest (or Liquidated Damages, if any) (to the extent involving interest that is due and payable on such Interest Payment Date) shall be payable to Holders who validly tender Notes pursuant to the Change of Control Offer. The Issuers shall comply with the requirements of Rule 14e-l under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control.

(b) Within 30 days following any Change of Control, the Issuers shall mail by first class mail, a notice to each Holder, with a copy of such notice to the Trustee. The notice, which shall govern the terms of the Change of Control Offer, shall state, among other things:

(i) that a Change of Control has occurred and a Change of Control Offer is being made as provided for herein, and that, although Holders are not required to tender their Notes, all Notes that are validly tendered shall be accepted for payment;

(ii) the Change of Control Payment and the Change of Control Payment Date, which will be no earlier than 30 days and no later than 60 days after the date such notice is mailed;

(iii) that any Note accepted for payment pursuant to the Change of Control Offer (and duly paid for on the Change of Control Payment Date) shall cease to accrue interest and Liquidated Damages, if applicable, after the Change of Control Payment Date;

(iv) that any Notes (or portions thereof) not validly tendered shall continue to accrue interest and Liquidated Damages, if applicable;

(v) that any Holder electing to have a Note purchased pursuant to any Change of Control Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer by book-entry transfer, to the Issuers, a depositary, if appointed by the Issuers, or a Paying Agent at the address specified in the notice at least one (1) Business Day before the Change of Control Payment Date;

(vi) that Holders shall be entitled to withdraw their election if the Issuers, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Change of Control Offer, a telegram, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased; and

(vii) the instructions and any other information necessary to enable Holders to tender their Notes (or portions thereof) and have such Notes (or portions thereof) purchased pursuant to the Change of Control Offer.

(c) Subject to Section 4.06(f), on the Change of Control Payment Date, the Issuers shall, to the extent lawful:

(i) accept for payment all Notes or portions thereof properly tendered and not withdrawn pursuant to the Change of Control Offer;

(ii) deposit by 11:00 a.m., New York Time with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuers.

(d) The Paying Agent shall promptly mail to each Holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee shall promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each such new Note shall be in a principal amount of $1,000 or an integral multiple thereof.

(e) Upon surrender and cancellation of a Certificated Note that is purchased in part pursuant to the Change of Control Offer, the Issuers shall promptly issue and the Trustee shall authenticate and mail (or cause to be transferred by book entry) to the surrendering Holder of such Certificated Note, a new Certificated Note equal in principal amount to the unpurchased portion of such surrendered Certificated Note; provided that each such new Certificated Note shall be in principal amount of $1,000 or an integral multiple thereof.

(f) Prior to complying with any of the provisions of this Section 4.06, but in any event within 90 days following a Change of Control, the Issuers shall either repay all outstanding Senior Debt or obtain the requisite consents, if any, under all agreements governing outstanding Senior Debt to permit the repurchase of Notes required by this covenant. The Issuers shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(g) The provisions described in this Section 4.06 require the Issuers to make a Change of Control Offer following a Change of Control shall be applicable regardless of whether or not any other provisions of this Indenture are applicable.

(h) Notwithstanding the other provisions of this Section 4.06, the Issuers shall not be required to make a Change of Control Offer upon a Change of Control, and a Holder will not have the right to require that the Issuers repurchase any Notes pursuant to a Change of Control Offer, if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Issuers and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

SECTION 4.07. ASSET SALES.

(a) The Issuers shall not, and shall not permit any Restricted Subsidiary of the Partnership to, consummate an Asset Sale unless:

(i) such Issuer (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;

(ii) such fair market value is determined by (a) an executive officer of the Partnership if the value is less than $5.0 million, as evidenced by an Officers' Certificate delivered to the Trustee or (b) the Board of Directors of the General Partner if the value is $5.0 million or more, as evidenced by a resolution of such Board of Directors of the General Partner; and

(iii) at least 75% of the Net Proceeds received by such Issuer or such Restricted Subsidiary is in the form of cash or Cash Equivalents.

For purposes of this provision, each of the following shall be deemed to be cash:

(A) any liabilities (as shown on such Issuer's or such Restricted Subsidiary's most recent balance sheet), of the Issuers or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases such Issuer or such Restricted Subsidiary from further liability; and

(B) any securities, notes or other obligations received by such Issuer or any such Restricted Subsidiary from such transferee that are contemporaneously (subject to ordinary settlement periods) converted by such Issuer or such Restricted Subsidiary into cash (to the extent of the cash received in that conversion).

(b) Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Partnership or a Restricted Subsidiary may apply (or enter into a definitive agreement for such application, provided that such capital expenditure or purchase is closed within 90 days after the end of such 360-day period) such Net Proceeds at its option:

(i) to repay Senior Debt of the Partnership and/or its Restricted Subsidiaries (or to make an offer to repurchase or redeem any such Senior Debt, provided that such repurchase or redemption closes within 45 days after the end of such 360-day period) with a permanent reduction in availability for any revolving credit Indebtedness;

(ii) to make a capital expenditure in a Permitted Business;

(iii) to acquire other long-term tangible assets that are used or useful in a Permitted Business; or

(iv) to invest in any other Permitted Business Investment or any other Permitted Investments other than Investments in Cash Equivalents, Interest Swaps or Currency Agreements.

Pending the final application of any such Net Proceeds, the Partnership or a Restricted Subsidiary may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by this Indenture.

(c) Any Net Proceeds from Asset Sales that are not applied or invested as provided in Section 4.07(b) above will constitute Excess Proceeds. When the aggregate amount of Excess Proceeds exceeds $10 million, the Partnership will make a pro rata offer (an "Asset Sale Offer") to all holders of notes and all holders of other Indebtedness that is pari passu with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest (including any Liquidated Damages in the case of the

Notes), if any, and premium, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Partnership may use such Excess Proceeds for any purpose not otherwise prohibited by this Indenture, including, without limitation, the repurchase or redemption of Indebtedness of the Issuers or any Subsidiary Guarantor that is subordinated to the Notes or, in the case of any Subsidiary Guarantor, the Guarantee of such Subsidiary Guarantor. If the aggregate principal amount of Notes tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds allocated for repurchases of Notes pursuant to the Asset Sale Offer for Notes, the Trustee shall select the Notes to be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

(d) Notwithstanding the definition of the term "Asset Sale" in Section 1.01 hereof, the following transactions shall not constitute an Asset Sale for purposes of this Indenture:

(i) any transaction whereby assets or properties (including (a) ownership interests in any Subsidiary or Joint Venture and (b) in the case of an exchange or contribution for tangible assets, up to 25% in the form of cash, Cash Equivalents, accounts receivable or other current assets), owned by the Partnership or a Restricted Subsidiary of the Partnership are exchanged or contributed for the Equity Interests of a Joint Venture or Unrestricted Subsidiary in a transaction that satisfies the requirements of a Permitted Business Investment or for other assets (not more than 25% of which consists of cash, Cash Equivalents, accounts receivables or other current assets) or properties (including interests in any Subsidiary or Joint Venture) so long as (i) the fair market value of the assets or properties (if other than a Permitted Business Investment) received are substantially equivalent to the fair market value of the assets or properties given up, and (ii) any cash received in such exchange or contribution by the Partnership or any Restricted Subsidiary of the Partnership is applied in accordance with the foregoing provisions of this Section 4.07;

(ii) any sale, transfer or other disposition of cash or Cash Equivalents;

(iii) any sale, transfer or other disposition of Restricted Investments; and

(iv) any sale, transfer or other disposition of interests in oil and gas leaseholds (including, without limitation, by abandonment, farm-ins, farm-outs, leases, swaps and subleases), hydrocarbons and other mineral products in the ordinary course of business of the oil and gas operations conducted by the Partnership or any Restricted Subsidiary of the Partnership, which sale, transfer or other disposition is made by the Partnership or any such Restricted Subsidiary.

SECTION 4.08. RESTRICTED PAYMENTS.

(a) The Issuers shall not, and shall not permit any of their Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of the Equity Interests of the Partnership or any of its Restricted Subsidiaries (including, without limitation, any payment in connection with any merger or consolidation involving the Partnership or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Equity Interests of the Partnership or of any of its Restricted Subsidiaries in their capacity as such (other than dividends or distributions payable in Equity Interests of the Partnership (other than Disqualified Equity) and

other than distributions or dividends payable to the Partnership or a Restricted Subsidiary of the Partnership).

(ii) except to the extent permitted in clause (iv) below, purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Partnership or Leviathan Finance) any Equity Interests of the Partnership or of any of its Restricted Subsidiaries (other than any such Equity Interests owned by the Partnership or any of its Restricted Subsidiaries);

(iii) except to the extent permitted in clause (iv) below, make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is pari passu with or subordinated to the Notes or the Guarantees (other than the Notes or the Guarantees), except (a) a payment of interest or principal at the Stated Maturity thereof, (b) a purchase, redemption, acquisition or retirement required to be made pursuant to the terms of such Indebtedness (including pursuant to an asset sale or change of control provision) and (c) any such Indebtedness of the Partnership or any Restricted Subsidiary ownership of the Partnership or a Restricted Subsidiary;

(iv) make any Investment other than a Permitted Investment or a Permitted Business Investment (all such payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "Restricted Payments"),

unless, at the time of and after giving effect to such Restricted Payment, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof and either:

(A) if the Fixed Charge Coverage Ratio for the Partnership's four most recent fiscal quarters for which internal financial statements are available is not less than 1.75 to 1.0 through March 31, 2001, and 2.0 to 1.0 thereafter, such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Partnership and its Restricted Subsidiaries during the quarter in which such Restricted Payment is made, is less than the sum, without duplication, of (a) Available Cash constituting Cash from Operations as of the end of the immediately preceding quarter, (b) the aggregate net cash proceeds of any (i) substantially concurrent capital contribution to the Partnership from any Person (other than a Restricted Subsidiary of the Partnership) after the Issue Date, (ii) substantially concurrent issuance and sale after the Issue Date of Equity Interests (other than Disqualified Equity) of the Partnership or from the issuance or sale after the Issue Date of convertible or exchangeable Disqualified Equity or convertible or exchangeable debt securities of the Partnership that have been converted into or exchanged for such Equity Interests (other than Disqualified Equity), (iii) to the extent that any Restricted Investment that was made after the Issue Date is sold for cash or Cash Equivalents or otherwise liquidated or repaid for cash or Cash Equivalents, the lesser of the refund of capital or similar payment made in other Cash Equivalents with respect to such Restricted Investment (less the cost of such disposition, if any) and the initial amount of such Restricted Investment (other than to a Restricted Subsidiary of the Partnership), and (c) the net reduction in Investments in Restricted Investments resulting from dividends, repayments of loans or advances, or other transfers of assets in each case to the Partnership or any of its Restricted Subsidiaries from any Person (including, without limitation, Unrestricted Subsidiaries) or from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries to the extent such amounts have not been included in Available Cash constituting Cash from Operations for any

quarter commencing on or after the Issue Date (items (b) and (c) being referred to as "Incremental Funds"), less (d) the aggregate amount of Incremental Funds previously expended pursuant to this clause (A) or clause (B) below; or

(B) if the Fixed Charge Coverage Ratio for the Partnership's four most recent fiscal quarters for which internal financial statements are available is less than 1.75 to 1.0 through March 31, 2001, and 2.0 to 1.0 thereafter, such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Partnership and its Restricted Subsidiaries during the quarter in which such Restricted Payment is made, is less than the sum, without duplication, of (a) $40.0 million less the aggregate amount of all Restricted Payments made by the Partnership and its Restricted Subsidiaries pursuant to this clause (B)(a) during the period ending on the last day of the fiscal quarter of the Partnership immediately preceding the date of such Restricted Payment and beginning on the Issue Date, plus (b) Incremental Funds to the extent not previously expended pursuant to this clause (B) or clause (A) above.

For purposes of clauses (A) and (B) above, the term "substantially concurrent" means that either (x) the offering was consummated within 120 days of the date of determination or (y) the offering was consummated within 24 months of the date of determination and the proceeds therefrom were used for the purposes expressly stated in the documents related thereto and may be traced to such use by segregating, separating or otherwise specifically identifying the movement of such proceeds.

(b) So long as no Default has occurred and is continuing or would be caused thereby, the preceding provisions of this Section 4.08 shall not prohibit:

(i) the payment by the Partnership or any of its Restricted Subsidiaries of any distribution or dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of this Indenture;

(ii) the redemption, repurchase, retirement, defeasance or other acquisition of any pari passu or subordinated Indebtedness of the Partnership or any of its Restricted Subsidiaries or of any Equity Interests of the Partnership or any of its Restricted Subsidiaries in exchange for, or out of the net cash proceeds of, a substantially concurrent (a) capital contribution to the Partnership or such Restricted Subsidiary from any Person (other than the Partnership or another Restricted Subsidiary) or (b) sale (a sale will be deemed substantially concurrent if such redemption, repurchase, retirement, defeasance or acquisition occurs not more than 120 days after such sale) (other than to a Restricted Subsidiary of the Partnership) of (i) Equity Interests (other than Disqualified Equity) of the Partnership or such Restricted Subsidiary or (ii) Indebtedness that is subordinated to the Notes or the Guarantees, provided that such new subordinated Indebtedness with respect to the redemption, repurchase, retirement, defeasance or other acquisition of pari passu or subordinated Indebtedness (W) is subordinated to the same extent as such refinanced subordinated Indebtedness, (X) has a Weighted Average Life to Maturity of at least the remaining Weighted Average Life to Maturity of the refinanced subordinated Indebtedness, (Y) is for the same principal amount as either such refinanced subordinated Indebtedness plus original issue discount to the extent not reflected therein or the redemption or purchase price of such Equity Interests (plus reasonable expenses of refinancing and any premiums paid on such refinanced subordinated Indebtedness) and (Z) is incurred by the Partnership or the Restricted Subsidiary that is the obligor on the Indebtedness so refinanced or the issuer of the Equity Interests so redeemed, repurchased or retired; provided, however, that the

amount of any net cash proceeds that are utilized for any such redemption, repurchase or other acquisition or retirement shall be excluded or deducted from the calculation of Available Cash and Incremental Funds;

(iii) the defeasance, redemption, repurchase or other acquisition of pari passu or subordinated Indebtedness of the Partnership or any Restricted Subsidiary with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(iv) the payment of any distribution or dividend by a Restricted Subsidiary to the Partnership or to the holders of the Equity Interests (other than Disqualified Equity) of such Restricted Subsidiary on a pro rata basis;

(v) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Partnership or any of its Restricted Subsidiaries held by any member of the General Partner's or the Partnership's or any Restricted Subsidiary's management pursuant to any management equity subscription agreement or stock option agreement or to satisfy obligations under any Equity Interests appreciation rights or option plan or similar arrangement; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed $2.0 million in any 12-month period;

(vi) the acquisition on or before December 31, 2000 of preference units of the Partnership outstanding on the Issue Date; provided that the aggregate amount paid to acquire preference units shall not exceed $2.0 million; and

(vii) any payment by the Partnership pursuant to section 3.1(b) of the Management Agreement to compensate $2.0 million for certain tax liabilities resulting from certain allocated income.

In calculating the amount of Restricted Payments made for purposes of Section 4.08(a), Restricted Payments made under clauses (i) (but only if the declaration of such dividend or other distribution has not been counted in a prior period) and, to the extent of amounts paid to holders other than the Partnership or any of its Restricted Subsidiaries, (iv) of this Section 4.08(b) shall be included, and Restricted Payments made under clauses (ii), (iii), (v), (vi) and (vii) and, except to the extent noted above, (iv) of Section 4.08(b) shall not be included. The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Partnership or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant shall be determined by the Board of Directors of the General Partner whose resolution with respect thereto shall be delivered to the Trustee.

SECTION 4.09. INCURRENCE OF INDEBTEDNESS.

(a) The Partnership shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and the Partnership will not issue any Disqualified Equity and will not permit any of its Restricted Subsidiaries to issue any Disqualified Equity; provided, however, that the Partnership and any Restricted

Subsidiary may incur Indebtedness (including Acquired Debt), and the Partnership and the Restricted Subsidiaries may issue Disqualified Equity, if the Fixed Charge Coverage Ratio for the Partnership's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Equity is issued would have been at least 2.0 to 1.0 through March 31, 2001, and 2.25 to 1.0 thereafter, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Equity had been issued, at the beginning of such four-quarter period.

(b) Notwithstanding the prohibitions of Section 4.09(a), so long as no Default or Event of Default shall have occurred and be continuing or would be caused, the Partnership and its Restricted Subsidiaries may incur any of the following items of Indebtedness (collectively, "Permitted Debt"):

(i) the incurrence by the Partnership and any of its Restricted Subsidiaries of the Indebtedness under Credit Facilities and the guarantees thereof; provided that the aggregate principal amount of all Indebtedness of the Partnership and the Restricted Subsidiaries outstanding under all Credit Facilities after giving effect to such incurrence does not exceed $375 million less the aggregate amount of all repayments of Indebtedness under a Credit Facility that may have been made by the Partnership or any of its Restricted Subsidiaries with Net Proceeds from Asset Sales to the extent such repayments constitute a permanent reduction of commitments under such Credit Facility;

(ii) the incurrence by the Partnership and its Restricted Subsidiaries of Existing Indebtedness;

(iii) the incurrence by the Partnership and the Subsidiary Guarantors of Indebtedness represented by the Notes and the Guarantees and the related Obligations;

(iv) the incurrence by the Partnership or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligation, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Partnership or such Restricted Subsidiary, in an aggregate principal amount not to exceed $10.0 million at any time outstanding;

(v) the incurrence by the Partnership or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace, Indebtedness (other than intercompany Indebtedness) that was not incurred in violation of this Indenture;

(vi) the incurrence by the Partnership or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Partnership and any of its Restricted Subsidiaries; provided, however, that:

(A) if the Partnership or any Subsidiary Guarantor is the obligor on such Indebtedness, such Indebtedness must be expressly subordinated to the prior payment in full

in cash of all Obligations with respect to the Notes, in the case of the Partnership, or the Guarantee of such Subsidiary Guarantor, in the case of a Subsidiary Guarantor; and

(B) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Partnership or a Restricted Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Partnership or a Restricted Subsidiary thereof, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Partnership or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (vi);

(vii) the incurrence by the Partnership or any of its Restricted Subsidiaries of Hedging Obligations that are incurred for the purpose of fixing or hedging foreign currency exchange rate risk of the Partnership or any Restricted Subsidiary or interest rate risk with respect to any floating rate Indebtedness of the Partnership or any Restricted Subsidiary that is permitted by the terms of this Indenture to be outstanding or commodities pricing risks of Leviathan or any Restricted Subsidiary in respect of hydrocarbon production from properties in which Leviathan or any of its Restricted Subsidiaries owns an interest;

(viii) the guarantee by the Partnership or any of its Restricted Subsidiaries of Indebtedness of the Partnership or a Restricted Subsidiary of the Partnership that was permitted to be incurred by another provision of this covenant;

(ix) bid, performance, surety and appeal bonds incurred in the ordinary course of business, including guarantees and standby letters of credit supporting such obligations, to the extent not drawn;

(x) the incurrence by the Partnership or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (x), not to exceed $10.0 million;

(xi) the incurrence by the Partnership's Unrestricted Subsidiaries of Non-Recourse Debt; provided, however, that if any such Indebtedness ceases to be Non-Recourse Debt of an Unrestricted Subsidiary, such event shall be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of the Partnership that was not permitted by this clause (xi);

(xii) the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Equity, in the form of additional shares of the same class of Disqualified Equity, provided, in each such case, that the amount thereof is included in Fixed Charges of the Partnership as so accrued, accredited or amortized; and

(xiii) Indebtedness incurred by the Partnership or any of its Restricted Subsidiaries arising from agreements or their respective bylaws providing for indemnification, adjustment of purchase price or similar obligations.

(c) For purposes of determining compliance with this Section 4.09, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in

paragraphs (b)(i) through (b)(xiii) above, or is entitled to be incurred pursuant to Section 4.09(a), the Partnership shall be permitted to classify such item of Indebtedness on the date of its incurrence in any manner that complies with this Section 4.09. An item of Indebtedness may be divided and classified in one or more of the types of Permitted Indebtedness.

SECTION 4.10. ANTI-LAYERING.

The Partnership shall not incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to any Senior Debt of the Partnership and senior in any respect in right of payment to the Notes. No Subsidiary Guarantor shall incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to any Senior Debt of such Subsidiary Guarantor and senior in any respect in right of payment to such Subsidiary Guarantor's Guarantee.

SECTION 4.11. LIENS.

The Partnership shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind securing Indebtedness, Attributable Debt or trade payables on any asset now owned or hereafter acquired, except Permitted Liens, without making effective provision whereby all Obligations due under the Notes and this Indenture or any Guarantee, as applicable, will be secured by a Lien equally and ratably with any and all Obligations thereby secured for so long as any such Obligations shall be so secured.

SECTION 4.12. DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES.

The Partnership shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to: (a) pay dividends or make any other distributions on its Equity Interests to the Partnership or any of the Partnership's Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to the Partnership or any of the other Restricted Subsidiaries; (b) make loans or advances to or make other investments in the Partnership or any of the other Restricted Subsidiaries; or (c) transfer any of its properties or assets to the Partnership or any of the other Restricted Subsidiaries. The restrictions contained in the immediately preceding sentence will not apply to encumbrances or restrictions existing under or by reason of: (i) agreements as in effect on the Issue Date and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of any such agreements or any Existing Indebtedness to which such agreement relates, provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive, taken as a whole, with respect to such distribution, dividend and other payment restrictions and loan or investment restrictions than those contained in such agreement, as in effect on the Issue Date; (ii) the Partnership Credit Facility and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof, provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive, taken as a whole, with respect to such distribution, dividend and other payment restrictions and loan or investment restrictions than those contained in such Credit Facility as in effect on the Issue Date; (iii) this Indenture, the Notes and the Guarantees; (iv) applicable law; (v) any instrument governing Indebtedness or Equity Interests of a Person acquired by the Partnership or any of its Restricted Subsidiaries as in effect at the time of such acquisition

(except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, other than such Person, or the property or assets of such Person, so acquired, provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred; (vi) customary non-assignment provisions in licenses and leases entered in the ordinary course of business and consistent with past practices; (vii) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on the property so acquired of the nature described in clause (c) of the preceding sentence; (viii) any agreement for the sale or other disposition of a Restricted Subsidiary that contains any one or more of the restrictions described in clauses (a) through (c) of the preceding sentence by such Restricted Subsidiary pending its sale or other disposition, provided that such sale or disposition is consummated, or such restrictions are canceled or terminated or lapse, within 90 days; (ix) Permitted Refinancing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced; (x) Liens securing Indebtedness otherwise permitted to be issued pursuant to the provisions of Section 4.11 that limit the right of the Partnership or any of its Restricted Subsidiaries to dispose of the assets subject to such Lien; (xi) any agreement or instrument relating to any property or assets acquired after the Issue Date, so long as such encumbrance or restriction relates only to the property or assets so acquired and is not and are not created in anticipation of such acquisitions; (xii) any agreement or instrument relating to any Acquired Debt of any Restricted Subsidiary at the date on which such Restricted Subsidiary was acquired by the Partnership or any Restricted Subsidiary (other than the Indebtedness incurred in anticipation of such acquisition and provided such encumbrances or restrictions extend only to property of such acquired Restricted Subsidiary); (xiii) any agreement or instrument governing Indebtedness permitted to be incurred under this Indenture, provided that the terms and conditions of any such restrictions and encumbrances, taken as a whole, are not materially more restrictive than those contained in this Indenture, taken as a whole; (xiv) provisions with respect to the disposition or distribution of assets or property in joint venture agreements and other similar agreements, including "clawback," "make-well" or "keep-well" agreements, to maintain financial performance or results of operations of a joint venture entered into in the ordinary course of business; and (xv) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business.

SECTION 4.13. TRANSACTIONS WITH AFFILIATES.

(a) The Partnership shall not, and shall not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "Affiliate Transaction"), unless:

(i) such Affiliate Transaction is on terms that are no less favorable to the Partnership or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Partnership or such Restricted Subsidiary with an unrelated Person; and

(ii) the Partnership delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $10.0 million, a resolution of the Board of Directors of the General Partner set forth in the Officers' Certificate certifying

that such Affiliate Transaction complies with this Section 4.13 and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the General Partner; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $25.0 million, (I) an opinion as to the fairness to the Partnership of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing recognized as an expert in rendering fairness opinions on transactions such as those proposed, (II) with respect to assets classified, in accordance with GAAP, as property, plant and equipment on the balance sheet of the Partnership or such Restricted Subsidiary a written appraisal from a nationally recognized appraiser showing the assets have a fair market value not less than the consideration to be paid (provided that if the fair market value determined by such appraiser is a range of values or otherwise inexact, the Board of Directors of the General Partner shall determine the exact fair market value, provided that it shall be within the range so determined by the appraiser), (III) in the case of gathering, transportation, marketing, hedging, production handling, operating, construction, storage, platform use, or other operational contracts, any such contracts are entered into in the ordinary course of business on terms substantially similar to those contained in similar contracts entered into by the Partnership or any Restricted Subsidiary and third parties or, if none of the Partnership or any of its Restricted Subsidiaries has entered into a similar contract with a third party, that the terms are no less favorable than those available from third parties on an arms'-length basis, as determined by the Board of Directors of the General Partner, which shall be set forth on an Officers' Certificate certifying such determination by the Board of Directors of the General Partner, or (IV) in the case of any transaction between the Partnership or any of its Restricted Subsidiaries and any Affiliate thereof in which the Partnership beneficially owns 50% or less of the Voting Stock and one or more Persons not Affiliated with the Partnership beneficially own (together) a percentage of Voting Stock at least equal to the interest in Voting Stock of such Affiliate beneficially owned by the Partnership, a resolution of the Board of Directors of the General Partner set forth in the Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the General Partner. Even though a particular Affiliate Transaction or series of Affiliate Transactions may be covered by two or more of clauses (I) through (IV) above, the compliance with any one of such applicable clauses shall be satisfactory.

(b) The following items shall not be deemed to be Affiliate Transactions and, therefore, shall not be subject to the provisions of Section 4.13(a); (i) transactions pursuant to the Management Agreement as in effect on the date hereof; (ii) any employment, equity option or equity appreciation agreement or plan entered into by the Partnership or any of its Restricted Subsidiaries in the ordinary course of business and, as applicable, consistent with the past practice of the Partnership or such Restricted Subsidiary; (iii) transactions between or among the Partnership and/or its Restricted Subsidiaries; (iv) Restricted Payments that are permitted by Section 4.08; (v) transactions effected in accordance with the terms of agreements as in effect on the Issue Date; (vi) customary compensation, indemnification and other benefits made available to officers, directors or employees of the Partnership or a Restricted Subsidiary, including reimbursement or advancement of out-of-pocket expenses and provisions of officers' and directors' liability

insurance; and (vii) loans to officers and employees made in the ordinary course of business in an aggregate amount not to exceed $1.0 million at any one time outstanding.

SECTION 4.14. ADDITIONAL SUBSIDIARY GUARANTEES.

If the Partnership or any of its Restricted Subsidiaries acquires or creates another Restricted Subsidiary that guarantees any Indebtedness of either of the Issuers, then that newly acquired or created Restricted Subsidiary must become a Subsidiary Guarantor and execute a supplemental indenture satisfactory to the Trustee and deliver an Opinion of Counsel to the Trustee within 10 Business Days of the date on which it was acquired or created. If a Restricted Subsidiary that is not then a Subsidiary Guarantor guarantees Indebtedness of either of the Issuers or any other Restricted Subsidiary, such Restricted Subsidiary shall execute and deliver a Guarantee. The Partnership will not permit any of its Restricted Subsidiaries, directly or indirectly, to guarantee or pledge any assets to secure the payment of any other Indebtedness of either Issuer unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the guarantee of the payment of the Notes by such Restricted Subsidiary, which Guarantee shall be senior to or pari passu with such Restricted Subsidiary's guarantee of or pledge to secure such other Indebtedness, unless such other Indebtedness is Senior Debt, in which case the Guarantee of the Notes may be subordinated to the guarantee of such Senior Debt to the same extent as the Notes are subordinated to such Senior Debt. Notwithstanding the foregoing, any Guarantee of a Restricted Subsidiary that was incurred pursuant to this paragraph shall provide by its terms that it shall be automatically and unconditionally released upon the release or discharge of the guarantee which resulted in the creation of such Restricted Subsidiary's Subsidiary Guarantee, except a discharge or release by, or as a result of payment under, such guarantee.

SECTION 4.15. DESIGNATION OF RESTRICTED AND UNRESTRICTED SUBSIDIARIES.

The General Partner may designate any Restricted Subsidiary of the Partnership to be an Unrestricted Subsidiary if that designation would not cause a Default or Event of Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, all outstanding Investments owned by the Partnership and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be an Investment made as of the time of such designation and will reduce the amount available for Restricted Payments under Section 4.08(a), Permitted Investments or Permitted Business Investments, as applicable. All such outstanding Investments will be valued at their fair market value, as determined by the Board of Directors of the General Partner, at the time of such designation. That designation will only be permitted if such Restricted Payment, Permitted Investments or Permitted Business Investments would be permitted under this Indenture at that time and such Restricted Subsidiary otherwise complies with the definition of an Unrestricted Subsidiary. All Subsidiaries of such an Unrestricted Subsidiary shall be also thereafter constitute Unrestricted Subsidiaries. A Subsidiary may not be designated as an Unrestricted Subsidiary unless at the time of such designation, (x) it has no Indebtedness other than Non-Recourse Debt; (y) no portion of the Indebtedness or any other obligation of such Subsidiary (whether contingent or otherwise and whether pursuant to the terms of such Indebtedness or the terms governing the organization and operation of such Subsidiary or by law) (A) is guaranteed by the Partnership or any of its other Restricted Subsidiaries, except as such Indebtedness is permitted by Sections 4.08 and 4.09, (B) is recourse to or obligates the Partnership or any of its Restricted Subsidiaries in any way (including any "claw-back", "keep-well' or "make-well" agreements or other agreements, arrangements or understandings to maintain the financial performance or results of operations of such Subsidiary, except as such Indebtedness or Investment is permitted by Sections 4.08 and 4.09, or (C) subjects any property or assets of the Partnership or any of its other Restricted Subsidiaries, directly or indirectly,

contingently or otherwise, to the satisfaction thereof; and (z) no Equity Interests of a Restricted Subsidiary are held by such Subsidiary, directly or indirectly. Upon the designation of a Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary, the Guarantee of such entity shall be released and the Trustee shall be authorized to take such actions as may be appropriate to reflect such release.

The Board of Directors of the General Partner may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if a Default or Event of Default is not continuing, the redesignation would not cause a Default or Event of Default and provided that, if at the time of such designation such Subsidiary is a Subsidiary Guarantor, after giving effect to such designation, Leviathan and its remaining Restricted Subsidiaries could incur at least $1.00 of additional Indebtedness under Section 4.09(a).

SECTION 4.16. BUSINESS ACTIVITIES.

The Partnership shall not, and shall not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses.

SECTION 4.17. SALE AND LEASEBACK TRANSACTIONS.

The Partnership will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; provided that the Partnership or any Restricted Subsidiary that is a Subsidiary Guarantor may enter into a sale and leaseback transaction if: (a) the Partnership or that Subsidiary Guarantor, as applicable, could have (a) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction under Section 4.09(a), and (b) incurred a Lien to secure such Indebtedness pursuant to Section 4.11; (b) the gross cash proceeds of that sale and leaseback transaction are at least equal to the fair market value, as determined in good faith by the Board of Directors of the General Partner, of the property that is the subject of such sale and leaseback transaction; and (c) the transfer of assets in that sale and leaseback transaction is permitted by, and the Partnership applies the proceeds of such transaction in compliance with, Section 4.07.

SECTION 4.18. PAYMENTS FOR CONSENT.

The Partnership shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such considerations is offered to be paid and is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

SECTION 4.19. REPORTS.

(a) Whether or not required by the SEC, so long as any Notes are outstanding, the Partnership will file with the SEC (unless the SEC will not accept such a filing) within the time periods specified in the SEC's rules and regulations and, upon request, the Partnership will furnish the Trustee for delivery to Holders:

(i) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if the Partnership were required to file such Forms,

including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by the Partnership's certified independent accountants; and

(ii) all current reports that would be required to be filed with the SEC on Form 8-K if the Partnership were required to file such reports.

(b) If at the end of any such quarterly or annual period referred to in Section 4.19(a), the Partnership has designated any of its Subsidiaries as Unrestricted Subsidiaries or if the Partnership owns more than 50% of Western Gulf or UTOS but such entity or any of its Subsidiaries remain designated as a Joint Venture, then the Partnership shall deliver (promptly after such SEC filing referred to in Section 4.19(a)) to the Trustee for delivery to the Holders of the Notes quarterly and annual financial information required by Section 4.19(a) as revised to include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of Leviathan and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of Leviathan and each such designated Joint Venture of the Partnership.

(c) In addition, whether or not required by the SEC, the Partnership will make such information available to securities analysts, investors and prospective investors upon request. In addition, upon request the Partnership shall furnish the Trustee such other non-confidential information, documents and other reports which the Partnership is required to file with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act.

(d) For so long as any Series A Notes remain outstanding (unless the Partnership is subject to the reporting requirements of the Exchange Act), the Partnership and the Securities Guarantors shall furnish to the Holders thereof, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act to the extent such information is not provided pursuant to Sections 4.19(a) and 4.19(b).

(e) Delivery of reports, information and documents to the Trustee pursuant to this Section 4.19 is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Partnership's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

ARTICLE 5
SUCCESSORS

SECTION 5.01. MERGER, CONSOLIDATION, OR SALE OF ASSETS.

(a) Neither of the Issuers may, directly or indirectly: (i) consolidate or merge with or into another Person (whether or not such Issuer is the survivor); or (ii) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to another Person; unless:

(i) either: (A) such Issuer is the surviving entity; or (B) the Person formed by or surviving any such consolidation or merger (if other than such Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is an entity organized or existing under the laws of the United States, any state thereof or the District of Columbia (provided that Leviathan Finance may not consolidate or merge with or into any entity other than a corporation satisfying such requirement for so long as the Partnership remains a partnership);

(ii) the Person formed by or surviving any such consolidation or merger (if other than such Issuer) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made, expressly assumes all the obligations of such Issuer under the Notes and this Indenture pursuant to agreements reasonably satisfactory to the Trustee;

(iii) immediately after such transaction no Default or Event of Default exists;

(iv) such Issuer or the Person formed by or surviving any such consolidation or merger (if other than such Issuer):

(A) shall have Consolidated Net Worth immediately after the transaction equal to or greater than the Consolidated Net Worth of such Issuer immediately preceding the transaction; and

(B) shall, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a); and

(C) has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and, if a supplemental indenture is required, such supplemental indenture comply with this Indenture and all conditions precedent therein relating to such transaction have been satisfied.

(b) Notwithstanding Section 5.01(a), the Partnership is permitted to reorganize as any other form of entity in accordance with the procedures established in this Indenture; provided that (i) the reorganization involves the conversion (by merger, sale, contribution or exchange of assets or otherwise) of the Partnership into a form of entity other than a limited partnership formed under Delaware law; (ii) the entity so formed by or resulting from such reorganization is an entity organized or existing under the laws of the United States, any state thereof or the District of Columbia; (iii) the entity so formed by or resulting from such reorganization assumes all of the obligations of the Partnership under the Notes and this Indenture pursuant to agreements reasonably satisfactory to the Trustee; (iv) immediately after such reorganization no Default or Event of Default exists; and (v) such reorganization is not adverse to the Holders of the Notes (for purposes of this clause (v) it is stipulated that such reorganization shall not be considered adverse to the Holders of the Notes solely because the successor or survivor of such reorganization (i) is subject to federal or state income taxation as an entity or (ii) is considered to be an "includible corporation" of an affiliated group of corporations within the meaning of Section 1504(b)(i) of the Code or any similar state or local law).

(c) Section 5.01(a) shall not apply to a merger or consolidation or any sale, assignment, transfer, lease, conveyance or other disposition of assets between or among the Partnership and any of its Restricted Subsidiaries.

(d) No Subsidiary Guarantor may consolidate with or merge with or into (whether or not such Subsidiary Guarantor is the surviving Person) another Person, whether or not affiliated with such Subsidiary Guarantor, but excluding the Partnership or another Subsidiary Guarantor, unless (i) subject to the provisions of Section 5.01(e), the Person formed by or surviving any such consolidation or merger (if other than such Subsidiary Guarantor) assumes all the obligations of such Subsidiary Guarantor pursuant to the Subsidiary Guarantor's Guarantee of the Notes and the Indenture pursuant to a supplemental indenture and (ii) immediately after giving effect to such transaction, no Default or Event of Default exists. Any Subsidiary Guarantor may be merged or consolidated with or into any one or more Subsidiary Guarantors.

(e) In the event of a sale or other disposition of all or substantially all of the assets of any Subsidiary Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of all or substantially all of the Equity Interests of any Subsidiary Guarantor, then such Subsidiary Guarantor (in the event of a sale or other disposition, by way of such a merger, consolidation or otherwise, of all of the Equity Interests of such Subsidiary Guarantor) or the Person acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such Subsidiary Guarantor) will be released and relieved of any obligations under its Guarantee; provided that the transaction complies with the provisions set forth under Section 4.07.

SECTION 5.02. SUCCESSOR ENTITY SUBSTITUTED.

(a) Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of an Issuer in accordance with Section 5.01 hereof, the surviving entity formed by such consolidation or into or with which such Issuer is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Partnership" or "Leviathan Finance," as the case may be, shall refer instead to the surviving entity and not to the Partnership or Leviathan Finance, as the case may be), and may exercise every right and power of the Partnership or Leviathan Finance, as the case may be, under this Indenture with the same effect as if such successor Person had been named as an Issuer herein; provided, however, that the predecessor shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of an Issuer's assets that meets the requirements of Section 5.01 hereof.

(b) If the surviving entity shall have succeeded to and been substituted for an Issuer, such surviving entity may cause to be signed, and may issue either in its own name or in the name of the applicable Issuer prior to such succession any or all of the Notes issuable hereunder which theretofore shall not have been signed by such Issuer and delivered to the Trustee; and, upon the order of such surviving entity, instead of such Issuer, and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Notes which previously shall have been signed and delivered by the Officers of such Issuer to the Trustee for authentication, and any Notes which such surviving entity thereafter shall cause to be signed and delivered to the Trustee for that purpose (in each instance with notations of Guarantees thereon by the Subsidiary Guarantors). All of the Notes so issued and so endorsed shall in all respects have the same legal rank and benefit under this Indenture as the Notes

theretofore or thereafter issued and endorsed in accordance with the terms of this Indenture and the Guarantees as though all such Notes had been issued and endorsed at the date of the execution hereof.

(c) In case of any such consolidation, merger, continuance, sale, transfer, conveyance or other disposal, such changes in phraseology and form (but not in substance) may be made in the Notes thereafter to be issued or the Guarantees to be endorsed thereon as may be appropriate.

(d) For all purposes of this Indenture and the Notes, Subsidiaries of any surviving entity will, upon such transaction or series of transactions, become Restricted Subsidiaries or Unrestricted Subsidiaries as provided pursuant to this Indenture and all Indebtedness, and all Liens on property or assets, of the surviving entity and its Restricted Subsidiaries immediately prior to such transaction or series of transactions shall be deemed to have been incurred upon such transaction or series of transactions.

ARTICLE 6
DEFAULTS AND REMEDIES

SECTION 6.01. EVENTS OF DEFAULT.

Each of the following is an Event of Default:

(a) default for 30 days in the payment when due of interest on, or Liquidated Damages with respect to, the Notes, whether or not prohibited by the subordination provisions of this Indenture;

(b) default in payment when due of the principal of or premium, if any, on the Notes, whether or not prohibited by the subordination provisions of this Indenture;

(c) failure by the Partnership or any of its Restricted Subsidiaries to comply with the provisions described under Sections 3.09, 4.06, and 4.07 hereof;

(d) failure by the Partnership or any of its Restricted Subsidiaries to comply with any of the other agreements in this Indenture for 60 days after notice to the Issuers by the Trustee or to the Issuers and Trustee by Holders of at least 25% in aggregate principal amount of the Notes then outstanding (provided that no such notice need be given, and an Event of Default shall occur 60 days after a failure to comply with the covenants in Section 4.08, 4.09 or 5.01 hereof, unless theretofore cured);

(e) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by either Issuer or any of the Restricted Subsidiaries of the Partnership (or the payment of which is guaranteed by either Issuer or any of such Restricted Subsidiaries), whether such Indebtedness or guarantee now exists or is created after the date of this Indenture, if that default:

(i) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(ii) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $10.0 million or more;

(f) failure by an Issuer or any Restricted Subsidiary of the Partnership to pay final judgments aggregating in excess of $10.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(g) except as permitted by this Indenture, any Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Subsidiary Guarantor, or any Person acting on behalf of any Subsidiary Guarantor, shall deny or disaffirm its obligations under its Guarantee; and

(h) either Issuer or any Restricted Subsidiary of the Partnership that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Partnership that, taken as a whole, would constitute a Significant Subsidiary, pursuant to or within the meaning of Bankruptcy Law:

(i) commences a voluntary case,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) consents to the appointment of a custodian of it or for all or substantially all of its property,

(iv) makes a general assignment for the benefit of its creditors, or

(v) generally is not paying its debts as they become due; or

(i) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against an Issuer or any Restricted Subsidiary of the Partnership that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Partnership that, taken as a whole, would constitute a Significant Subsidiary in an involuntary case;

(ii) appoints a custodian of an Issuer or any Restricted Subsidiary of the Partnership that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Partnership that, taken as a whole, would constitute a Significant Subsidiary or for all or substantially all of the property of an Issuer or any Restricted Subsidiary of the Partnership that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Partnership that, taken as a whole, would constitute a Significant Subsidiary; or

(iii) orders the liquidation of an Issuer or any Restricted Subsidiary of the Partnership that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Partnership that, taken as a whole, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

SECTION 6.02. ACCELERATION.

If any Event of Default (other than an Event of Default specified in clauses (h) or (i) of Section 6.01 hereof) occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Upon any such declaration, the Notes shall become due and payable immediately. Notwithstanding the foregoing, if an Event of Default specified in clause (h) or (i) of Section 6.01 hereof occurs, all outstanding Notes shall be due and payable immediately without further action or notice. Notwithstanding the foregoing, so long as any Credit Facility shall be in full force and effect, if an Event of Default pursuant to clause (e) of Section 6.01 with regard to such Credit Facility shall have occurred and be continuing, the Notes shall not become due and payable until the earlier to occur of (x) five business days following delivery of written notice of such acceleration of the Notes to the agent under such Credit Facility and (y) the acceleration of any Indebtedness under such Credit Facility. The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may on behalf of all of the Holders rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium that has become due solely because of the acceleration) have been cured or waived.

SECTION 6.03. OTHER REMEDIES.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest (and Liquidated Damages, if any) on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.04. WAIVER OF PAST DEFAULTS.

Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium and/or interest, if any, or Liquidated Damages, if any, on, the Notes (including in connection with an offer to purchase) (provided, however, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration). Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 6.05. CONTROL BY MAJORITY.

Holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any

trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability.

SECTION 6.06. LIMITATION ON SUITS.

A Holder of a Note may pursue a remedy with respect to this Indenture or the Notes only if:

(a) the Holder of a Note gives to the Trustee written notice of a continuing Event of Default;

(b) the Holders of at least 25% in principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(c) such Holder of a Note or Holders of Notes offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(e) during such 60-day period the Holders of a majority in principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

SECTION 6.07. RIGHTS OF HOLDERS OF NOTES TO RECEIVE PAYMENT.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal, premium and interest and Liquidated Damages, if any, on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08. COLLECTION SUIT BY TRUSTEE.

If an Event of Default specified in Section 6.01(a) or (b) occurs and is continuing, the Trustee is authorized to recover a judgment in its own name and as trustee of an express trust against the Issuers for the whole amount of principal of, premium and interest and Liquidated Damages, if any, remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 6.09. TRUSTEE MAY FILE PROOFS OF CLAIM.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders

of the Notes allowed in any judicial proceedings relative to an Issuer or any of the Subsidiary Guarantors (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10. PRIORITIES.

If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: subject to the subordination provisions of this Indenture, to Holders of Notes for amounts due and unpaid on the Notes for principal, premium and Liquidated Damages, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium and Liquidated Damages, if any and interest, respectively; and

Third: to the Issuers or the Subsidiary Guarantors or to such other party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

SECTION 6.11. UNDERTAKING FOR COSTS.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE 7
TRUSTEE

SECTION 7.01. DUTIES OF TRUSTEE.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to any provision of this Indenture relating to the time, method and place of conducting any proceeding or remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any claim, loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Partnership or Leviathan Finance. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02. RIGHTS OF TRUSTEE.

(a) Subject to the provisions of Section 7.01(a) hereof, the Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting in the administration of this Indenture, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may execute any of its trusts or powers or perform any duties under this Indenture either directly by or through agents or attorneys, and may in all cases pay, subject to reimbursement as provided herein, such reasonable compensation as it deems proper to all such agents and attorneys employed or retained by it, and the Trustee shall not be responsible for any misconduct or negligence of any agent or attorney appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from an Issuer or any Subsidiary Guarantor shall be sufficient if signed by an Officer of the Partnership or the General Partner (in the case of the Partnership), by an Officer of the General Partner (in the case of the General Partner) or by an Officer of Leviathan Finance or any Subsidiary Guarantor (in the case of Leviathan Finance or such Subsidiary Guarantor).

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable security or indemnity against the claims, costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(g) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by a Responsible Officer at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture.

(h) The Trustee is not required to make any inquiry or investigation into facts or matters stated in any document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee determines to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuers.

(i) The Trustee is not required to take notice or shall not be deemed to have notice of any Default or Event of Default hereunder except Defaults or Events of Default under Article 6, unless a Responsible Officer of the Trustee has actual knowledge thereof or has received notice in writing of such Default or Event of Default from the Issuers or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, and in the absence of any such notice, the Trustee may conclusively assume that no such Default or Event of Default exists.

(j) The Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture.

(k) In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of Notes, each representing less than the aggregate principal amount of Notes outstanding required to take any action hereunder, the Trustee, in its sole discretion may determine what action, if any, shall be taken.

(l) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation of removal, the discharge of this Indenture and final payments of the Notes.

(m) The permissive right of the Trustee to take actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

(n) Except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information and any offering memorandum, disclosure material or prospectus distributed with respect to the Notes.

SECTION 7.03. INDIVIDUAL RIGHTS OF TRUSTEE.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuers, any Subsidiary Guarantors or any Affiliate of the Partnership with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest (as defined in the TIA) it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

SECTION 7.04. TRUSTEE'S DISCLAIMER.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Notes or the Guarantees, it shall not be accountable for the Issuers' use of the proceeds from the Notes or any money paid to an Issuer or upon an Issuer's direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

SECTION 7.05. NOTICE OF DEFAULTS.

If a Default or Event of Default occurs, the Trustee shall mail to Holders of Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest or Liquidated Damages, if any, on any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

SECTION 7.06. REPORTS BY TRUSTEE TO HOLDERS OF THE NOTES.

Within 60 days after each May 15 beginning with the May 15 following the date of this Indenture, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA Section 313(a) (but if no event described in TIA Section 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA Section 313(b)(2). The Trustee shall also transmit by mail all reports as required by TIA Section 313(c).

A copy of each report at the time of its mailing to the Holders of Notes shall be mailed to the Partnership and filed with the SEC and each stock exchange on which the Notes are listed in accordance with TIA Section 313(d). The Issuers shall promptly notify the Trustee when the Notes are listed on any stock exchange.

SECTION 7.07. COMPENSATION AND INDEMNITY.

The Issuers and the Subsidiary Guarantors shall pay to the Trustee from time to time such compensation as shall be agreed upon in writing between the Issuers and the Trustee for its acceptance of this Indenture and services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuers and the Subsidiary Guarantors shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Issuers and the Subsidiary Guarantors shall indemnify each of the Trustee or any successor Trustee against any and all losses, damages, claims, liabilities or expenses (including reasonable attorneys' fees and expenses) incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against either of the Issuers or any Subsidiary Guarantor (including this Section 7.07) and defending itself against any claim (whether asserted by an Issuer, any Subsidiary Guarantor, or any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its negligence or bad faith. The Trustee shall notify the Issuers promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Issuers shall not relieve the Issuers and the Subsidiary Guarantors of their obligations hereunder. The Issuers and the Subsidiary Guarantors shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Issuers and the Subsidiary Guarantors shall pay the reasonable fees and expenses of such separate counsel. The Issuers and the Subsidiary Guarantors need not pay for any settlement made without their consent, which consent shall not be unreasonably withheld.

The obligations of the Issuers and the Subsidiary Guarantors under this Section 7.07 shall survive the satisfaction and discharge of this Indenture.

To secure the Issuers' and the Subsidiary Guarantors' payment obligations in this Section, the Trustee shall have a Lien (which it may exercise through right of set-off) prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(h) or (i) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

The Trustee shall comply with the provisions of TIA Section 313(b)(2) to the extent applicable.

SECTION 7.08. REPLACEMENT OF TRUSTEE.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Issuers. The Holders of Notes of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuers in writing. The Issuers may remove the Trustee if:

(a) the Trustee fails to comply with Section 7.10 hereof;

(b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(c) a custodian or public officer takes charge of the Trustee or its property; or

(d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuers shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuers.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuers, any Subsidiary Guarantor or the Holders of Notes of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder of a Note who has been a Holder of a Note for at least six months, fails to comply with Section 7.10, such Holder of a Note may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuers. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of the Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Issuers' and the Subsidiary Guarantors' obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee.

SECTION 7.09. SUCCESSOR TRUSTEE BY MERGER, ETC.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

SECTION 7.10. ELIGIBILITY; DISQUALIFICATION.

There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trust powers, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $50 million as set forth in its most recent published annual report of condition.

This Indenture shall always have a Trustee who satisfies the requirements of TIA Section 310(a)(1), (2) and (5). The Trustee is subject to TIA Section 310(b), provided, however, that there shall be excluded from the operation of TIA Section 310(b)(l) any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Issuers are outstanding if the requirements of such exclusion set forth in TIA Section 310(b)(l) are met. For purposes of the preceding sentence, the optional provision permitted by the second sentence of Section 310(b)(9) of the Trust Indenture Act shall be applicable.

SECTION 7.11. PREFERENTIAL COLLECTION OF CLAIMS AGAINST ISSUERS.

The Trustee is subject to TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE 8
LEGAL DEFEASANCE AND COVENANT DEFEASANCE

SECTION 8.01. OPTION TO EFFECT LEGAL DEFEASANCE OR COVENANT DEFEASANCE.

The Issuers may, at the option of the Board of Directors of the General Partner (in the case of the Partnership) or of the Board of Directors of Leviathan Finance (in the case of Leviathan Finance) evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

SECTION 8.02. LEGAL DEFEASANCE AND DISCHARGE.

Upon the Issuers' exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Issuers and the Subsidiary Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their respective Obligations and certain other obligations with respect to all outstanding Notes and Guarantees, as applicable, on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Issuers and the Subsidiary Guarantors shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (a) and (b) of this sentence below, and to have satisfied all its other obligations under such Notes and this Indenture (and the Trustee, on demand of and at the expense of the Issuers, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Notes to receive solely from the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest and Liquidated Damages on such Notes when such payments are due (but not the Change of Control Payment or the Offer Amount), (b) the Issuers' obligations with respect to such Notes under Article 2 and Section 4.02 hereof, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Issuers' and the Subsidiary Guarantors' obligations in connection therewith, (d) the Issuers' rights of optional redemption and (e) this Article 8. Subject to compliance with this Article 8, the Issuers may exercise the option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

SECTION 8.03. COVENANT DEFEASANCE.

Upon the Issuers' exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Issuers and the Subsidiary Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from its obligations under the covenants contained in Sections 3.09, 4.06, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.19 and 5.01(a)(iv) hereof and any covenant added to this Indenture subsequent to the Issue Date pursuant to Section 9.01 hereof with respect to the outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Issuers may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon the Issuers' exercise under Section 8.01 hereof of the option applicable to this Section 8.03 hereof, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(c) through 6.01(g) hereof shall not constitute Events of Default.

SECTION 8.04. CONDITIONS TO LEGAL OR COVENANT DEFEASANCE.

The following shall be the conditions to the application of either Section 8.02 or 8.03 hereof to the outstanding Notes:

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Issuers must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in United States dollars, non-callable U.S. Government Obligations, or a combination thereof, in such amounts as shall be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest, on the outstanding Notes at the Stated Maturity thereof or on the applicable redemption date, as the case may be, and the Issuers must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(b) in the case of an election under Section 8.02 hereof, the Issuers shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (A) the Partnership has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of an election under Section 8.03 hereof, the Partnership shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the incurrence of Indebtedness all or a portion of the proceeds of which shall be applied to such deposit) or insofar as Sections 6.01(h) and 6.01(i) hereof are concerned, at any time in the period ending on the 91st day after the date of deposit;

(e) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which either of the Issuers or any Restricted Subsidiary of the Partnership is a party or by which either of the Issuers or any Restricted Subsidiary of the Partnership is bound;

(f) the Partnership shall have delivered to the Trustee an Opinion of Counsel to the effect that after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(g) the Partnership shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by such Issuer with the intent of preferring the Holders over any other creditors of such

Issuer or the Subsidiary Guarantors or with the intent of defeating, hindering, delaying or defrauding other creditors of such Issuer; and

(h) the Partnership shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

SECTION 8.05. DEPOSITED MONEY AND GOVERNMENT SECURITIES TO BE HELD IN TRUST; OTHER MISCELLANEOUS PROVISIONS.

Subject to Section 8.06 hereof, all money and non-callable U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including either Issuer acting as a Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, and Liquidated Damages, if any, but such money need not be segregated from other funds except to the extent required by law.

The Issuers and the Subsidiary Guarantors shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable U.S. Government Obligations deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay to the Issuers from time to time upon the request of the Issuers any money or non-callable U.S. Government Obligations held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.06. REPAYMENT TO ISSUERS.

Any money deposited with the Trustee or any Paying Agent, or then held by an Issuer, in trust for the payment of the principal of, premium, if any, interest or Liquidated Damages, if any, on any Note and remaining unclaimed for two years after such principal, and premium, if any, interest or Liquidated Damages, if any, has become due and payable shall, subject to applicable escheat law, be paid to the Issuers on the request of the Issuers or (if then held by an Issuer) shall be discharged from such trust; and the Holder of such Note shall thereafter, as a creditor, look only to the Issuers or Subsidiary Guarantors for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of such Issuer as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuers cause to be published once, in The New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining shall be repaid to the Issuers.

SECTION 8.07. REINSTATEMENT.

If the Trustee or Paying Agent is unable to apply any United States dollars or U.S. Government Obligations in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuers' and the Subsidiary Guarantors' Obligations under this Indenture, the Notes and the Guarantees, as applicable, shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; provided, however, that, if the Issuers or the Subsidiary Guarantors make any payment of principal of, premium, if any, interest or Liquidated Damages, if any, on any Note following the reinstatement of its Obligations, the Issuers and the Subsidiary Guarantors shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER

SECTION 9.01. WITHOUT CONSENT OF HOLDERS OF NOTES.

Notwithstanding Section 9.02 of this Indenture, the Issuers and the Subsidiary Guarantors and the Trustee may amend or supplement this Indenture, the Guarantees, or the Notes without the consent of any Holder of a Note:

(a) to cure any ambiguity, defect or inconsistency;

(b) to provide for uncertificated Notes in addition to or in place of certificated Notes or to alter the provisions of Article 2 hereof (including the related definitions) in a manner that does not materially adversely affect any Holder;

(c) to provide for the assumption of an Issuer's or a Subsidiary Guarantor's obligations to the Holders of the Notes in the case of a merger or consolidation or sale of all or substantially all of such Issuer's or Subsidiary Guarantors' assets pursuant to Article 5 hereof;

(d) to add or release Subsidiary Guarantors pursuant to the terms of this Indenture;

(e) to make any change that would provide any additional rights or benefits to the Holders of the Notes or surrender any right or power conferred upon the Issuers or the Subsidiary Guarantors by the Indenture that does not adversely affect the legal rights hereunder of any Holder of the Notes; or

(f) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA;

(g) to evidence or provide for the appointment under this Indenture of a successor Trustee;

(h) to add additional Events of Default; or

(i) to secure the Notes and/or the Guarantees.

Upon the request of the Issuers accompanied by a resolution of the Board of Directors of the General Partner (in the case of the Partnership, and of the Board of Directors of Leviathan Finance and each of the Subsidiary Guarantors (in the case of Leviathan Finance and the Subsidiary Guarantors), authorizing the execution of any such amended or supplemental Indenture, and upon receipt by the Trustee of the documents described in Section 9.06 hereof, the Trustee shall join with the Issuers and each of the Subsidiary Guarantors in the execution of any amended or supplemental Indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental Indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

SECTION 9.02. WITH CONSENT OF HOLDERS OF NOTES.

Except as provided below in this Section 9.02, the Issuers, the Subsidiary Guarantors and the Trustee may amend or supplement this Indenture (including Sections 3.09, 4.06 and 4.07 hereof), the Guarantees, and the Notes with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture, the Guarantees or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for the Notes).

Upon the request of the Issuers accompanied by a resolution of the Board of Directors of the General Partner (in the case of the Partnership) and of the Board of Directors of Leviathan Finance and each of the Subsidiary Guarantors (in the case of Leviathan Finance and each of the Subsidiary Guarantors) authorizing the execution of any such amended or supplemental Indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 9.06 hereof, the Trustee shall join with the Issuers and each of the Subsidiary Guarantors in the execution of such amended or supplemental Indenture unless such amended or supplemental Indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amended or supplemental Indenture.

It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section becomes effective, the Issuers shall mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Issuers to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental Indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding may waive compliance in a particular instance by the Issuers with any provision of this Indenture or the Notes. However, without the consent of each Holder affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting Holder):

(a) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(b) reduce the principal of or change the fixed maturity of any Note or alter or waive any of the provisions with respect to the redemption of the Notes, except as provided above with respect to Sections 3.09, 4.06 and 4.07 hereof;

(c) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(d) waive a Default or Event of Default in the payment of principal of or premium, if any, interest or Liquidated Damages, if any, on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(e) make any Note payable in money other than that stated in the Notes;

(f) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of or premium, if any, or interest on the Notes;

(g) waive a redemption payment with respect to any Note (other than a payment required by the covenants contained in Sections 3.09, 4.06 or 4.07 hereof;

(h) except as otherwise permitted by this Indenture, release any Subsidiary Guarantor from any of its obligations under its Guarantee or this Indenture, or change any Guarantee in any manner that would adversely affect the right of Holders; or

(i) make any change in Section 6.04 or 6.07 hereof or in the foregoing amendment and waiver provisions.

In addition, any amendment to the provisions of Article 10 of this Indenture (which relate to subordination) shall require the consent of the Holders of at least 75% in aggregate principal amount of the Notes then outstanding if such amendment would adversely affect the rights of Holders of Notes.

SECTION 9.03. COMPLIANCE WITH TRUST INDENTURE ACT.

Every amendment or supplement to this Indenture, the Guarantees, or the Notes shall be set forth in a amended or supplemental Indenture that complies with the TIA as then in effect.

SECTION 9.04. REVOCATION AND EFFECT OF CONSENTS.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent

as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

SECTION 9.05. NOTATION ON OR EXCHANGE OF NOTES.

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Issuers in exchange for all Notes may issue and the Trustee shall authenticate new Notes (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.06. TRUSTEE TO SIGN AMENDMENTS, ETC.

The Trustee shall sign any amended or supplemental Indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Issuers and the Subsidiary Guarantors may not sign an amendment or supplemental Indenture until the Board of Directors of the General Partner approves it. In executing any amended or supplemental indenture, the Trustee shall be entitled to receive and (subject to Section 7.01) shall be fully protected in relying upon, an Officers' Certificate of the Board of Directors of the General Partner and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture.

SECTION 9.07 EFFECT OF SUPPLEMENTAL INDENTURES.

Upon the execution of any supplemental indenture under this Article 9, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby. After a supplemental indenture becomes effective, the Issuers shall mail to Holders a notice briefly describing such amendment. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

ARTICLE 10
SUBORDINATION

SECTION 10.01. AGREEMENT TO SUBORDINATE.

The Issuers covenant and agree, and each Holder by accepting a Note agrees, that the Indebtedness evidenced by, and other Obligations with respect to, the Notes are subordinated in right of payment, to the extent and in the manner provided in this Article 10, to the prior payment in full in cash of all Senior Debt (whether outstanding on the date hereof or hereafter created, incurred, assumed or guaranteed), and that the subordination is for the benefit of the holders of Senior Debt.

SECTION 10.02. LIQUIDATION; DISSOLUTION; BANKRUPTCY.

Upon any payment or distribution to creditors of either of the Issuers or any Subsidiary Guarantor in a liquidation or dissolution of such Issuer or such Subsidiary Guarantor or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to such Issuer or such Subsidiary Guarantor or its property, in an assignment for the benefit of creditors or any marshaling of such Issuer's or such Subsidiary Guarantor's assets and liabilities:

(a) holders of Senior Debt shall be entitled to receive payment in full in cash of all Obligations in respect of Senior Debt (including interest after the commencement of any such proceeding at the rate specified in the applicable Senior Debt, whether or not such interest would be an allowed claim in such proceeding) before Holders of the Notes shall be entitled to receive any payment with respect to the Notes (except that Holders may receive (i) Permitted Junior Securities and (ii) payments and other distributions made from any defeasance trust created pursuant to Article 8 hereof, provided that the funding of such trust was permitted); and

(b) until all Obligations with respect to Senior Debt (as provided in subsection (a) above) are paid in full in cash, any payment or distribution to which Holders would be entitled but for this Article 10 shall be made to holders of Senior Debt (except that Holders of Notes may receive and retain (i) Permitted Junior Securities and (ii) payments and other distributions made from any defeasance trust created pursuant to Article 8 hereof, provided that the funding of such trust was permitted), as their interests may appear.

SECTION 10.03. DEFAULT ON DESIGNATED SENIOR DEBT.

The Issuers and the Subsidiary Guarantors may not make any payment or distribution in respect of Obligations with respect to the Notes (whether by redemption, purchase, defeasance or otherwise) and may not acquire any Notes for cash or property (other than (i) Permitted Junior Securities and (ii) payments and other distributions made from any defeasance trust created pursuant to Article 8 hereof, provided that the funding of such trust was permitted) until all principal and other Obligations with respect to the Senior Debt have been paid in full in cash if:

(a) a default in the payment of any principal, premium, if any, or interest (and other Obligations in the case of the Credit Facilities) on Designated Senior Debt occurs and is continuing; or

(b) any other default on Designated Senior Debt occurs and is continuing that then permits holders of the Designated Senior Debt to accelerate its maturity and the Trustee receives a notice of the default (a "Payment Blockage Notice") from a Person who may give it pursuant to Section 10.11 hereof. If the Trustee receives any such Payment Blockage Notice, no subsequent Payment Blockage Notice shall be effective for purposes of this Section unless and until at least 360 days shall have elapsed since the effectiveness of the immediately prior Payment Blockage Notice. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such default shall have been cured or waived for a period of not less than 120 days.

The Issuers may and shall resume payments on and distributions in respect of the Notes and may acquire them upon the earlier of:

(a) in the case of a default referred to in clause (a) of the immediately preceding paragraph, the date upon which the default is cured or waived, or

(b) in the case of a default referred to in clause (b) of the immediately preceding paragraph, the earlier of the date on which such non-payment default is cured or waived and 179 days after the date on which the applicable Payment Blockage Notice is received by the Trustee unless the maturity of such Designated Senior Debt has been accelerated,

if this Article 10 otherwise permits the payment, distribution or acquisition at the time of such payment or acquisition.

SECTION 10.04. ACCELERATION OF NOTES.

If payment of the Notes is accelerated because of an Event of Default, the Issuers shall promptly notify holders of Senior Debt of the acceleration.

SECTION 10.05. WHEN DISTRIBUTION MUST BE PAID OVER.

In the event that the Trustee or any Holder receives any payment of or distribution with respect to any Obligations with respect to the Notes at a time when such payment or distribution is prohibited by Section 10.02 or 10.03 hereof, such payment or distribution shall be held by the Trustee or such Holder, in trust for the benefit of, and shall be paid forthwith over and delivered, upon written request, to, the holders of Senior Debt as their interests may appear or their Representative under this Indenture or other agreement (if any) pursuant to which Senior Debt may have been issued, as their respective interests may appear, for application to the payment in cash of all Obligations with respect to Senior Debt remaining unpaid to the extent necessary to pay such Obligations in full in cash in accordance with their terms, after giving effect to any concurrent payment or distribution to or for the holders of Senior Debt.

With respect to the holders of Senior Debt, the Trustee undertakes to perform only such obligations on the part of the Trustee as are specifically set forth in this Article 10, and no implied covenants or obligations with respect to the holders of Senior Debt shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt, and shall not be liable to any such holders if the Trustee shall pay over or distribute to or on behalf of Holders or the Issuers or any other Person money or assets to which any holders of Senior Debt shall be entitled by virtue of this Article 10, except if such payment is made as a result of the willful misconduct or gross negligence of the Trustee.

SECTION 10.06. NOTICE BY ISSUERS.

The Issuers shall promptly notify the Trustee and the Paying Agent of any facts known to the Issuers that would cause a payment of any Obligations with respect to the Notes to violate this Article 10, but failure to give such notice shall not affect the subordination of the Notes to the Senior Debt as provided in this Article 10.

SECTION 10.07. SUBROGATION.

After all Senior Debt is paid in full in cash and until the Notes are paid in full, Holders of Notes shall be subrogated (equally and ratably with all other Indebtedness pari passu with the Notes) to the rights of holders of Senior Debt to receive distributions applicable to Senior Debt to the extent that distributions otherwise payable to the Holders of Notes have been applied to the payment of Senior Debt. A distribution made under this Article 10 to holders of Senior Debt that otherwise would have been made to Holders of Notes is not, as between the Issuers and Holders, a payment by the Issuers on the Notes.

SECTION 10.08. RELATIVE RIGHTS.

This Article 10 defines the relative rights of Holders of Notes and holders of Senior Debt. Nothing in this Indenture shall:

(a) impair, as between the Issuers and Holders of Notes, the obligation of the Issuers, which is absolute and unconditional, to pay principal of and interest on the Notes in accordance with their terms;

(b) affect the relative rights of Holders of Notes and creditors of the Issuers other than their rights in relation to holders of Senior Debt; or

(c) subject to Section 6.02, prevent the Trustee or any Holder of Notes from exercising its available remedies upon a Default or Event of Default, subject to the rights of holders and owners of Senior Debt to receive distributions and payments otherwise payable to Holders of Notes.

If the Issuers fail because of this Article 10 to pay principal of or interest on a Note on the due date, the failure is still a Default or Event of Default.

SECTION 10.09. SUBORDINATION MAY NOT BE IMPAIRED BY ISSUERS.

No right of any holder of Senior Debt to enforce the subordination of the Indebtedness evidenced by the Notes shall be impaired by any act or failure to act by either of the Issuers or any Holder or by the failure of either of the Issuers or any Holder to comply with this Indenture.

SECTION 10.10. DISTRIBUTION OR NOTICE TO REPRESENTATIVE.

Whenever a payment or distribution is to be made or a notice given to holders of Senior Debt, the payment or distribution may be made and the notice given to their Representative.

Upon any payment or distribution of assets of either of the Issuers or any of the Subsidiary Guarantors referred to in this Article 10, the Trustee and the Holders of Notes shall be entitled to rely upon any order or decree made by any court of competent jurisdiction or upon any certificate of such Representative or of the liquidating trustee or agent or other Person making any distribution to the Trustee or to the Holders of Notes for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Debt and other Indebtedness of such Issuer or Subsidiary Guarantor, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 10.

SECTION 10.11. RIGHTS OF TRUSTEE AND PAYING AGENT.

Notwithstanding the provisions of this Article 10 or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts that would prohibit the making of any payment or distribution by the Trustee, and the Trustee and the Paying Agent may continue to make payments on the Notes, unless a Responsible Officer of the Trustee shall have received at its Corporate Trust Office at least two Business Days prior to the date of such payment written notice of facts that would cause the payment of any Obligations with respect to the Notes to violate this Article 10. Only the Issuers or the holders of Designated Senior Debt or their Representative may give the notice. Nothing in this Article 10 shall impair the claims of, or payments to, the Trustee under or pursuant to Section 7.07 hereof. Each Paying Agent shall be subject to the same obligations under this Article 10 as is the Trustee.

The Trustee in its individual or any other capacity may hold Senior Debt with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights.

SECTION 10.12. AUTHORIZATION TO EFFECT SUBORDINATION.

Each Holder of Notes, by the Holder's acceptance thereof, authorizes and directs the Trustee on such Holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article 10, and appoints the Trustee to act as such Holder's attorney-in-fact for any and all such purposes. If the Trustee does not file a proper proof of claim or proof of debt in the form required in any proceeding referred to in Section 6.09 hereof at least 30 days before the expiration of the time to file such claim, the Representative of the Designated Senior Debt are hereby authorized to file an appropriate claim for and on behalf of the Holders of the Notes.

SECTION 10.13. AMENDMENTS.

The provisions of this Article 10 shall not be amended or modified without the written consent of the holders of all Designated Senior Debt.

ARTICLE 11
GUARANTEES

SECTION 11.01. GUARANTEES.

Subject to the provisions of this Article 11, each of the Subsidiary Guarantors hereby, jointly and severally, unconditionally guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the Obligations of the Issuers hereunder or thereunder, that: (a) the principal of, premium, interest and Liquidated Damages, if any, on the Notes shall be promptly paid in full when due, whether at the maturity or interest payment or mandatory redemption date, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, interest and Liquidated Damages, if any, on the Notes, if any, if lawful, and all other Obligations of the Issuers to the Holders or the Trustee under this Indenture and the Notes shall be promptly paid in full or performed, all in accordance with the terms of this Indenture and the Notes; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment

when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Subsidiary Guarantors shall be jointly and severally obligated to pay the same immediately. The Subsidiary Guarantors hereby agree that their obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions of this Indenture and the Notes, the recovery of any judgment against the Issuers, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Subsidiary Guarantor. Each Subsidiary Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuers, any right to require a proceeding first against the Issuers, protest, notice and all demands whatsoever and covenant that the Guarantees shall not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

If any Holder or the Trustee is required by any court or otherwise to return to the Issuers or Subsidiary Guarantors, or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuers or Subsidiary Guarantors, any amount paid by either to the Trustee or such Holder, these Guarantees, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Subsidiary Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

Each Subsidiary Guarantor further agrees that, as between the Subsidiary Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Obligations guaranteed hereby may be accelerated as provided in Article 6 hereof for the purposes of these Guarantees, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such Obligations as provided in Article 6 hereof, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Subsidiary Guarantors for the purpose of these Guarantees. The Subsidiary Guarantors shall have the right to seek contribution from any non-paying Subsidiary Guarantor so long as the exercise of such right does not impair the rights of the Holders under these Guarantees.

SECTION 11.02. LIMITATION OF GUARANTOR'S LIABILITY.

Each Subsidiary Guarantor and, by its acceptance hereof, each Holder hereof, hereby confirm that it is their intention that the Guarantee by such Subsidiary Guarantor not constitute a fraudulent transfer or conveyance for purposes of the Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to the Guarantees. To effectuate the foregoing intention, each such Person hereby irrevocably agrees that the Obligation of such Subsidiary Guarantor under its Guarantee under this Article 11 shall be limited to the maximum amount as shall, after giving effect to such maximum amount and all other (contingent or otherwise) liabilities of such Subsidiary Guarantor that are relevant under such laws, and after giving effect to any rights to contribution of such Subsidiary Guarantor pursuant to any agreement providing for an equitable contribution among such Subsidiary Guarantor and other Affiliates of the Issuers of payments made by guarantees by such parties, result in the Obligations of such Subsidiary Guarantor in respect of such maximum amount not constituting a fraudulent conveyance. Each Holder, by accepting the benefits hereof, confirms its intention that, in the event of bankruptcy, reorganization or other similar proceeding of either of the Issuers or any Subsidiary Guarantor in which concurrent claims are made upon such Subsidiary Guarantor hereunder, to the extent such claims shall not be fully satisfied, each such claimant with a valid claim against such Issuer shall be entitled to a ratable share of all payments by such Subsidiary Guarantor in respect of such concurrent claims.

SECTION 11.03. EXECUTION AND DELIVERY OF GUARANTEES.

To evidence the Guarantees set forth in Section 11.01 hereof, each Subsidiary Guarantor hereby agrees that a notation of the Guarantees substantially in the form of Exhibit D shall be endorsed by an officer of such Subsidiary Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of such Subsidiary Guarantor by its President or one of its Vice Presidents.

Each Subsidiary Guarantor hereby agrees that the Guarantees set forth in Section 11.01 shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of the Guarantees.

If an Officer or Officer whose signature is on this Indenture or on the Guarantees no longer holds that office at the time the Trustee authenticates the Note on which the Guarantees are endorsed, the Guarantees shall be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantees set forth in this Indenture on behalf of the Subsidiary Guarantors.

SECTION 11.04. SUBSIDIARY GUARANTORS MAY CONSOLIDATE, ETC., ON CERTAIN TERMS.

(a) Except as set forth in Articles 4 and 5 hereof, nothing contained in this Indenture or in any of the Notes shall prevent any consolidation or merger of a Subsidiary Guarantor with or into the Partnership or shall prevent any sale or conveyance of the property of a Subsidiary Guarantor as an entirety or substantially as an entirety, to the Partnership or another Subsidiary Guarantor.

(b) Except as set forth in Articles 4 and 5 hereof, nothing contained in this Indenture or in any of the Notes shall prevent any consolidation or merger of a Subsidiary Guarantor with or into another Person other than the Partnership or another Subsidiary Guarantor (whether or not affiliated with the Subsidiary Guarantor), or successive consolidations or mergers in which a Subsidiary Guarantor or its successor or successors shall be a party or parties, or shall prevent any sale or conveyance of the property of a Subsidiary Guarantor as an entirety or substantially as an entirety, to a person other than the Partnership (whether or not affiliated with the Subsidiary Guarantor) authorized to acquire and operate the same; provided, however, that such transaction meets all of the following requirements: (i) each Subsidiary Guarantor hereby covenants and agrees that, upon any such consolidation, merger, sale or conveyance, the Guarantee endorsed on the Notes, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed by such Subsidiary Guarantor, shall be expressly assumed (in the event that the Subsidiary Guarantor is not the surviving corporation in the merger or consolidation), by supplemental indenture satisfactory in form to the Trustee, executed and delivered to the Trustee, by the Person formed by such consolidation, or into which the Subsidiary Guarantor shall have been merged, or by the Person which shall have acquired such property, and (ii) immediately after giving effect to such transaction, no Default or Event of Default exists. In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor Person by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Guarantees endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Subsidiary Guarantor, such successor shall succeed to and be substituted for the Subsidiary Guarantor with the same effect as if it had been named herein as a Subsidiary Guarantor. Such successor thereupon may cause to be signed any or all of the Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore

shall not have been signed by the Issuers and delivered to the Trustee. All the Guarantees so issued shall in all respects have the same legal rank and benefit under this Indenture as the Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Guarantees had been issued at the date of the execution hereof.

SECTION 11.05. RELEASES

Concurrently with any sale of assets (including, if applicable, all of the Equity Interests of any Subsidiary Guarantor), any Liens in favor of the Trustee in the assets sold thereby shall be released; provided that in the event of an Asset Sale, the Net Proceeds from such sale or other disposition are treated in accordance with the provisions of Section 4.07 hereof. The Guarantee or the obligations under Section 11.04 hereof of a Subsidiary Guarantor will be released (i) in connection with any sale or other disposition of all or substantially all of the assets of such Subsidiary Guarantor (including by way of merger or consolidation), if the Partnership applies the Net Proceeds of that sale or other disposition in accordance with Section 4.07 hereof; or (ii) in connection with the sale or other disposition of all of the Equity Interests of a Subsidiary Guarantor, if the Partnership applies the Net Proceeds of that sale in accordance with Section 4.07 hereof; or (iii) if the Partnership designates any Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary; or (iv) at such time as such Subsidiary Guarantor ceases to guarantee any other Indebtedness of Leviathan. Upon delivery by the Partnership to the Trustee of an Officers' Certificate to the effect that such sale or other disposition was made by the Partnership in accordance with the provisions of this Indenture, including without limitation Section 4.07 hereof or such Guarantee is to be released pursuant to the provisions of the immediately preceding sentence, the Trustee shall execute any documents reasonably required in order to evidence the release of any Subsidiary Guarantor from its obligations under its Guarantees. Any Subsidiary Guarantor not released from its obligations under its Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Subsidiary Guarantor under this Indenture as provided in this Article 11.

SECTION 11.06. "TRUSTEE" TO INCLUDE PAYING AGENT.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Issuers and be then acting hereunder, the term "Trustee" as used in this Article 11 shall in such case (unless the context shall otherwise require) be construed as extending to and including such Paying Agent within its meaning as fully and for all intents and purposes as if such Paying Agent were named in this Article 11 in place of the Trustee.

SECTION 11.07. SUBORDINATION OF GUARANTEES.

The obligations of each Subsidiary Guarantor under its Guarantee pursuant to this Article 11 shall be junior and subordinated to the prior payment in full in cash of all Senior Debt and Guarantor Senior Debt (including interest after the commencement of any proceeding of the type described in Section 10.02 with respect to such Subsidiary Guarantor at the rate specified in the applicable Guarantor Senior Debt, whether or not such interest would be an allowed claim in such proceeding) of such Subsidiary Guarantor, in each case on the same basis as the Notes are junior and subordinated to Senior Debt, mutatis mutandis. For the purposes of the foregoing sentence, the Trustee and the Holders shall have the right to receive and/or retain payments by any of the Subsidiary Guarantors only at such times as they may receive and/or retain payments and distributions in respect of the Notes pursuant to this Indenture, including Article 10 hereof.

ARTICLE 12
SATISFACTION AND DISCHARGE

SECTION 12.01. SATISFACTION AND DISCHARGE.

This Indenture shall upon the request of the Issuers cease to be of further effect (except as to surviving rights of registration of transfer or exchange of Notes herein expressly provided for, the Issuers' obligations under Section 7.07 hereof, the Issuers' rights of optional redemption under Article 3 hereof, and the Trustee's and the Paying Agent's obligations under Section 12.02 and 12.03 hereof) and the Trustee, at the expense of the Issuers, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture when

(a) either

(i) all Notes therefore authenticated and delivered (other than (A) Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.07 and (B) Notes for whose payment money has been deposited in trust with the Trustee or any Paying Agent and thereafter paid to the Issuers or discharged from such trust) have been delivered to the Trustee for cancellation; or

(ii) all such Notes not theretofore delivered to the Trustee for cancellation

(A) have become due and payable; or

(B) shall become due and payable at their Stated Maturity within one year, or

(C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuers,

and the Issuers, in the case of clause (A), (B) or (C) above, have irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for such purpose money or U.S. Government Obligations in an amount sufficient (as certified by an independent public accountant designated by the Issuers) to pay and discharge the entire indebtedness of such Notes not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest, if any, to the date of such deposit (in the case of Notes which have become due and payable) or the Stated Maturity or redemption date, as the case may be;

(b) the Issuers have paid or caused to be paid all other sums then due and payable hereunder by the Issuers;

(c) no Default or Event of Default with respect to the Notes shall have occurred and be continuing on the date of such deposit and after giving effect to such deposit; and

(d) the Issuers have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the Issuers' obligations in Sections 2.03, 2.04, 2.06, 2.07, 2.11, 7.07, 7.08, 12.02, 12.03 and 12.04, and the Trustee's and Paying Agent's obligations in Section 12.03 shall survive until the Notes are no longer outstanding. Thereafter, only the Issuers' obligations in Section 12.03 shall survive.

In order to have money available on a payment date to pay principal (and premium, if any, on) or interest on the Notes, the U.S. Government Obligations shall be payable as to principal (and premium, if any) or interest at least one Business Day before such payment date in such amounts as shall provide the necessary money. The U.S. Government Obligations shall not be callable at the issuer's option.

SECTION 12.02. APPLICATION OF TRUST.

All money deposited with the Trustee pursuant to Section 12.01 shall be held in trust and, at the written direction of the Issuers, be invested prior to maturity in non-callable U.S. Government Obligations, and applied by the Trustee in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for the payment of which money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

SECTION 12.03 REPAYMENT OF THE ISSUERS.

The Trustee and the Paying Agent shall promptly pay to the Issuers upon written request any excess money or securities held by them at any time.

The Trustee and the Paying Agent shall pay to the Issuers upon written request any money held by them for the payment of principal or interest that remains unclaimed for two years after the date upon which such payment shall have become due; provided that the Issuers shall have either caused notice of such payment to be mailed to each Holder of the Notes entitled thereto no less than 30 days prior to such repayment or within such period shall have published such notice in a financial newspaper of widespread circulation published in The City of New York, including, without limitation, The Wall Street Journal (national edition). After payment to the Issuers, Holders entitled to the money must look to the Issuers for payment as general creditors unless an applicable abandoned property law designates another Person, and all liability of the Trustee and such Paying Agent with respect to such money shall cease.

SECTION 12.04 REINSTATEMENT.

If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with Section 8.1 by reason of any legal proceeding or by reason of any order or judgement of any court of governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuers' and Subsidiary Guarantors' Obligations under this Indenture, the Notes and the Guarantees shall be revived and reinstated as though no deposit has occurred pursuant to Section 12.01 until such time as the Trustee or Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with Section 12.03, provided, however, that if the Issuers or the Subsidiary Guarantors have made any payment of interest on or principal of any Notes because of the reinstatement of their Obligations, the Issuers or such Subsidiary Guarantors shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE 13
MISCELLANEOUS

SECTION 13.01. TRUST INDENTURE ACT CONTROLS.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA Section 318(c), the imposed duties shall control.

SECTION 13.02. NOTICES.

Any notice or communication by the Issuers or the Trustee to the others is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), telecopier or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Issuers or any Subsidiary Guarantor:

Leviathan Gas Pipeline Partners, L.P.
c/o Leviathan Gas Pipeline Company
El Paso Energy Building
1001 Louisiana
Houston, Texas 77002
Telecopier No.: (713) 420-5472
Attention: Chief Financial Officer

With a copy to:

Akin, Gump, Strauss, Hauer & Feld, L.L.P.
1900 Pennzoil Place, South Tower
711 Louisiana Street
Houston, Texas 77002
Telecopier No.: (713) 236-0822
Attention: J. Vincent Kendrick

If to the Trustee:

Chase Bank of Texas, National Association
600 Travis Street
Suite 1150
Houston, Texas 77002
Telecopier No.: (713) 216-5476
Attention: Mauri Cowen

The Issuers, any Subsidiary Guarantor or the Trustee, by notice to the others may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the

mail, postage prepaid, if mailed; when receipt acknowledged, if sent by facsimile transmission; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication shall also be so mailed to any Person described in TIA Section 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Issuers mail a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 13.03. COMMUNICATION BY HOLDERS OF NOTES WITH OTHER HOLDERS OF NOTES.

The Trustee is subject to TIA Section 312(b), and Holders may communicate pursuant thereto with other Holders with respect to their rights under this Indenture or the Notes. The Issuers, the Subsidiary Guarantors, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

SECTION 13.04. CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.

Upon any request or application by the Issuers or any Subsidiary Guarantor to the Trustee to take any action under this Indenture, the Issuers or such Subsidiary Guarantors shall furnish to the Trustee:

(a) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 13.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 13.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Officer of the General Partner, an Issuer or any Subsidiary Guarantor may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, and may state that it is so based,

insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Officer or Officers of the General Partner, an Issuer or such Subsidiary Guarantor stating that the information with respect to such factual matters is in possession of the General Partner, an Issuer or such Subsidiary Guarantor, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate of opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 13.05. STATEMENTS REQUIRED IN CERTIFICATE OR OPINION.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA Section 314(a)(4)) shall comply with the provisions of TIA Section 314(e) and shall include:

(a) a statement that the Person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

SECTION 13.06. RULES BY TRUSTEE AND AGENTS.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 13.07. NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, PARTNERS, EMPLOYEES, INCORPORATORS, STOCKHOLDERS AND MEMBERS.

No past, present or future director, officer, partner, employee, incorporator, stockholder or member of either of the Issuers, the General Partner or any Subsidiary Guarantor, as such, shall have any liability for any obligations of either of the Issuers or any Subsidiary Guarantor under the Notes, this Indenture or the Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

SECTION 13.08. GOVERNING LAW.

THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE GUARANTEES.

SECTION 13.09. NO ADVERSE INTERPRETATION OF OTHER AGREEMENTS.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of either of the Issuers or any Subsidiary of the Partnership or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture or the Guarantees.

SECTION 13.10. SUCCESSORS.

All agreements of the Issuers and the Subsidiary Guarantors in this Indenture, the Notes and the Guarantees shall bind its successors. All agreements of the Trustee in this Indenture shall bind their respective successors.

SECTION 13.11. SEVERABILITY.

In case any provision in this Indenture, the Notes or the Guarantees shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 13.12. COUNTERPART ORIGINALS.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

SECTION 13.13. TABLE OF CONTENTS, HEADINGS, ETC.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Indenture as of the date first written above.

THE PARTNERSHIP:

LEVIATHAN GAS PIPELINE PARTNERS, L.P.,
a Delaware limited partnership

By: Leviathan Gas Pipeline Company,
a Delaware corporation,
as General Partner

By:

Name:

Title:

LEVIATHAN FINANCE:

LEVIATHAN FINANCE CORPORATION,
a Delaware corporation

By:

Name:

Title:

THE GUARANTORS:

DELOS OFFSHORE COMPANY, L.L.C.

By:

Name:

Title:

EWING BANK GATHERING COMPANY, L.L.C.

By:

Name:

Title:

FLEXTREND DEVELOPMENT COMPANY, L.L.C.

By:

Name:

Title:

GREEN CANYON PIPE LINE COMPANY, L.L.C.

By:

Name:

Title:

LEVIATHAN OIL TRANSPORT SYSTEMS, L.L.C.

By:

Name:

Title:

MANTA RAY GATHERING COMPANY, L.L.C.

By:

Name:

Title:

POSEIDON PIPELINE COMPANY, L.L.C.

By:

Name:

Title:

SAILFISH PIPELINE COMPANY, L.L.C.

By:

Name:

Title:

STINGRAY HOLDING, L.L.C.

By:

Name:

Title:

TARPON TRANSMISSION COMPANY

By:

Name:

Title:

TRANSCO HYDROCARBONS COMPANY, L.L.C.

By:

Name:

Title:

TEXAM OFFSHORE GAS TRANSMISSION, L.L.C.

By:

Name:

Title:

TRANSCO OFFSHORE PIPELINE COMPANY, L.L.C.

By:

Name:

Title:

VK DEEPWATER GATHERING COMPANY, L.L.C.

By:

Name:

Title:

VK--MAIN PASS GATHERING COMPANY, L.L.C.

By:

Name:

Title:

VIOSCA KNOLL GATHERING COMPANY(1)

By:

Name:

Title:

TRUSTEE:

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION,
as Trustee

By:

Name:

Title:

- ---

(1) Following the acquisition from El Paso Energy of an additional interest in Viosca Knoll Gathering Company, as contemplated in the Preliminary Offering Memorandum and the Offering Memorandum, Viosca Knoll Gathering Company will be a subsidiary (and a Subsidiary Guarantor) of the Partnership.

SCHEDULE A

SCHEDULE OF SUBSIDIARY GUARANTORS

- Delos Offshore Company, L.L.C.
- Ewing Bank Gathering Company, L.L.C.
- Flextrend Development Company, L.L.C.
- Green Canyon Pipe Line Company, L.L.C.
- Leviathan Oil Transport Systems, L.L.C.
- Manta Ray Gathering Company, L.L.C.
- Poseidon Pipeline Company, L.L.C.
- Sailfish Pipeline Company, L.L.C.
- Stingray Holding, L.L.C.
- Tarpon Transmission Company
- Transco Hydrocarbons Company, L.L.C.
- Texam Offshore Gas Transmission, L.L.C.
- Transco Offshore Pipeline Company, L.L.C.
- VK Deepwater Gathering Company, L.L.C.
- VK - Main Pass Gathering Company, L.L.C.
- Viosca Knoll Gathering Company(2)

- ---

(2) Following the acquisition from El Paso Energy of an additional interest in Viosca Knoll Gathering Company, as contemplated in the Preliminary Offering Memorandum and the Offering Memorandum, Viosca Knoll Gathering Company will be a Subsidiary (and a Subsidiary Guarantor) of the Partnership.

EXHIBIT A-1
(Face of Note)

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUERS.

CUSIP/CINS ----------

10 3/8% [Series A] [Series B] Senior Subordinated Notes due 2009

No. ------ $ ----------

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
LEVIATHAN FINANCE CORPORATION

promises to pay to ----------
or registered assigns,

the principal sum of ----------
[or such greater or lesser amount as may from time to time be endorsed on the Schedule of Exchanges of Interests in the Global Note](1)

Dollars on June 1, 2009.

Interest Payment Dates: June 1 and December 1 of each year

Record Dates: May 15 and November 15

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authorization hereon has been duly executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit of this Indenture or be valid or obligatory for any purpose.

Dated: ----------

Dated:

LEVIATHAN FINANCE CORPORATION

By:

Name:

Title:

LEVIATHAN GAS PIPELINE
PARTNERS, L.P.

By: Leviathan Gas Pipeline Company
General Partner

Certificate of Authentication

This is one of the
Notes referred to in the
within-mentioned Indenture

By:

Name:

Title:

Dated:

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION
as Trustee

By:

By:

Authorized Signatory

- ---
(1) This is included in Global Notes only

(Back of Note)

10 3/8% [Series A] [Series B] Senior Subordinated Notes due 2009

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS NOTE (OR ITS PREDECESSOR) HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. ACCORDINGLY, THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER:

(1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB"), (B) IT HAS ACQUIRED THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (C) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT (AN "IAI")),

(2) AGREES THAT IT WILL NOT RESELL, OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE PARTNERSHIP, LEVIATHAN FINANCE OR ANY SUBSIDIARIES OF THE PARTNERSHIP, (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (C) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF THE SECURITIES ACT, (D) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (E) TO AN IAI THAT, PRIOR TO SUCH TRANSFER, FURNISHES THE TRUSTEE WITH A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE TRANSFER OF THIS NOTE (THE FORM OF WHICH CAN BE OBTAINED FROM THE TRUSTEE) AND, IF SUCH TRANSFER IS IN RESPECT OF AN AGGREGATE PRINCIPAL AMOUNT OF NOTES LESS THAN $250,000, AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUERS THAT SUCH

TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUERS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, AND

(3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS.

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. INTEREST. Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership (the "Partnership"), and Leviathan Finance Corporation, a Delaware corporation ("Leviathan Finance" and, together with the Partnership, the "Issuers"), promise to pay interest on the principal amount of this Note at 103/8% per annum and shall pay the Liquidated Damages payable pursuant to Section 5 of the Registration Rights Agreement referred to below. The Issuers will pay interest and Liquidated Damages, if any, semi-annually on June 1 and December 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the Issue Date; provided that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; provided, further, that the first Interest Payment Date shall be December 1, 1999. The Issuers shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at the rate then in effect; the Issuers shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Liquidated Damages (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. METHOD OF PAYMENT. The Issuers will pay interest on the Notes (except defaulted interest) and Liquidated Damages to the Persons who are registered Holders of Notes at the close of business on the May 15 or November 15, next preceding the Interest Payment Date, even if such Notes are cancelled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium and interest and Liquidated Damages, if any, at the office or agency of the Issuers maintained for such purpose within the City and State of New York, or, at the option of the Issuers, payment of interest and Liquidated Damages, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders,

and provided that payment by wire transfer of immediately available funds will be required with respect to principal of and interest, premium and Liquidated Damages, if any, on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Issuers or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. PAYING AGENT AND REGISTRAR. Initially, Chase Bank of Texas, National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Issuers may change any Paying Agent or Registrar without notice to any Holder. The Issuers or any of the Subsidiary Guarantors may act in any such capacity.

4. INDENTURE. The Issuers issued the Notes under an Indenture dated as of May 27, 1999 ("Indenture") among the Issuers, the Subsidiary Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbbb). The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are obligations of the Issuers limited to $175.0 million in aggregate principal amount (subject to Section 2.07 of the Indenture). Payment of the Notes and Guarantees and related obligations are subordinated to the prior payment in full in cash of Senior Debt and Guarantor Senior Debt to the extent provided in the Indenture.

5. OPTIONAL REDEMPTION.

(a) Except as set forth in subparagraph (b) of this Paragraph 5, the Issuers shall not have the option to redeem the Notes prior to June 1, 2004. From and after June 1, 2004, the Issuers shall have the option to redeem the Notes, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, and Liquidated Damages, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on June 1 of the years indicated below:

YEAR	PERCENTAGE
2004	105.188%
2005	103.458%
2006	101.729%
2007 and thereafter	100.000%

(b) Notwithstanding the provisions of subparagraph (a) of this Paragraph 5, at any time prior to June 1, 2002, the Issuers may (but shall not have the obligation to) redeem, on one or more occasions, up to an aggregate of 33% of the aggregate principal amount of Notes originally issued under this Indenture at a redemption price equal to 110.375% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the redemption date, with the net cash proceeds of one or more Equity Offerings; provided that at least 67% of the aggregate principal amount of Notes remains outstanding immediately after the occurrence of such redemption (excluding for purposes of determining the Notes that remain outstanding any Notes held by the Issuers or any Restricted Subsidiary of the Partnership); and

provided further, that such redemption shall occur within 90 days of the date of the closing of such Equity Offering.

6. MANDATORY REDEMPTION.

Except as set forth in paragraph 7 below, the Issuers shall not be required to make mandatory redemption payments with respect to the Notes.

7. REPURCHASE AT OPTION OF HOLDER.

(a) If there is a Change of Control, each Holder of Notes will have the right to require the Issuers to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of each Holder's Notes (the "Change of Control Offer") at a purchase price equal to 101% of the aggregate principal amount of the Notes repurchased plus accrued and unpaid interest, if any, thereon, and Liquidated Damages, if any, thereon, to the date of purchase. Within 30 days following any Change of Control, the Issuers shall mail a notice to each Holder setting forth the procedures governing the Change of Control Offer as required by the Indenture and information regarding such other matters as is required under Section 4.06 of the Indenture. The Holder of this Note may elect to have this Note or a portion hereof in an authorized denomination purchased by completing the form entitled "Option of Holder to Elect Purchase" appearing below and tendering this Note pursuant to the Change of Control Offer.

(b) If the Issuers or any Restricted Subsidiary of the Partnership consummates an Asset Sale, the Issuers shall promptly commence a pro rata offer to all Holders of Notes and all holders of other Indebtedness that is pari passu with the Notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets (an "Asset Sale Offer") pursuant to Section 3.09 of the Indenture to purchase the maximum principal amount of Notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon, if any, and Liquidated Damages (in the case of the Notes) thereon, if any, to the date of purchase in accordance with the procedures set forth in the Indenture. If the aggregate principal amount of Notes surrendered by Holders thereof exceeds the amount of Excess Proceeds allocated for repurchase of Notes, the Trustee shall select the Notes to be purchased on a pro rata basis. Holders of Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Issuers prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled "Option of Holder to Elect Purchase" on the reverse of the Notes.

8. NOTICE OF REDEMPTION. Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest and Liquidated Damages, if any, cease to accrue on Notes or portions thereof called for redemption unless the Issuers defaults in making such redemption payment.

9. DENOMINATIONS, TRANSFER, EXCHANGE. The Notes are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuers may require

a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Issuers need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, it need not exchange or register the transfer of any Notes for a period of 15 days before the mailing of a notice of redemption or during the period between a record date and the corresponding Interest Payment Date.

10. PERSONS DEEMED OWNERS. The registered Holder of a Note may be treated as its owner for all purposes.

11. AMENDMENT, SUPPLEMENT AND WAIVER. Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes, and any existing default or compliance with any provision of the Indenture, the Guarantees, or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes. Without the consent of any Holder of a Note, the Indenture, the Guarantees, or the Notes may be amended or supplemented to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of an Issuer's or a Subsidiary Guarantor's obligations to Holders of the Notes in case of a merger or consolidation or sale of all or substantially all of such Issuer's assets, to add or release Subsidiary Guarantors pursuant to the terms of the Indenture, to make any change that would provide any additional rights or benefits to the Holders of the Notes or surrender any right or power conferred upon the Issuers or the Subsidiary Guarantors by the Indenture that does not adversely affect the legal rights under the Indenture of any such Holder, to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act or to evidence or provide for the acceptance of appointment under the Indenture of a successor Trustee.

12. DEFAULTS AND REMEDIES. Events of Default include in summary form: (i) default for 30 days in the payment when due of interest on or Liquidated Damages, if any, with respect to the Notes (whether or not prohibited by Article 10 of the Indenture); (ii) default in payment when due of the principal of or premium, if any, on the Notes (whether or not prohibited by Article 10 of the Indenture); (iii) failure by the Partnership or any of its Restricted Subsidiaries to comply with Sections 3.09, 4.06 and 4.07 of the Indenture; (iv) failure by the Partnership for 60 days after notice to the Issuers by the Trustee or to the Issuers and the Trustee by Holders of at least 25% in principal amount of the Notes then outstanding to comply with certain other agreements in the Indenture or the Notes (provided that no such notice need be given, and an Event of Default shall occur 60 days after a failure by an Issuer or any Restricted Subsidiary of the Partnership to comply with the covenants in section 4.08, 4.09 or 5.01 of the Indenture, unless theretofore cured); (v) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by an Issuer or any Restricted Subsidiary of the Partnership (or the payment of which is guaranteed by an Issuer or any Restricted Subsidiary of the Partnership) whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, if that default (a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default") or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $10.0 million or more; (vi) the failure by an Issuer or any Restricted Subsidiary of the Partnership to pay final judgments by courts of competent jurisdiction aggregating in excess of $10.0 million, which judgments are not paid, discharged or stayed for a period of

60 days; (vii) except as permitted by the Indenture, any Guarantee of a Subsidiary Guarantor shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in force and effect or any Subsidiary Guarantor, or any Person acting on behalf of any Subsidiary Guarantor, shall deny or disaffirm its obligations under its Guarantee; and (viii) certain events of bankruptcy or insolvency with respect to an Issuer or any Restricted Subsidiary of the Partnership. If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable. Notwithstanding the foregoing, so long as any Credit Facility shall be in full force and effect, if an Event of Default pursuant to clause (v) above with regard to such Credit Facility shall have occurred and be continuing, the Notes shall not become due and payable until the earlier to occur of (x) five business days following delivery of written notice of such acceleration of the Notes to the agent under such Credit Facility and (y) the acceleration of any Indebtedness under such Credit Facility. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to an Issuer, any Restricted Subsidiary of the Partnership constituting a Significant Subsidiary or any group of Restricted Subsidiaries of the Partnership that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest.

The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the Notes. The Partnership is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Issuers are required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

13. RANKING. Payment and principal, premium, if any, and interest on, and other Obligations with respect to, the Notes is subordinated, in the manner and to the extent set forth in the Indenture, to prior payment in full of all Senior Debt.

14. TRUSTEE DEALINGS WITH PARTNERSHIP. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Partnership or its Affiliates, and may otherwise deal with the Partnership or its Affiliates, as if it were not the Trustee.

15. NO RECOURSE AGAINST OTHERS. A past, present or future director, officer, partner, employee, incorporator, stockholder or member of an Issuer, the General Partner or any Subsidiary Guarantor, as such, shall not have any liability for any obligations of either of the Issuers or any Subsidiary Guarantor under the Notes, the Indenture or the Guarantees, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

16. AUTHENTICATION. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

17. ABBREVIATIONS. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

18. ADDITIONAL RIGHTS OF HOLDERS OF RESTRICTED GLOBAL NOTES AND RESTRICTED DEFINITIVE NOTES. In addition to the rights provided to Holders of Notes under the Indenture, Holders of Restricted Global Notes and Restricted Certificated Notes shall have all the rights set forth in the Registration Rights Agreement dated as of May 27, 1999, among the Issuers, the Subsidiary Guarantors and the parties named on the signature pages thereof (the "Registration Rights Agreement").

19. CUSIP NUMBERS. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuers have caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Issuers will furnish to any Holder upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement. Requests may be made to:

Leviathan Gas Pipeline Partners, L.P.
c/o Leviathan Gas Pipeline Company
El Paso Energy Building
1001 Louisiana
Houston, Texas 77002
Attention: Chief Financial Officer

with a copy to:

Akin, Gump, Strauss, Hauer & Feld, L.L.P.
1900 Pennzoil Place, South Tower
711 Louisiana Street
Houston, Texas 77002
Attention: J. Vincent Kendrick

ASSIGNMENT FORM

To assign this Note, fill in the form below: (I) or (we) assign and transfer this Note to

- ---

(Insert assignee's soc. sec. or tax I.D. no.)

- ---

- ---

- ---

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ to transfer this Note on the books of the Issuers. The agent may substitute another to act for him.

- ---

Date:

Your Signature:

(Sign exactly as your name appears the face of this Note)

Signature Guarantee:

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuers pursuant to Section 3.09, 4.07 or 4.06 of the Indenture, check the box below:

[ ] Section 3.09 and 4.07 [ ] Section 4.06

If you want to elect to have only part of the Note purchased by the Issuers pursuant to Section 3.09 and 4.07 or Section 4.06 of the Indenture, state the amount you elect to have purchased (must be an integral multiple of $1,000):

$

Date: Your Signature:

(Sign exactly as your name appears on the Note)

Tax Identification No.:

Signature Guarantee:

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Certificated Note, or exchanges of a part of another Global Note or Certificated Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal amount [at maturity] of this Global Note	Amount of increase in Principal Amount [at maturity] of this Global Note	Principal amount [at maturity] of this Global Note following such decrease (or increase)	Signature of authorized signatory of Trustee or Note Custodian

EXHIBIT A-2

(Face of Regulation S Temporary Global Notes)

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUERS.

CUSIP/CINS ----------

10 3/8% [Series A] [Series B] Senior Subordinated Notes due 2009

No. ------ $ ----------

LEVIATHAN GAS PIPELINE PARTNERS, L.P.

LEVIATHAN FINANCE CORPORATION

promises to pay to ----------

or registered assigns,

the principal sum of ----------

the principal sum of ----------
[or such greater or lesser amount as may from time to time be endorsed on the Schedule of
Exchanges of Interests in the Global Note](1)

Dollars on June 1, 2009.

Interest Payment Dates: June 1 and December 1 of each year

Record Dates: May 15 and November 15

Dated: ---------- Dated: ----------

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authorization hereon has been duly executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit of this Indenture or be valid or obligatory for any purpose.

Dated: ----------

Dated:

LEVIATHAN FINANCE CORPORATION

By:

Name:

Title:

LEVIATHAN GAS PIPELINE
PARTNERS, L.P.

By: Leviathan Gas Pipeline Company
General Partner

By:

Name:

Title:

Certificate of Authentication

This is one of the
Notes referred to in the
within-mentioned Indenture

Dated:

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION
as Trustee

By:

By:

Authorized Signatory

- ---
(1) This is included in Global Notes only

(Back of Regulation S Temporary Global Note)

10 3/8% [Series A] [Series B] Senior Subordinated Notes due 2009

THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR CERTIFICATED NOTES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON.

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(1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB"), (B) IT HAS ACQUIRED THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (C) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT (AN "IAI")),

(2) AGREES THAT IT WILL NOT RESELL, OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE PARTNERSHIP, LEVIATHAN FINANCE OR ANY SUBSIDIARIES OF THE PARTNERSHIP, (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (C) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF THE SECURITIES ACT, (D) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (E) TO AN IAI THAT, PRIOR TO SUCH TRANSFER,

FURNISHES THE TRUSTEE WITH A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE TRANSFER OF THIS NOTE (THE FORM OF WHICH CAN BE OBTAINED FROM THE TRUSTEE) AND, IF SUCH TRANSFER IS IN RESPECT OF AN AGGREGATE PRINCIPAL AMOUNT OF NOTES LESS THAN $250,000, AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUERS THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUERS), OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION, AND

(3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS.

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. INTEREST. Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership (the "Partnership"), and Leviathan Finance Corporation ("Leviathan Finance") and, together with the Partnership, the "Issuers"), promise to pay interest on the principal amount of this Note at 103/8% per annum and shall pay the Liquidated Damages payable pursuant to Section 5 of the Registration Rights Agreement referred to below. The Issuers will pay interest and Liquidated Damages, if any, semi-annually on June 1 and December 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the Issue Date; provided that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; provided, further, that the first Interest Payment Date shall be December 1, 1999. The Issuers shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at the rate then in effect; the Issuers shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Liquidated Damages (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. METHOD OF PAYMENT. The Issuers will pay interest on the Notes (except defaulted interest) and Liquidated Damages to the Persons who are registered Holders of Notes at the close of business on the May 15 and November 15 next preceding the Interest Payment Date, even if such Notes are cancelled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the

Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium and interest and Liquidated Damages, if any, at the office or agency of the Issuers maintained for such purpose within the City and State of New York, or, at the option of the Issuers, payment of interest and Liquidated Damages, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders, and provided that payment by wire transfer of immediately available funds will be required with respect to principal of and interest, premium and Liquidated Damages, if any, on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Issuers or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. PAYING AGENT AND REGISTRAR. Initially, Chase Bank of Texas, National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Issuers may change any Paying Agent or Registrar without notice to any Holder. The Issuers or any of the Subsidiary Guarantors may act in any such capacity.

4. INDENTURE. The Issuers issued the Notes under an Indenture dated as of May 27, 1998 ("Indenture") among the Issuers, the Subsidiary Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbbb). The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are obligations of the Issuers limited to $175.0 million in aggregate principal amount (subject to Section 2.07 of the Indenture). Payment of the Notes and Guarantees and related obligations are subordinated to the prior payment in full in cash of Senior Debt and Guarantor Senior Debt to the extent provided in the Indenture.

5. OPTIONAL REDEMPTION.

A. Except as set forth in subparagraph (b) of this Paragraph 5, the Issuers shall not have the option to redeem the Notes prior to June 1, 2004. From and after June 1, 2004, the Issuers shall have the option to redeem the Notes, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, and Liquidated Damages, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on June 1 of the years indicated below:

YEAR	PERCENTAGE
2004	105.188%
2005	103.458%
2006	101.729%
2007 and thereafter	100.000%

B. Notwithstanding the provisions of subparagraph (a) of this Paragraph 5, at any time prior to June 1, 2002, the Issuers may (but shall not have the obligation to) redeem, on one or more occasions, up to an aggregate of 33% of the aggregate principal amount of Notes originally issued under this Indenture at a redemption price equal to 110.375% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages thereon, if any, to the redemption date, with the net cash proceeds of one or more Equity Offerings; provided that at least 67% of the aggregate principal amount of Notes originally issued

under this Indenture remains outstanding immediately after the occurrence of such redemption (excluding for purposes of determining the Notes that remain outstanding any Notes held by the Issuers or any Restricted Subsidiary of the Partnership); and provided further, that such redemption shall occur within 90 days of the date of the closing of such Equity Offering.

6. MANDATORY REDEMPTION.

Except as set forth in paragraph 7 below, the Issuers shall not be required to make mandatory redemption payments with respect to the Notes.

7. REPURCHASE AT OPTION OF HOLDER.

A. If there is a Change of Control, each Holder of Notes will have the right to require the Issuers to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of each Holder's Notes (the "Change of Control Offer") at a purchase price equal to 101% of the aggregate principal amount of the Notes repurchased plus accrued and unpaid interest, if any, thereon, and Liquidated Damages, if any, thereon, to the date of purchase. Within 30 days following any Change of Control, the Issuers shall mail a notice to each Holder setting forth the procedures governing the Change of Control Offer as required by the Indenture and information regarding such other matters as is required under Section 4.06 of the Indenture. The Holder of this Note may elect to have this Note or a portion hereof in an authorized denomination purchased by completing the form entitled "Option of Holder to Elect Purchase" appearing below and tendering this Note pursuant to the Change of Control Offer.

B. If the Issuers or any Restricted Subsidiary of the Partnership consummates an Asset Sale, the Issuers shall promptly commence a pro rata offer to all Holders of Notes and all holders of other Indebtedness that is pari passu with the Notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets (an "Asset Sale Offer") pursuant to Section 3.09 of the Indenture to purchase the maximum principal amount of Notes and such other pari passu Indebtedness that may be purchased out of the Net Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, thereon, and Liquidated Damages (in the case of the Notes) thereon, to the date of purchase in accordance with the procedures set forth in the Indenture. If the aggregate principal amount of Notes surrendered by Holders thereof exceeds the amount of Excess Proceeds allocated for repurchase of Notes, the Trustee shall select the Notes to be purchased on a pro rata basis. Holders of Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Issuers prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled "Option of Holder to Elect Purchase" on the reverse of the Notes.

8. NOTICE OF REDEMPTION. Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest and Liquidated Damages, if any, cease to accrue on Notes or portions thereof called for redemption unless the Issuers defaults in making such redemption payment.

9. DENOMINATIONS, TRANSFER, EXCHANGE. The Notes are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder,

among other things, to furnish appropriate endorsements and transfer documents and the Issuers may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Issuers need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, it need not exchange or register the transfer of any Notes for a period of 15 days before the mailing of a notice of redemption or during the period between a record date and the corresponding Interest Payment Date.

10. PERSONS DEEMED OWNERS. The registered Holder of a Note may be treated as its owner for all purposes.

11. AMENDMENT, SUPPLEMENT AND WAIVER. Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes, and any existing default or compliance with any provision of the Indenture, the Guarantees, or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes. Without the consent of any Holder of a Note, the Indenture, the Guarantees, or the Notes may be amended or supplemented to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of an Issuer's or a Subsidiary Guarantor's obligations to Holders of the Notes in case of a merger or consolidation or sale of all or substantially all of such Issuer's assets, to add or release Subsidiary Guarantors pursuant to the terms of the Indenture, to make any change that would provide any additional rights or benefits to the Holders of the Notes or surrender any right or power conferred upon the Issuers or the Subsidiary Guarantors by the Indenture that does not adversely affect the legal rights under the Indenture of any such Holder, to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act or to evidence or provide for the acceptance of appointment under the Indenture of a successor Trustee.

12. DEFAULTS AND REMEDIES. Events of Default include in summary form: (i) default for 30 days in the payment when due of interest on or Liquidated Damages, if any, with respect to the Notes (whether or not prohibited by Article 10 of the Indenture); (ii) default in payment when due of the principal of or premium, if any, on the Notes (whether or not prohibited by Article 10 of the Indenture); (iii) failure by the Partnership or any of its Restricted Subsidiaries to comply with Sections 3.09, 4.06 and 4.07 of the Indenture; (iv) failure by the Partnership of the Partnership for 60 days after notice to the Issuers by the Trustee or to the Issuers and the Trustee by the Holders of at least 25% in principal amount of the Notes then outstanding to comply with certain other agreements in the Indenture or the Notes (provided that no such notice need be given, and an Event of Default shall occur 60 days after a failure by an Issuer or any Restricted Subsidiary of the Partnership to comply with the covenants in Section 4.08, 4.09 or 5.01 of the Indenture); (v) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by an Issuer or any of its Restricted Subsidiary of the Partnership (or the payment of which is guaranteed by an Issuer or any Restricted Subsidiary of the Partnership) whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, if that default (a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default") or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $10.0 million or more; (vi) the failure by an Issuer or any Restricted Subsidiary of the Partnership to pay final judgments by courts of competent jurisdiction aggregating in

excess of $10.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; (vii) except as permitted by the Indenture, any Guarantee of a Subsidiary Guarantor shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in force and effect or any Subsidiary Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Guarantee; and (viii) certain events of bankruptcy or insolvency with respect to an Issuer or any Restricted Subsidiary of the Partnership. If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable. Notwithstanding the foregoing, so long as any Credit Facility shall be in full force and effect, if an Event of Default pursuant to clause (v) above with regard to such Credit Facility shall have occurred and be continuing, the Notes shall not become due and payable until the earlier to occur of (x) five business days following delivery of written notice of such acceleration of the Notes to the agent under such Credit Facility and (y) the acceleration of any Indebtedness under such Credit Facility. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to an Issuer, any Restricted Subsidiary of the Partnership constituting a Significant Subsidiary or any group of Restricted Subsidiaries of the Partnership that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest.

The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the Notes. The Partnership is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Issuers are required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

13. RANKING. Payment and principal, premium, if any, and interest on, and other Obligations with respect to, the Notes is subordinated, in the manner and the extent set forth in the Indenture, to prior payment in full of all Senior Debt.

14. TRUSTEE DEALINGS WITH PARTNERSHIP. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Partnership or its Affiliates, and may otherwise deal with the Partnership or its Affiliates, as if it were not the Trustee.

15. NO RECOURSE AGAINST OTHERS. A past, present or future director, officer, partner, employee, incorporator or stockholder or member of an Issuer, the General Partner or any Subsidiary Guarantor, as such, shall not have any liability for any obligations of either of the Issuers or any Subsidiary Guarantor under the Notes, the Indenture or the Guarantees, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

16. AUTHENTICATION. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

17. ABBREVIATIONS. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

18. ADDITIONAL RIGHTS OF HOLDERS OF RESTRICTED GLOBAL NOTES AND RESTRICTED CETIFICATED NOTES. In addition to the rights provided to Holders of Notes under the Indenture, Holders of Restricted Global Notes and Restricted Certificated Notes shall have all the rights set forth in the Registration Rights Agreement dated as of May 27, 1999, among the Issuers, the Subsidiary Guarantor and the parties named on the signature pages thereof (the "Registration Rights Agreement").

19. CUSIP NUMBERS. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuers have caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Issuers will furnish to any Holder upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement. Requests may be made to:

Leviathan Gas Pipeline Partners, L.P.
c/o Leviathan Gas Pipeline Company
El Paso Energy Building
1001 Louisiana
Houston, Texas 77002
Attention: Chief Financial Officer

with a copy to:

Akin, Gump, Strauss, Hauer & Feld, L.L.P.
1900 Pennzoil Place, South Tower
711 Louisiana Street
Houston, Texas 77002
Attention: J. Vincent Kendrick

ASSIGNMENT FORM

To assign this Note, fill in the form below: (I) or (we) assign and transfer this Note to

- ---

(Insert assignee's soc. sec. or tax I.D. no.)

- ---

- ---

- ---

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____
to transfer this Note on the books of the Issuers. The agent may substitute another to act for him.

- ---

Date:

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee:

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuers pursuant to Section 3.09 or 4.06 or 4.07 of the Indenture, check the box below:

[ ] Section 3.09 [ ] Section 4.06

If you want to elect to have only part of the Note purchased by the Issuers pursuant to Section 3.09 or Section 4.06 or Section 4.07 of the Indenture, state the amount you elect to have purchased (must be an integral multiple of $1,000):

$

Date: _____ Your Signature: _____

(Sign exactly as your name appears on the Note)

Tax Identification No.: _____

Signature Guarantee: _____

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for an interest in another Global Note or of other Restricted Global Notes for an interest in this Regulation S Temporary Global Note, have been made:

Date of Exchange	Amount of decrease in Principal amount [at maturity] of this Global Note	Amount of increase in Principal Amount [at maturity] of this Global Note	Principal amount [at maturity] of this Global Note following such decrease (or increase)	Signature of authorized signatory of Trustee or Note Custodian

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Chase Bank of Texas, National Association
600 Travis, Suite 1150
Houston, Texas 77002
Attention: Corporate Trust Division

[Registrar address block]

Re: 10 3/8% Senior Subordinated Notes due 2009 of Leviathan Gas Pipeline Partners, L.P. and Leviathan Finance Corporation

Reference is hereby made to the Indenture, dated as of May 27, 1999 (the "Indenture"), between Leviathan Gas Pipeline Partners, L.P. and Leviathan Finance Corporation, as issuers (the "Issuers"), the Persons acting as guarantors and named herein (the "Subsidiary Guarantors") and Chase Bank of Texas, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the "Transferor") owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of $_____ in such Note[s] or interests (the "Transfer"), to _____ (the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE 144A GLOBAL NOTE OR A CERTIFICATED NOTE PURSUANT TO RULE 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Certificated Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Certificated Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Certificated Note and in the Indenture and the Securities Act.

2. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE REGULATION S TEMPORARY GLOBAL NOTE, THE REGULATION S GLOBAL NOTE OR A CERTIFICATED NOTE PURSUANT TO REGULATION S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act, and (iv) if the proposed transfer is being made prior to the expiration of the Distribution Compliance Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note, the Temporary Regulation S Global Note and/or the Certificated Note and in the Indenture and the Securities Act.

3. [ ] CHECK AND COMPLETE IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE RSTD GLOBAL NOTE OR A CERTIFICATED NOTE PURSUANT TO ANY PROVISION OF THE SECURITIES ACT OTHER THAN RULE 144A OR REGULATION S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Certificated Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) [ ] such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) [ ] such Transfer is being effected to the Partnership, Leviathan Finance or a Restricted Subsidiary of the Partnership;

or

(c) [ ] such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act;

or

(d) [ ] such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144 or Rule 904, and the Transferor hereby further certifies that the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted Certificated Notes and the requirements of the exemption claimed, which certification is supported by (1) a certificate executed by the

Transferee in the form of Exhibit E to the Indenture and (2) if such Transfer is in respect of a principal amount of Notes at the time of transfer of less than $250,000, an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the RSTD Global Note and/or the Certificated Notes and in the Indenture and the Securities Act.

4. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE OR OF AN UNRESTRICTED CERTIFICATED NOTE.

(a) [ ] CHECK IF TRANSFER IS PURSUANT TO RULE 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Certificated Notes and in the Indenture.

(b) [ ] CHECK IF TRANSFER IS PURSUANT TO REGULATION S. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Certificated Notes and in the Indenture.

(c) [ ] CHECK IF TRANSFER IS PURSUANT TO OTHER EXEMPTION. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Certificated Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and for the benefit of the Issuers and Donaldson, Lufkin & Jenrette Securities Corporation and Chase Securities Inc. (collectively, the "Initial Purchasers"), the Initial Purchasers of such Notes being transferred. We acknowledge that you, the Issuers and the Initial Purchasers will rely upon our confirmations, acknowledgments and agreements set forth herein, and we agree to notify you promptly in writing if any of our representations or warranties herein ceases to be accurate and complete.

[Insert Name of Transferor]

By:

Name:
Title:

Dated: ---------- , ------

cc: Issuers
Initial Purchasers

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP _____), or

(ii) [ ] Regulation S Global Note (CUSIP _____), or

(iii) [ ] RSTD Global Note (CUSIP _____); or

(b) [ ] a Restricted Certificated Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP _____), or

(ii) [ ] Regulation S Global Note (CUSIP _____), or

(iii) [ ] RSTD Global Note (CUSIP _____), or

(iv) [ ] Unrestricted Global Note (CUSIP _____); or

(b) [ ] a Restricted Certificated Note; or

(c) [ ] an Unrestricted Certificated Note,

in accordance with the terms of the Indenture.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

Chase Bank of Texas, National Association
600 Travis, Suite 1150
Houston, Texas 77002
Attention: Corporate Trust Division

[Registrar address block]

Re: 10 3/8% Senior Subordinated Notes due 2009 of Leviathan Gas Pipeline Partners, L.P. and Leviathan Finance Corporation

(CUSIP _____)

Reference is hereby made to the Indenture, dated as of May 27, 1999, (the "Indenture"), between Leviathan Gas Pipeline Partners, L.P. and Leviathan Finance Corporation, as issuers (the "Issuers"), the Persons acting as guarantors and named therein (the "Subsidiary Guarantors") and Chase Bank of Texas, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the "Owner") owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of $_____ in such Note[s] or interests (the "Exchange"). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Certificated Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Certificated Notes or Beneficial Interests in an Unrestricted Global Note

(a) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the "Securities Act"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO UNRESTRICTED CERTIFICATED NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Certificated Note, the Owner hereby certifies (i) the Certificated Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in

accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Certificated Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED CERTIFICATED NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Owner's Exchange of a Restricted Certificated Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Certificated Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED CERTIFICATED NOTE TO UNRESTRICTED CERTIFICATED NOTE. In connection with the Owner's Exchange of a Restricted Certificated Note for an Unrestricted Certificated Note, the Owner hereby certifies (i) the Unrestricted Certificated Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Certificated Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Certificated Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. EXCHANGE OF RESTRICTED CERTIFICATED NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES FOR RESTRICTED CERTIFICATED NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES

(a) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO RESTRICTED CERTIFICATED NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Certificated Note with an equal principal amount, the Owner hereby certifies that the Restricted Certificated Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Certificated Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Certificated Note and in the Indenture and the Securities Act.

(b) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED CERTIFICATED NOTE TO BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's Restricted Certificated Note for a beneficial interest in the [CHECK ONE] o 144A Global Note, o Regulation S Global Note, o RSTD Global Note, with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the

Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuers and Donaldson, Lufkin & Jenrette Securities Corporation and Chase Securities Inc. (collectively, the "Initial Purchasers"), the Initial Purchasers of such Notes being transferred. We acknowledge that you, the Issuers and the Initial Purchasers will rely upon our confirmations, acknowledgments and agreements set forth herein, and we agree to notify you promptly in writing if any of our representations or warranties herein ceases to be accurate and complete.

[Insert Name of Owner]

By:

Name:
Title:

Dated: , ------

cc: Issuers
Initial Purchasers

EXHIBIT D

FORM OF GUARANTEE NOTATION

Subject to the limitations set forth in the Indenture (the "Indenture") referred to in the Note upon which this notation is endorsed, each of the entities listed on Schedule A hereto (hereinafter referred to as the "Subsidiary Guarantors", which term includes any successor or additional Subsidiary Guarantor under the Indenture (i) has unconditionally guaranteed (a) the due and punctual payment of the principal of and interest on the Notes, whether at maturity or interest payment date, by acceleration, call for redemption or otherwise, (b) the due and punctual payment of interest on the overdue principal of and (if lawful) interest on the Notes, (c) the due and punctual performance of all other Obligations of the Issuers to the Holders or the Trustee, all in accordance with the terms set forth in the Indenture, and (d) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise and (ii) has agreed to pay any and all costs and expenses (including reasonable attorneys' fees) incurred by the Trustee or any Holder in enforcing any rights under this Guarantee. This Guarantee Notation is subject to the limitations set forth in the Indenture, including Article 11 thereof.

No member, stockholder, partner, officer, employee, director or incorporator, as such, past, present or future, of the Subsidiary Guarantors shall have any personal liability under this Guarantee by reason of his or its status as such member, manager, partner, stockholder, officer, employee, director or incorporator.

The Guarantee shall be binding upon each Subsidiary Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges herein conferred upon that party shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof.

Each Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this notation of Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

The obligations of the Subsidiary Guarantors to the Holders of Notes and to the Trustee pursuant to the Guarantees and the Indenture are expressly subordinated to the extent set forth in Articles 10 and 11 of the Indenture and reference is hereby made to such Indenture for the precise terms of such subordination.

Certain of the Subsidiary Guarantors may be released from their Guarantees upon the terms and subject to the conditions provided in the Indenture.

EACH ENTITY LISTED ON SCHEDULE A HERETO

By:

Name:
Title:

SCHEDULE A

SCHEDULE OF SUBSIDIARY GUARANTORS

- Delos Offshore Company, L.L.C.
- Ewing Bank Gathering Company, L.L.C.
- Flextrend Development Company, L.L.C.
- Green Canyon Pipe Line Company, L.L.C.
- Leviathan Oil Transport Systems, L.L.C.
- Manta Ray Gathering Company, L.L.C.
- Poseidon Pipeline Company, L.L.C.
- Sailfish Pipeline Company, L.L.C.
- Stingray Holding, L.L.C.
- Tarpon Transmission Company
- Transco Hydrocarbons Company, L.L.C.
- Texam Offshore Gas Transmission, L.L.C.
- Transco Offshore Pipeline Company, L.L.C.
- VK Deepwater Gathering Company, L.L.C.
- VK - Main Pass Gathering Company, L.L.C.
- Viosca Knoll Gathering Company(1)

- ----------

(1) Following the acquisition from El Paso Energy of an additional interest in Viosca Knoll Gathering Company, as contemplated in the Preliminary Offering Memorandum and the Offering Memorandum, Viosca Knoll Gathering Company will be a subsidiary of the Partnership.

EXHIBIT E

FORM OF CERTIFICATE FROM
ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

Leviathan Gas Pipeline Partners, L.P.
1001 Louisiana
El Paso Energy Building
Houston, Texas 77002
Attention: Secretary

[Registrar address block]

Re: 10 3/8% Senior Subordinated Notes due 2009 of Leviathan Gas Pipeline Partners, L.P. and Leviathan Finance Corporation

Reference is hereby made to the Indenture, dated as of May 27, 1999 (the "Indenture"), among Leviathan Gas Pipeline Partners, L.P. and Leviathan Finance Corporation, as issuers (the "Issuers"), the Subsidiary Guarantors party thereto and Chase Bank of Texas, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

In connection with our proposed purchase of $_____ aggregate principal amount of:

(a) [ ] a beneficial interest in a Global Note, or

(b) [ ] a Certificated Note,

we confirm that:

1. We understand that any subsequent transfer of the Notes or any interest therein is subject to certain restrictions and conditions set forth in the Indenture and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes or any interest therein except in compliance with, such restrictions and conditions and the United States Securities Act of 1933, as amended (the "Securities Act").

2. We understand that the offer and sale of the Notes have not been registered under the Securities Act, and that the Notes and any interest therein may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell the Notes or any interest therein, we will do so only (A) to the Partnership, Leviathan Finance or any Restricted Subsidiary of the Partnership, (B) in accordance with Rule 144A under the Securities Act to a "Qualified institutional buyer" (as defined therein), (C) to an institutional "Accredited investor" (as defined below) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to you and to the Issuers a signed letter substantially in the form of this letter and, if such transfer is in respect of a principal amount of Notes, at the time of transfer of less than $250,000, an Opinion of Counsel in form reasonably acceptable to the Issuers to the effect that such transfer is in compliance with the Securities Act, (D) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (E) pursuant to the provisions of Rule 144 under the Securities Act or (F) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to

any person purchasing the Certificated Note or beneficial interest in a Global Note from us in a transaction meeting the requirements of clauses (A) through (E) of this paragraph a notice advising such purchaser that resales thereof are restricted as stated herein.

3. We understand that, on any proposed resale of the Notes or beneficial interest therein, we will be required to furnish to you and the Issuers such certifications, legal opinions and other information as you and the Issuers may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to the foregoing effect. We further understand that any subsequent transfer by us of the Notes or beneficial interest therein acquired by us must be effected through one of the Placement Agents.

4. We are an institutional "Accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

5. We are acquiring the Notes or beneficial interest therein purchased by us for our own account or for one or more accounts (each of which is an institutional "Accredited Investor") as to each of which we exercise sole investment discretion.

You and the Issuers are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

[Insert Name of Accredited Investor]

By:

Name:
Title:

Dated: ---------- , ------

cc: Issuers

EXECUTION COPY

A/B EXCHANGE
REGISTRATION RIGHTS AGREEMENT

Dated as of May 27, 1999

by and among

LEVIATHAN GAS PIPELINE PARTNERS, L.P.

LEVIATHAN FINANCE CORPORATION

THE SUBSIDIARY GUARANTORS LISTED ON SCHEDULE A

and

DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION

CHASE SECURITIES INC.

This Registration Rights Agreement (this "AGREEMENT") is made and entered into as of May 27, 1999 by and among Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership (the "PARTNERSHIP"), Leviathan Finance Corporation, a Delaware corporation ("LEVIATHAN FINANCE" and, together with the Partnership, the "ISSUERS"), each of the entities listed on Schedule A attached hereto (the "SUBSIDIARY GUARANTOR" and collectively, the "SUBSIDIARY GUARANTORS"), and Donaldson Lufkin & Jenrette Securities Corporation and Chase Securities Inc. (each an "INITIAL PURCHASER" and, collectively, the "INITIAL PURCHASERS"), each of whom has agreed to purchase the Issuers' 10 3/8% Series A Senior Notes due 2009 (the "SERIES A NOTES") pursuant to the Purchase Agreement (as defined below).

This Agreement is made pursuant to the Purchase Agreement, dated May 24, 1999 (the "PURCHASE AGREEMENT"), by and among the Issuers, the Subsidiary Guarantors and the Initial Purchasers. In order to induce the Initial Purchasers to purchase the Series A Notes, the Issuers have agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchasers set forth in Section 2 of the Purchase Agreement. Capitalized terms used herein and not otherwise defined shall have the meaning assigned to them the Indenture, dated May 27, 1999, between the Issuers, the Subsidiary Guarantors and Chase Bank of Texas, National Association, as Trustee, relating to the Series A Notes and the Series B Notes (the "INDENTURE").

The parties hereby agree as follows:

SECTION 1. DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings:

ACT: The Securities Act of 1933, as amended.

AFFILIATE: As defined in Rule 144 of the Act.

BROKER-DEALER: Any broker or dealer registered under the Exchange Act.

CERTIFICATED SECURITIES: Definitive Notes, as defined in the Indenture.

CLOSING DATE: The date hereof.

COMMISSION: The Securities and Exchange Commission.

CONSUMMATE: An Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (a) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the Series B Notes to be issued in the Exchange Offer, (b) the maintenance of such Exchange Offer Registration Statement continuously effective and the keeping of the Exchange Offer open for a period not less than the period required pursuant to Section 3(b) hereof and (c) the delivery by the Issuers to the Registrar under the Indenture of Series B Notes in the same aggregate principal amount as the aggregate principal amount of Series A Notes tendered by Holders thereof pursuant to the Exchange Offer.

CONSUMMATION DEADLINE: As defined in Section 3(b) hereof.

EFFECTIVENESS DEADLINE: As defined in Sections 3(a) and 4(a) hereof.

EXCHANGE ACT: The Securities Exchange Act of 1934, as amended.

EXCHANGE OFFER: The exchange and issuance by the Issuers of a principal amount of Series B Notes (which shall be registered pursuant to the Exchange Offer Registration Statement) equal to the outstanding principal amount of Series A Notes that are tendered by such Holders in connection with such exchange and issuance.

EXCHANGE OFFER REGISTRATION STATEMENT: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

EXEMPT RESALES: The transactions in which the Initial Purchasers propose to sell the Series A Notes to certain "qualified institutional buyers, "as such term is defined in Rule 144A under the Act and pursuant to Regulation S under the Act.

FILING DEADLINE: As defined in Sections 3(a) and 4(a) hereof.

HOLDERS: As defined in Section 2 hereof.

PARTNERSHIP AGREEMENT: Partnership Agreement means the Amended and Restated Agreement of Limited Partnership of Leviathan Gas Pipeline Partners, L.P., dated as of February 13, 1993, as amended.

PROSPECTUS: The prospectus included in a Registration Statement at the time such Registration Statement is declared effective, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

RECOMMENCEMENT DATE: As defined in Section 6(d) hereof.

REGISTRATION DEFAULT: As defined in Section 5 hereof.

REGISTRATION STATEMENT: Any registration statement of the Issuers and the Subsidiary Guarantors relating to (a) an offering of Series B Notes pursuant to an Exchange Offer or (b) the registration for resale of Transfer Restricted Securities pursuant to the Shelf Registration Statement, in each case, (i) that is filed pursuant to the provisions of this Agreement and (ii) including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

REGULATION S: Regulation S promulgated under the Act.

RULE 144: Rule 144 promulgated under the Act.

SERIES B NOTES: The Issuers' 10 3/8% Series B Senior Notes due 2009 to be issued pursuant to the Indenture: (i) in the Exchange Offer or (ii) as contemplated by Section 4 hereof.

SHELF REGISTRATION STATEMENT: As defined in Section 6(b) hereof.

SUSPENSION NOTICE: As defined in Section 6(d) hereof.

TIA: The Trust Indenture Act of 1939 (15 U.S.C. Section 77aaa-77bbbb) as in effect on the date of the Indenture.

TRANSFER RESTRICTED SECURITIES: Each Series A Note, until the earliest to occur of (a) the date on which such Series A Note is exchanged in the Exchange Offer for a Series B Note which is entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Act, (b) the date on which such Series A Note has been disposed of in accordance with a Shelf Registration Statement (and the purchasers thereof have been issued Series B Notes), or (c) the date on which such Series A Note is distributed to the public pursuant to Rule 144 under the Act (and purchasers thereof have been issued Series B Notes) and each Series B Note until the date on which such Series B Note is disposed of by a Broker-Dealer pursuant to the "Plan of Distribution" contemplated by the Exchange Offer Registration Statement (including the delivery of the Prospectus contained therein).

SECTION 2. HOLDERS

A Person is deemed to be a holder of Transfer Restricted Securities (each, a "HOLDER") whenever such Person owns Transfer Restricted Securities.

SECTION 3. REGISTERED EXCHANGE OFFER

(a) Unless the Exchange Offer shall not be permitted by applicable federal law (after the procedures set forth in Section 6(a)(i) below have been complied with), the Issuers and the Subsidiary Guarantors shall (i) cause the Exchange Offer Registration Statement to be filed with the Commission as soon as practicable after the Closing Date, but in no event later than 60 days after the Closing Date (such 60th day being the "FILING DEADLINE"), (ii) use its best efforts to cause such Exchange Offer Registration Statement to become effective at the earliest possible time, but in no event later than 150 days after the Closing Date (such 150th day being the "EFFECTIVENESS DEADLINE"), (iii) in connection with the foregoing, (A) file all pre-effective amendments to such Exchange Offer Registration Statement as may be necessary in order to cause it to become effective, (B) file, if applicable, a post-effective amendment to such Exchange Offer Registration Statement pursuant to Rule 430A under the Act and (C) cause all necessary filings, if any, in connection with the registration and qualification of the Series B Notes to be made under the Blue Sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer, and (iv) upon the effectiveness of such Exchange Offer Registration Statement, commence and Consummate the Exchange Offer. The Exchange Offer shall be on the appropriate form permitting (i) registration of the Series B Notes to be offered in exchange for the Series A Notes that are Transfer Restricted Securities and (ii) resales of Series B Notes by Broker-Dealers that tendered into the Exchange Offer Series A Notes that such Broker-Dealer acquired for its own account as a result of market making activities or other trading activities (other than Series A Notes acquired directly from the Issuers or any of their Affiliates) as contemplated by Section 3(c) below.

(b) The Issuers and the Subsidiary Guarantors shall use their respective best efforts to cause the Exchange Offer Registration Statement to be effective continuously, and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; provided, however, that in no event shall such period be less than 20 Business Days. The Issuers and the Subsidiary Guarantors shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Series B Notes shall be included in the Exchange Offer Registration Statement. The Issuers and the Subsidiary Guarantors shall use their respective best efforts to cause the Exchange Offer to be Consummated on the earliest practicable date after the Exchange Offer Registration Statement has become effective, but in no event later than 30 business days thereafter (such 30th day being the "CONSUMMATION DEADLINE").

(c) The Issuers shall include a "Plan of Distribution" section in the Prospectus contained in the Exchange Offer Registration Statement and indicate therein that any Broker-Dealer who holds Transfer Restricted Securities that were acquired for the account of such Broker-Dealer as a result of market-making activities or other trading activities (other than Series A Notes acquired directly from the Issuers or any Affiliate of the Issuers) may exchange such Transfer Restricted Securities pursuant to the Exchange Offer. Such "Plan of Distribution" section shall also contain all other information with respect to such sales by such Broker-Dealers that the Commission may require in order to permit such sales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Transfer Restricted Securities held by any such Broker-Dealer, except to the extent required by the Commission as a result of a change in policy, rules or regulations after the date of this Agreement.

Because such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Act and must, therefore, deliver a prospectus meeting the requirements of the Act in connection with its initial sale of any Series B Notes received by such Broker-Dealer in the Exchange Offer, the Issuers and Subsidiary Guarantors shall permit the use of the Prospectus contained in the Exchange Offer Registration Statement by such Broker-Dealer to satisfy such prospectus delivery requirement. To the extent necessary to ensure that the prospectus contained in the Exchange Offer Registration Statement is available for sales of Series B Notes by Broker-Dealers, the Issuers and the Subsidiary Guarantors agree to use their respective best efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented, amended and current as required by and subject to the provisions of Sections 6(a) and (c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of one year from the Consummation Deadline or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold pursuant thereto. The Issuers and the Subsidiary Guarantors shall provide sufficient copies of the latest version of such Prospectus to such Broker-Dealers, promptly upon request, and in no event later than one day after such request, at any time during such period.

SECTION 4. SHELF REGISTRATION

(a) Shelf Registration. If (i) the Exchange Offer is not permitted by applicable law (after the Issuers and the Subsidiary Guarantors have complied with the procedures set forth in Section 6(a)(i) below) or (ii) if any Holder of Transfer Restricted Securities shall notify the Issuers within 20 Business Days following the Consummation Deadline that (A) such Holder was prohibited by law or Commission policy from participating in the Exchange Offer or (B) such Holder may not resell the Series B Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and if the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder or (C) such Holder is a Broker-Dealer and holds Series A Notes acquired directly from the Issuers or any of their Affiliates, then the Issuers and the Subsidiary Guarantors shall:

(x) cause to be filed, on or prior to 30 days after the earlier of (i) the date on which the Issuers determine that the Exchange Offer Registration Statement cannot be filed as a result of clause (a)(i) above and (ii) the date on which the Issuers receive the notice specified in clause (a)(ii) above, (such earlier date, the "FILING DEADLINE"), a shelf registration statement pursuant to Rule 415 under the Act (which may be an amendment to the Exchange Offer Registration Statement (the "SHELF REGISTRATION STATEMENT")), relating to all Transfer Restricted Securities, and

(y) shall use their respective best efforts to cause such Shelf Registration Statement to become effective on or prior to 60 days after the Filing Deadline for the Shelf Registration Statement (such 60th day the "EFFECTIVENESS DEADLINE").

If, after the Issuers have filed an Exchange Offer Registration Statement that satisfies the requirements of Section 3(a) above, the Issuers are required to file and make effective a Shelf Registration Statement solely because the Exchange Offer is not permitted under applicable federal law (i.e., clause (a)(i) above), then the filing of the Exchange Offer Registration Statement shall be deemed to satisfy the requirements of clause (x) above; provided that, in such event, the Issuers shall remain obligated to meet the Effectiveness Deadline set forth in clause (y).

To the extent necessary to ensure that the Shelf Registration Statement is available for sales of Transfer Restricted Securities by the Holders thereof entitled to the benefit of this Section 4(a) and the other securities required to be registered therein pursuant to Section 6(b)(ii) hereof, the Issuers and the Subsidiary Guarantors shall use their respective best efforts to keep any Shelf Registration Statement required by this Section 4(a) continuously effective, supplemented, amended and current as required by and subject to the provisions of Sections 6(b) and (c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of at least two years (as extended pursuant to Section 6(d)) following the Closing Date, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Shelf Registration Statement have been sold pursuant thereto.

(b) Provision by Holders of Certain Information in Connection with the Shelf Registration Statement. No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Issuers in writing, within 20 days after receipt of a request therefor, the information specified in Item 507 or 508 of Regulation S-K, as applicable, of the Act for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. No Holder of Transfer Restricted Securities shall be entitled to liquidated damages pursuant to Section 5 hereof unless and until such Holder shall have provided all such information. Each selling Holder agrees to promptly furnish additional information required to be disclosed in order to make the information previously furnished to the Issuers by such Holder not materially misleading.

SECTION 5. LIQUIDATED DAMAGES

If (i) any Registration Statement required by this Agreement is not filed with the Commission on or prior to the applicable Filing Deadline, (ii) any such Registration Statement has not been declared effective by the Commission on or prior to the applicable Effectiveness Deadline, (iii) the Exchange Offer has not been Consummated on or prior to the Consummation Deadline or (iv) any Registration Statement required by this Agreement is filed and declared effective but shall thereafter cease to be effective or fail to be usable for its intended purpose without being succeeded within 2 days by a post-effective amendment to such Registration Statement that cures such failure and that is itself declared effective within 2 days of filing such post-effective amendment to such Registration Statement (each such event referred to in clauses (i) through (iv), a "REGISTRATION DEFAULT"), then the Issuers and the Subsidiary Guarantors hereby jointly and severally agree to pay to each Holder of Transfer Restricted Securities affected thereby liquidated damages in an amount equal to $.05 per week per $1,000 in principal amount of Transfer Restricted Securities held by such Holder for each week or portion thereof that the Registration Default continues for the first 90-day period immediately following the occurrence of such Registration Default. The amount of the liquidated damages shall increase by an additional $.05 per week per $1,000 in principal amount of Transfer Restricted Securities with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of liquidated damages of $.50 per week per $1,000 in principal amount of Transfer Restricted Securities; provided that the Issuers and the Subsidiary Guarantors shall in no event be required to pay liquidated damages for more than one Registration Default at any given time.

Notwithstanding anything to the contrary set forth herein, (1) upon filing of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (i) above, (2) upon the effectiveness of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (ii) above, (3) upon Consummation of the Exchange Offer, in the case of (iii) above, or (4) upon the filing of a post-effective amendment to the Registration Statement or an additional Registration Statement that causes the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement) to again be declared effective or made usable in the case of (iv) above, the liquidated damages payable with respect to the Transfer Restricted Securities as a result of such clause (i), (ii), (iii) or (iv), as applicable, shall cease.

All accrued liquidated damages shall be paid to the Holders entitled thereto, in the manner provided for the payment of interest in the Indenture, on each Interest Payment Date, as more fully set forth in the Indenture and the Notes. Notwithstanding the fact that any securities for which liquidated damages are due cease to be Transfer Restricted Securities, all obligations of the Issuers and the Subsidiary Guarantors to pay liquidated damages with respect to securities shall survive until such time as such obligations with respect to such securities shall have been satisfied in full.

SECTION 6. REGISTRATION PROCEDURES

(a) Exchange Offer Registration Statement. In connection with the Exchange Offer, the Issuers and the Subsidiary Guarantors shall (x) comply with all applicable provisions of Section 6(c) below, (y) use their respective best efforts to effect such exchange and to permit the resale of Series B Notes by Broker-Dealers that tendered in the Exchange Offer Series A Notes that such Broker-Dealer acquired for its own account as a result of its market making activities or other trading activities (other than Series A Notes acquired directly from the Issuers or any of their Affiliates) being sold in accordance with the intended method or methods of distribution thereof, and (z) comply with all of the following provisions:

(i) If, following the date hereof there has been announced a change in Commission policy with respect to exchange offers such as the Exchange Offer, that in the reasonable opinion of counsel to the Issuers raises a substantial question as to whether the Exchange Offer is permitted by applicable federal law, the Issuers and the Subsidiary Guarantors hereby agree to seek a no-action letter or other favorable decision from the Commission allowing the Issuers and the Subsidiary Guarantors to Consummate an Exchange Offer for such Transfer Restricted Securities. The Issuers and the Subsidiary Guarantors hereby agree to pursue the issuance of such a decision to the Commission staff level. In connection with the foregoing, the Issuers and the Subsidiary Guarantors hereby agree to take all such other actions as may be requested by the Commission or otherwise required in connection with the issuance of such decision, including without limitation (A) participating in telephonic conferences with the Commission, (B) delivering to the Commission staff an analysis prepared by counsel to the Issuers setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursuing a resolution (which need not be favorable) by the Commission staff.

(ii) As a condition to its participation in the Exchange Offer, each Holder of Transfer Restricted Securities (including, without limitation, any Holder who is a Broker Dealer) shall furnish, upon the request of the Issuers, prior to the Consummation of the Exchange Offer, a written representation to the Issuers and the Subsidiary Guarantors (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an Affiliate of the Issuers, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Series

B Notes to be issued in the Exchange Offer and (C) it is acquiring the Series B Notes in its ordinary course of business. As a condition to its participation in the Exchange Offer, each Holder using the Exchange Offer to participate in a distribution of the Series B Notes shall acknowledge and agree that, if the resales are of Series B Notes obtained by such Holder in exchange for Series A Notes acquired directly from the Issuers or an Affiliate thereof, it (1) could not, under Commission policy as in effect on the date of this Agreement, rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (including, if applicable, any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Act in connection with a secondary resale transaction and that such a secondary resale transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K.

(iii) Prior to effectiveness of the Exchange Offer Registration Statement, the Issuers and the Subsidiary Guarantors shall provide a supplemental letter to the Commission (A) stating that the Issuers and the Subsidiary Guarantors are registering the Exchange Offer in reliance on the position of the Commission enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991) as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and, if applicable, any no-action letter obtained pursuant to clause (i) above, (B) including a representation that neither the Issuers nor any Subsidiary Guarantor has entered into any arrangement or understanding with any Person to distribute the Series B Notes to be received in the Exchange Offer and that, to the best of the Issuers' and each Subsidiary Guarantor's information and belief, each Holder participating in the Exchange Offer is acquiring the Series B Notes in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the Series B Notes received in the Exchange Offer and (C) any other undertaking or representation required by the Commission as set forth in any no-action letter obtained pursuant to clause (i) above, if applicable.

(b) Shelf Registration Statement. In connection with the Shelf Registration Statement, the Issuers and the Subsidiary Guarantors shall:

(i) comply with all the provisions of Section 6(c) below and use their respective best efforts to effect such registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof (as indicated in the information furnished to the Issuers pursuant to Section 4(b) hereof), and pursuant thereto the Issuers and the Subsidiary Guarantors will prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Act, which form shall be available for the sale of the Transfer Restricted Securities in accordance with the intended method or methods of distribution thereof within the time periods and otherwise in accordance with the provisions hereof.

(ii) issue, upon the request of any Holder or purchaser of Series A Notes covered by any Shelf Registration Statement contemplated by this Agreement, Series B Notes having an aggregate principal amount equal to the aggregate principal amount of Series A Notes sold pursuant to the Shelf Registration Statement and surrendered to the Issuers for cancellation; the Issuers shall register Series B Notes on the Shelf Registration Statement for this purpose and issue the Series B Notes to the purchaser(s) of securities subject to the Shelf Registration Statement in the names as such purchaser(s) shall designate.

(c) General Provisions. In connection with any Registration Statement and any related Prospectus required by this Agreement, the Issuers and the Subsidiary Guarantors shall:

(i) use their respective best efforts to keep such Registration Statement continuously effective and provide all requisite financial statements for the period specified in Section 3 or 4 of this Agreement, as applicable. Upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain an untrue statement of material fact or omit to state any material fact necessary to make the statements therein not misleading or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, the Issuers and the Subsidiary Guarantors shall file promptly an appropriate amendment to such Registration Statement curing such defect, and, if Commission review is required, use their respective best efforts to cause such amendment to be declared effective as soon as practicable.

(ii) prepare and file with the Commission such amendments and post-effective amendments to the applicable Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as the case may be; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Act, and to comply fully with Rules 424, 430A and 462, as applicable, under the Act in a timely manner; and comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) advise each Holder promptly and, if requested by such Holder, confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any applicable Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, and (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement in order to make the statements therein not misleading, or that requires the making of any additions to or changes in the Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Issuers and the Subsidiary Guarantors shall use their respective best efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(iv) subject to Section 6(c)(i), if any fact or event contemplated by Section 6(c)(iii)(D) above shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of

Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(v) furnish to each Holder in connection with such exchange or sale, if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement), which documents will be subject to the review and comment of such Holders in connection with such sale, if any, for a period of at least five Business Days, and the Issuers will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which such Holders shall reasonably object within five Business Days after the receipt thereof. A Holder shall be deemed to have reasonably objected to such filing if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading or fails to comply with the applicable requirements of the Act;

(vi) promptly prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus, provide copies of such document to each Holder in connection with such exchange or sale, if any, make the Issuers' and the Subsidiary Guarantors representatives available for discussion of such document and other customary due diligence matters, and include such information in such document prior to the filing thereof as such Holders may reasonably request;

(vii) make available, at reasonable times, for inspection by each Holder and any attorney or accountant retained by such Holders, all financial and other records, pertinent corporate documents of the Issuers and the Subsidiary Guarantors and cause the Issuers' and the Subsidiary Guarantors' officers, directors and employees to supply all information reasonably requested by any such Holder, attorney or accountant in connection with such Registration Statement or any post-effective amendment thereto subsequent to the filing thereof and prior to its effectiveness;

(viii) if requested by any Holders in connection with such exchange or sale, promptly include in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such Holders may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Transfer Restricted Securities; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Issuers are notified of the matters to be included in such Prospectus supplement or post-effective amendment;

(ix) furnish to each Holder in connection with such exchange or sale, without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(x) deliver to each Holder without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Issuers and the Subsidiary Guarantors hereby consent to the use (in accordance with law) of the Prospectus and any amendment or supplement thereto by each selling

Holder in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;

(xi) upon the request of any Holder, enter into such agreements (including underwriting agreements) and make such representations and warranties and take all such other actions in connection therewith in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to any applicable Registration Statement contemplated by this Agreement as may be reasonably requested by any Holder in connection with any sale or resale pursuant to any applicable Registration Statement. In such connection, the Issuers and the Subsidiary Guarantors shall:

(A) upon request of any Holder, furnish (or in the case of paragraphs (2) and (3), use its best efforts to cause to be furnished) to each Holder, upon Consummation of the Exchange Offer or upon the effectiveness of the Shelf Registration Statement, as the case may be:

(1) a certificate, dated such date, signed on behalf of the Issuers and each Subsidiary Guarantor by (x) the President or any Vice President and (y) a principal financial or accounting officer of each of the Issuers and each Subsidiary Guarantor, confirming, as of the date thereof, the matters set forth in Sections 6(cc), 9(a) and 9(b) of the Purchase Agreement and such other similar matters as such Holders may reasonably request;

(2) an opinion, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, of counsel for the Issuers and the Subsidiary Guarantors covering matters similar to those set forth in paragraph (e) of Section 9 of the Purchase Agreement and such other matter as such Holder may reasonably request, and in any event including a statement to the effect that such counsel has participated in conferences with officers and other representatives of the Issuers and the Subsidiary Guarantors, representatives of the independent public accountants for the Issuers and the Subsidiary Guarantors and have considered the matters required to be stated therein and the statements contained therein, although such counsel has not independently verified the accuracy, completeness or fairness of such statements; and that such counsel advises that, on the basis of the foregoing, no facts came to such counsel's attention that caused such counsel to believe that the applicable Registration Statement, at the time such Registration Statement or any post-effective amendment thereto became effective and, in the case of the Exchange Offer Registration Statement, as of the date of Consummation of the Exchange Offer, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus contained in such Registration Statement as of its date and, in the case of the opinion dated the date of Consummation of the Exchange Offer, as of the date of Consummation, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Without limiting the foregoing, such counsel may state further that such counsel assumes no responsibility for, and has not independently verified, the accuracy, completeness or fairness of the financial statements, notes and schedules and other

financial data included in any Registration Statement contemplated by this Agreement or the related Prospectus; and

(3) a customary comfort letter, dated the date of Consummation of the Exchange Offer, or as of the date of effectiveness of the Shelf Registration Statement, as the case may be, from the Issuers' independent accountants, in the customary form and covering matters of the type customarily covered in comfort letters to underwriters in connection with underwritten offerings, and affirming the matters set forth in the comfort letters delivered pursuant to Section 9(g) of the Purchase Agreement; and

(B) deliver such other documents and certificates as may be reasonably requested by the selling Holders to evidence compliance with the matters covered in clause (A) above and with any customary conditions contained in any agreement entered into by the Issuers and the Subsidiary Guarantors pursuant to this clause (xi);

(xii) prior to any public offering of Transfer Restricted Securities, cooperate with the selling Holders and their counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders may request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the applicable Registration Statement; provided, however, that neither the Issuers nor any Subsidiary Guarantor shall be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so subject;

(xiii) in connection with any sale of Transfer Restricted Securities that will result in such securities no longer being Transfer Restricted Securities, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and to register such Transfer Restricted Securities in such denominations and such names as the selling Holders may request at least two Business Days prior to such sale of Transfer Restricted Securities;

(xiv) use their respective best efforts to cause the disposition of the Transfer Restricted Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof to consummate the disposition of such Transfer Restricted Securities, subject to the proviso contained in clause (xii) above;

(xv) provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of a Registration Statement covering such Transfer Restricted Securities and provide the Trustee under the Indenture with printed certificates for the Transfer Restricted Securities which are in a form eligible for deposit with the Depository Trust Company;

(xvi) otherwise use their respective best efforts to comply with all applicable rules and regulations of the Commission, and make generally available to their security holders with regard to any applicable Registration Statement, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) covering a twelve-month

period beginning after the effective date of the Registration Statement (as such term is defined in paragraph (c) of Rule 158 under the Act);

(xvii) cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required by this Agreement and, in connection therewith, cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute and use its best efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner; and

(xviii) provide promptly to each Holder, upon request, each document filed with the Commission pursuant to the requirements of Section 13 or Section 15(d) of the Exchange Act.

(d) Restrictions on Holders. Each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of the notice referred to in Section 6(c)(iii)(C) or any notice from the Issuers of the existence of any fact of the kind described in Section 6(c)(iii)(D) hereof (in each case, a "SUSPENSION NOTICE"), such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until (i) such Holder has received copies of the supplemented or amended Prospectus contemplated by Section 6(c)(iv) hereof, or (ii) such Holder is advised in writing by the Issuers that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus (in each case, the "RECOMMENCEMENT DATE"). Each Holder receiving a Suspension Notice hereby agrees that it will either (i) destroy any Prospectuses, other than permanent file copies, then in such Holder's possession which have been replaced by the Issuers with more recently dated Prospectuses or (ii) deliver to the Issuers (at the Issuers' expense) all copies, other than permanent file copies, then in such Holder's possession of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of the Suspension Notice. The time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by a number of days equal to the number of days in the period from and including the date of delivery of the Suspension Notice to the date of delivery of the Recommencement Date.

(e) Effectiveness of Registration Statement. Notwithstanding anything to the contrary contained in this Agreement, the obligation of the Issuers and the Subsidiary Guarantors hereunder to maintain the effectiveness of any Registration Statement and any related Prospectus may be suspended, without default or penalty to the Issuers or the Subsidiary Guarantors, for one or more periods of time as may be required with respect to such Registration Statement if (A) the Board of Directors of the General Partner shall have determined that the offering and sales under the Registration Statement, the filing of such Registration Statement or the maintenance of its effectiveness would require disclosure of or would interfere in any material respect with any material financing, acquisition, merger, offering or other transaction involving the Issuers or the Subsidiary Guarantors or would otherwise require disclosure of nonpublic information that could materially and adversely affect the Issuers or the Subsidiary Guarantors or (B) the Issuers are required by any state or federal securities laws to file an amendment or supplement to such Registration Statement for the purpose of incorporating quarterly or annual information, which is not automatically effective. Further, the Issuers and the Subsidiary Guarantors shall be deemed to have used their respective best efforts to keep any Registration Statement continuously effective if either (A) or (B) above has occurred.

SECTION 7. REGISTRATION EXPENSES

(a) All expenses incident to the Issuers' and the Subsidiary Guarantors' performance of or compliance with this Agreement will be borne by the Issuers, regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees and expenses; (ii) all fees and expenses of compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including printing certificates for the Series B Notes to be issued in the Exchange Offer and printing of Prospectuses), messenger and delivery services and telephone; (iv) all fees and disbursements of counsel for the Issuers, the Subsidiary Guarantors and the Holders of Transfer Restricted Securities; (v) all application and filing fees in connection with listing the Series B Notes on a national securities exchange or automated quotation system pursuant to the requirements hereof; and (vi) all fees and disbursements of independent certified public accountants of the Issuers and the Subsidiary Guarantors (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Issuers will, in any event, bear their and the Subsidiary Guarantors' internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Issuers or the Subsidiary Guarantors.

(b) In connection with any Registration Statement required by this Agreement (including, without limitation, the Exchange Offer Registration Statement and the Shelf Registration Statement), the Issuers and the Subsidiary Guarantors will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities who are tendering Series A Notes in the Exchange Offer and/or selling or reselling Series A Notes or Series B Notes pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel, who shall be Andrews & Kurth L.L.P., unless another firm shall be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

SECTION 8. INDEMNIFICATION

(a) The Issuers and the Subsidiary Guarantors agree, jointly and severally, to indemnify and hold harmless each Holder, its directors, officers and each Person, if any, who controls such Holder (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act), from and against any and all losses, claims, damages, liabilities, judgments, (including without limitation, any legal or other expenses incurred in connection with investigating or defending any matter, including any action that could give rise to any such losses, claims, damages, liabilities or judgments) caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, preliminary prospectus or Prospectus (or any amendment or supplement thereto) provided by the Issuers to any Holder or any prospective purchaser of Series B Notes or registered Series A Notes, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or judgments are caused by an untrue statement or omission or alleged untrue statement or omission that is based upon information relating to any of the Holders furnished in writing to the Issuers by any of the Holders.

(b) Each Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless the Issuers and the Subsidiary Guarantor(s), and their respective directors and officers, and each person, if any, who controls (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) the Issuers, or the Subsidiary Guarantors to the same extent as the foregoing indemnity

from the Issuers and the Subsidiary Guarantors set forth in Section 8(a) above, but only with reference to information relating to such Holder furnished in writing to the Issuers by such Holder expressly for use in any Registration Statement. In no event shall any Holder, its directors, officers or any Person who controls such Holder be liable or responsible for any amount in excess of the amount by which the total amount received by such Holder with respect to its sale of Transfer Restricted Securities pursuant to a Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities and (ii) the amount of any damages that such Holder, its directors, officers or any Person who controls such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(c) In case any action shall be commenced involving any person in respect of which indemnity may be sought pursuant to Section 8(a) or 8(b) (the "INDEMNIFIED PARTY"), the indemnified party shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PERSON") in writing and the indemnifying party shall assume the defense of such action, including the employment of counsel reasonably satisfactory to the indemnified party and the payment of all fees and expenses of such counsel, as incurred (except that in the case of any action in respect of which indemnity may be sought pursuant to both Sections 8(a) and 8(b), a Holder shall not be required to assume the defense of such action pursuant to this Section 8(c), but may employ separate counsel and participate in the defense thereof, but the fees and expenses of such counsel, except as provided below, shall be at the expense of the Holder). Any indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the indemnified party unless (i) the employment of such counsel shall have been specifically authorized in writing by the indemnifying party, (ii) the indemnifying party shall have failed to assume the defense of such action or employ counsel reasonably satisfactory to the indemnified party or (iii) the named parties to any such action (including any impleaded parties) include both the indemnified party and the indemnifying party, and the indemnified party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party (in which case the indemnifying party shall not have the right to assume the defense of such action on behalf of the indemnified party). In any such case, the indemnifying party shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all indemnified parties and all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by a majority of the Holders, in the case of the parties indemnified pursuant to Section 8(a), and by the Issuers and Subsidiary Guarantors, in the case of parties indemnified pursuant to Section 8(b). The indemnifying party shall indemnify and hold harmless the indemnified party from and against any and all losses, claims, damages, liabilities and judgments by reason of any settlement of any action (i) effected with its written consent or (ii) effected without its written consent if the settlement is entered into more than twenty business days after the indemnifying party shall have received a request from the indemnified party for reimbursement for the fees and expenses of counsel (in any case where such fees and expenses are at the expense of the indemnifying party) and, prior to the date of such settlement, the indemnifying party shall have failed to comply with such reimbursement request. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement or compromise of, or consent to the entry of judgment with respect to, any pending or threatened action in respect of which the indemnified party is or could have been a party and indemnity or contribution may be or could have been sought hereunder by the indemnified party, unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability on claims that are or could have been the subject matter of such action and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of the indemnified party.

(d) To the extent that the indemnification provided for in this Section 8 is unavailable to an indemnified party in respect of any losses, claims, damages, liabilities or judgments referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or judgments (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuers and the Subsidiary Guarantors, on the one hand, and the Holders, on the other hand, from their sale of Transfer Restricted Securities or (ii) if the allocation provided by clause 8(d)(i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 8(d)(i) above but also the relative fault of the Issuers and the Subsidiary Guarantors, on the one hand, and of the Holder, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or judgments, as well as any other relevant equitable considerations. The relative fault of the Issuers and the Subsidiary Guarantors, on the one hand, and of the Holder, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuers or such Subsidiary Guarantor, on the one hand, or by the Holder, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Issuers, the Subsidiary Guarantors and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such indemnified party in connection with investigating or defending any matter, including any action that could have given rise to such losses, claims, damages, liabilities or judgments. Notwithstanding the provisions of this Section 8, no Holder, its directors, its officers or any Person, if any, who controls such Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the total received by such Holder with respect to the sale of Transfer Restricted Securities pursuant to a Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities and (ii) the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(d) are several in proportion to the respective principal amount of Transfer Restricted Securities held by each Holder hereunder and not joint.

SECTION 9. RULE 144A AND RULE 144

The Issuers and each Subsidiary Guarantor agrees with each Holder, for so long as any Transfer Restricted Securities remain outstanding and during any period in which the Issuers or such Subsidiary Guarantor (i) is not subject to Section 13 or 15(d) of the Exchange Act, to make available, upon request of any Holder, to such Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities designated by such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A, and (ii) is subject to Section 13 or 15 (d) of the Exchange Act, to make all filings required thereby in a timely manner in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144.

SECTION 10. MISCELLANEOUS

(a) Remedies. The Issuers and the Subsidiary Guarantors acknowledge and agree that any failure by the Issuers and/or the Subsidiary Guarantors to comply with their respective obligations under Sections 3 and 4 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Issuers' and the Subsidiary Guarantor's obligations under Sections 3 and 4 hereof. The Issuers and the Subsidiary Guarantors further agree to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) No Inconsistent Agreements. Neither the Issuers nor any Subsidiary Guarantor will, on or after the date of this Agreement, enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. Neither the Issuers nor any Subsidiary Guarantor have previously entered into any agreement granting any registration rights with respect to its securities to any Person other than the registration rights granted by the Partnership pursuant to Section 6.14 of the Partnership Agreement. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Issuers' and the Subsidiary Guarantors' securities under any agreement in effect on the date hereof.

(c) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless (i) in the case of Section 5 hereof and this Section 10(c)(i), the Issuers have obtained the written consent of Holders of all outstanding Transfer Restricted Securities and (ii) in the case of all other provisions hereof, the Issuers have obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities (excluding Transfer Restricted Securities held by the Issuers or their Affiliates). Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose Transfer Restricted Securities are being tendered pursuant to the Exchange Offer, and that does not affect directly or indirectly the rights of other Holders whose Transfer Restricted Securities are not being tendered pursuant to such Exchange Offer, may be given by the Holders of a majority of the outstanding principal amount of Transfer Restricted Securities subject to such Exchange Offer.

(d) Third Party Beneficiary. The Holders shall be third party beneficiaries to the agreements made hereunder between the Issuers and the Subsidiary Guarantors, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and

(ii) if to the Issuers or the Subsidiary Guarantors:
Leviathan Gas Pipeline Partners, L.P.
El Paso Energy Building
1001 Louisiana, 26th Floor
Houston, Texas 77002
Telecopier No.: (713) 420-5477
Attention: Chief Financial Officer

With a copy to:
Akin, Gump, Strauss, Hauer & Feld, L.L.P.
711 Louisiana Street, Suite 1900
Houston, Texas 77002
Telecopier No.: (713) 236-0822
Attention: J. Vincent Kendrick

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders; provided, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Transfer Restricted Securities in violation of the terms hereof or of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Transfer Restricted Securities in any manner, whether by operation of law or otherwise, such Transfer Restricted Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Transfer Restricted Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such Person shall be entitled to receive the benefits hereof.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

* * * *

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

LEVIATHAN GAS PIPELINE PARTNERS, L.P.

By: Leviathan Gas Pipeline Company, as General Partner

By: _____
Name: _____
Title: _____

LEVIATHAN FINANCE CORPORATION

By: _____
Name: _____
Title: _____

SUBSIDIARY GUARANTORS:

DELOS OFFSHORE COMPANY, L.L.C.

By: _____
Name: _____
Title: _____

EWING BANK GATHERING COMPANY, L.L.C.

By: _____
Name: _____
Title: _____

FLEXTREND DEVELOPMENT COMPANY, L.L.C.

By: _____
Name: _____
Title: _____

GREEN CANYON PIPE LINE COMPANY, L.L.C.

By:

Name:

Title:

LEVIATHAN OIL TRANSPORT SYSTEMS, L.L.C.

By:

Name:

Title:

MANTA RAY GATHERING COMPANY, L.L.C.

By:

Name:

Title:

POSEIDON PIPELINE COMPANY, L.L.C.

By:

Name:

Title:

SAILFISH PIPELINE COMPANY, L.L.C.

By:

Name:

Title:

STINGRAY HOLDING, L.L.C.

By:

Name:

Title:

TARPON TRANSMISSION COMPANY

By:

Name:

Title:

TRANSCO HYDROCARBONS COMPANY, L.L.C.

By:

Name:

Title:

TEXAM OFFSHORE GAS TRANSMISSION, L.L.C.

By:

Name:

Title:

TRANSCO OFFSHORE PIPELINE COMPANY, L.L.C.

By:

Name:

Title:

VK DEEPWATER GATHERING COMPANY, L.L.C.

By:

Name:

Title:

VK-MAIN PASS GATHERING COMPANY, L.L.C.

By:

Name:

Title:

VIOSCA KNOLL GATHERING COMPANY(1)

By:

Name:

Title:

- ---

(1) As of the closing date of the acquisition by the Partnership from El Paso Energy of an additional interest in Viosca Knoll Gathering Company, as contemplated in the Issuers' Preliminary Offering Memorandum and Offering Memorandum relating to the Series A Notes, Viosca Knoll Gathering Company will automatically become a Subsidiary Guarantor and a party to this Agreement.

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
CHASE SECURITIES INC.

By: DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

By:

Name:

Title:

SCHEDULE A

NAME OF SUBSIDIARY GUARANTOR	STATE OF INCORPORATION
Delos Offshore Company, L.L.C.	Delaware
Ewing Bank Gathering Company, L.L.C.	Delaware
Flextrend Development Company, L.L.C.	Delaware
Green Canyon Pipe Line Company, L.L.C.	Delaware
Leviathan Oil Transport Systems, L.L.C.	Delaware
Manta Ray Gathering Company, L.L.C.	Delaware
Poseidon Pipeline Company, L.L.C.	Delaware
Sailfish Pipeline Company, L.L.C.	Delaware
Stingray Holding, L.L.C.	Delaware
Tarpon Transmission Company	Texas
Texam Offshore Gas Transmission, L.L.C.	Delaware
Transco Hydrocarbons Company, L.L.C.	Delaware
Transco Offshore Pipeline Company, L.L.C.	Delaware
VK Deepwater Gathering Company, L.L.C.	Delaware
VK-Main Pass Gathering Company, L.L.C.	Delaware
Viosca Knoll Gathering Company(1)	

- ---

(1) As of the closing date of the acquisition by the Partnership from El Paso Energy of an additional interest in Viosca Knoll Gathering Company, as contemplated in the Issuers' Preliminary Offering Memorandum and Offering Memorandum relating to the Series A Notes, Viosca Knoll Gathering Company will automatically become a Subsidiary Guarantor.

EXHIBIT 10.4

THIRD AMENDMENT TO FIRST AMENDED AND RESTATED MANAGEMENT AGREEMENT BETWEEN DEEPTECH INTERNATIONAL INC. AND LEVIATHAN GAS PIPELINE COMPANY

This Third Amendment dated as of July 1, 1996 (this "Amendment") has been executed and delivered by the undersigned for the purpose of amending the First Amended and Restated Management Agreement dated as of June 27, 1994 (the "Agreement", as amended) between DeepTech International Inc. and Leviathan Gas Pipeline Company. Unless otherwise defined in the Amendment, all capitalized terms herein shall have the meanings ascribed to them in the Agreement.

WHEREAS, the Parties deem it to be in their mutual best interests to amend certain compensation and other provisions included in the Agreement.

NOW, THEREFORE, the Parties hereby amend the Agreement as follows:

1. Amendment of Subsection 3.1. Section 3.1 of the Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

> 3.1 Fee. Prior to July 1, 1994, the annual compensation due DII from LGPC for services provided pursuant to this Agreement shall accrue in accordance with the original terms and conditions of the Agreement prior to any amendments. On and as of July 1, 1994 through and including October 31, 1995, the annual compensation (prorated for any portion of a year) due DII from LGPC for services provided pursuant to this Agreement shall be (i) a base fee of $2,000,000.00 plus (ii) 40% of DII's Unreimbursed Overhead, if any. On and as of November 1, 1995 through and including June 30, 1996, the annual compensation (prorated for any portion of a year) due DII from LGPC for services provided pursuant to this Agreement shall be 45.3% of DII's Overhead. On and as of July 1, 1996 through the term of this Agreement, the annual compensation (prorated for any portion of a year) due DII from LGPC for services provided pursuant to this Agreement shall be 54% of DII's Overhead.

LGPC shall also promptly reimburse DII with respect to amounts incurred for the direct benefit of LGPC.

2. Amendment of Subsection 3.2. Section 3.2 of the Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

> 3.2 Payment of Fee. For purposes of accounting and periodic payment, before the first day of each calendar month, DII shall present LGPC with an invoice which reflects an amount equal to

(i) DII's best estimate as to LGPC's share of DII's Overhead for that month, if any, plus (ii) all reimbursable amounts. LGPC 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 LGPC detailing (i) the actual amount, if any, of DII's Overhead for the immediately preceding Fiscal Year, (ii) payments made from LGPC to DII for such Fiscal Year, and (iii) any adjustment balance due to/from DII. Within 15 days of the date of such statement, LGPC or DII, as applicable, shall remit the balance due.

3. Amendment of Article I. Article I of the Agreement is hereby amended by:

a. Adding the defined term "Overhead".

"Overhead" means DII's operating, selling, general, administrative and other similar expenses for any period as determined by DII.

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of the date first set forth in the preamble.

DEEPTECH INTERNATIONAL INC.	LEVIATHAN GAS PIPELINE COMPANY
By: /s/ Donald V. Weir	By: /s/ Grant E. Sims
Donald V. Weir	Printed Name: Grant E. Sims
Chief Financial Officer	Title: CEO

EXHIBIT 12.1
LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	YEAR ENDED DECEMBER 31,					THREE MONTHS ENDED MARCH 31,	
	1994	1995	1996	1997	1998	1998	1999
	(DOLLARS IN THOUSANDS)						
Earnings:							
Income (loss) from continuing operations before minority interests and income taxes....	$22,148	$23,593	$38,318	$(1,456)	$ 290	$(1,578)	$3,437
Interest and other financing costs.....	912	833	5,560	14,169	20,242	3,722	6,102
Interest component of rentals...	--	--	--	--	--	--	--
Preferred stock dividend requirements of majority-owned subsidiary.....	--	--	--	--	--	--	--
Total earnings available for fixed charges.....	$23,060	$24,426	$43,878	$12,713	$20,532	$ 2,144	$9,539
Fixed charges:							
Interest and other financing costs.....	$ 912	$ 6,102	$17,470	$15,890	$21,308	$ 4,175	$6,541
Interest component of rentals...	--	--	--	--	--	--	--
Preferred stock dividend requirements of majority-owned subsidiary.....	--	--	--	--	--	--	--
Total fixed charges.....	$ 912	$ 6,102	$17,470	$15,890	$21,308	$ 4,175	$6,541
Ratio of Earnings to Fixed Charges.....	25.3	4.0	2.5	0.8(a)	1.0(b)	0.5(c)	1.5

- ----------

(a) As a result of the loss incurred, Leviathan Gas Pipeline Partners, L.P. and its subsidiaries ("Leviathan") were unable to fully cover the indicated fixed charges by $3.2 million due to a non-recurring asset impairment of $21.2 million recorded in June 1997. If the impairment had not occurred, the ratio of earnings to fixed charges would have equaled 2.1x.

(b) Leviathan was unable to cover the indicated fixed charges by $776,000 due primarily to non-recurring expenses of $3.7 million recorded in August 1998 as a result of El Paso Energy Corporation's acquisition of Leviathan's general partner. If the non-recurring expenses had not been incurred, the ratio of earnings to fixed charges would have equaled 1.1x.

(c) As a result of the loss incurred, Leviathan was unable to fully cover the indicated fixed charges by $2.0 million. During the period, Leviathan (1) realized substantially low oil prices, (2) produced less production at Viosca Knoll Block 817 due to the lack of acceptable markets downstream of the Viosca Knoll system and (3) experienced non-recurring start-up costs from two joint venture projects which began operations during the fourth quarter of 1997. These operational events, which have been alleviated, contributed to Leviathan's deficiency in covering its fixed charges.

For the purposes of calculating these ratios: (i) "fixed charges" represents interest costs (whether expensed or capitalized), amortization of debt issue costs, the estimated portion of rental expenses representing the interest factor and preferred stock dividend requirements of majority-owned subsidiaries; and (ii) "earnings" represent the aggregate of income from continuing operations before minority interests and income taxes, interest expense, amortization of debt issue costs, the portion of rental expense representing the interest factor and the actual amount of any preferred stock dividend requirements of majority-owned subsidiaries.

EXHIBIT 21.1

SUBSIDIARIES OF LEVIATHAN GAS PIPELINE PARTNERS, L.P.

NAME OF SUBSIDIARY	JURISDICTION OF ORGANIZATION
Leviathan Finance Corporation	Delaware
Delos Offshore Company, L.L.C.	Delaware
Ewing Bank Gathering Company, L.L.C.	Delaware
Flextrend Development Company, L.L.C.	Delaware
Green Canyon Pipe Line Company, L.L.C.	Delaware
Leviathan Finance Corporation	Delaware
Leviathan Oil Transport Systems, L.L.C.	Delaware
Manta Ray Gathering Company, L.L.C.	Delaware
Poseidon Pipeline Company, L.L.C.	Delaware
Sailfish Pipeline Company, L.L.C.	Delaware
Stingray Holding, L.L.C.	Delaware
Transco Hydrocarbons Company, L.L.C.	Delaware
Texam Offshore Gas Transmission, L.L.C.	Delaware
Transco Offshore Pipeline Company, L.L.C.	Delaware
Tarpon Transmission Company	Texas
Viosca Knoll Gathering Company	Delaware
VK-Main Pass Gathering Company, L.L.C.	Delaware
VK Deepwater Gathering Company, L.L.C.	Delaware

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the use in this Registration Statement on Form S-4 of Leviathan Gas Pipeline Partners, L.P. and Leviathan Finance Corporation of (i) our reports dated March 19, 1999 relating to the consolidated financial statements of Leviathan Gas Pipeline Partners, L.P. and subsidiaries and the financial statements of Viosca Knoll Gathering Company, (ii) our report dated March 11, 1999 relating to the consolidated financial statements of Neptune Pipeline Company, L.L.C. and subsidiaries, (iii) our report dated May 3, 1999 relating to the balance sheet of Leviathan Finance Corporation and (iv) our report dated June 2, 1999 relating to the balance sheet of Leviathan Gas Pipeline Company each of which appears in such Registration Statement. We also consent to the references to us under the headings "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Houston, Texas
June 17, 1999

EXHIBIT 23.2

INDEPENDENT AUDITOR'S CONSENT

We consent to the use in this Registration Statement of Leviathan Gas Pipeline Partners, L.P. on Form S-4 of our report dated February 19, 1999, appearing in this Registration Statement, relating to statements of financial position of High Island Offshore System, L.L.C. as of December 31, 1998 and 1997 and the related statements of income, members' equity, and cash flows for each of the three years in the period ended December 31, 1998.

We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ DELOITTE & TOUCHE LLP

Detroit, Michigan
June 18, 1999

EXHIBIT 23.3

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use in this Registration Statement on Form S-4 of Leviathan Gas Pipeline Partners, L.P. of our report dated March 18, 1999 relating to the financial statements of Poseidon Oil Pipeline Company, L.L.C., as of December 31, 1998 and 1997 and for the years ended December 31, 1998 and 1997 and the period from inception (February 14, 1996) through December 31, 1996, and to all references to our Firm included in this Registration Statement.

/s/ ARTHUR ANDERSEN LLP

Houston, Texas
June 17, 1999

EXHIBIT 23.4

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS

We hereby consent to the use in this Registration Statement on Form S-4 of Leviathan Gas Pipeline Partners, L.P. of our reserve report as of December 31, 1998, and all references to our firm appearing in this Registration Statement of Leviathan Gas Pipeline Partners, L.P. for the fiscal year ended December 31, 1998. We also consent to the reference to us under the heading of "Experts" in such Registration Statement.

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: /s/ FREDERIC D. SEWELL

Frederic D. Sewell
President

Dallas, Texas
June 15, 1999

EXHIBIT 25.1

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE
TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY
OF A TRUSTEE PURSUANT TO SECTION 305(b)(2) [ ]

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION
(Exact name of trustee as specified in its charter)

74-0800980
(I.R.S. Employer Identification Number)

712 MAIN STREET, HOUSTON, TEXAS — 77002
(Address of principal executive offices) — (Zip code)

LEE BOOCKER, 712 MAIN STREET, 26TH FLOOR
HOUSTON, TEXAS 77002 (713) 216-2448
(Name, address and telephone number of agent for service)

(1) LEVIATHAN GAS PIPELINE PARTNERS, L.P.
(2) LEVIATHAN FINANCE CORPORATION
(Exact name of obligor as specified in its charter)
SEE TABLE OF ADDITIONAL OBLIGORS BELOW

(1)(2) DELAWARE (State or other jurisdiction of incorporation or organization)	(1) 76-0396023 (2) 76-0605880 (I.R.S. Employer Identification Number)
(1)(2) EL PASO ENERGY BUILDING 1001 LOUISIANA STREET HOUSTON, TEXAS (Address of principal executive offices)	77002 (Zip code)

10 3/8% SENIOR SUBORDINATED NOTES DUE 2009
(Title of indenture securities)

TABLE OF ADDITIONAL OBLIGORS

NAME	STATE OR OTHER JURISDICTION OF INCORPORATION	IRS EMPLOYER ID NO.	ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES
Delos Offshore Company, L.L.C.	Delaware	76-0543455	*
Ewing Bank Gathering Company, L.L.C.	Delaware	76-0391368	*
Flextrend Development Company, L.L.C.	Delaware	76-0470583	*
Green Canyon Pipe Line Company, L.L.C.	Delaware	76-0390827	*
Leviathan Oil Transport Systems, L.L.C.	Delaware	76-0439426	*
Manta Ray Gathering Company, L.L.C.	Delaware	76-0390825	*
Poseidon Pipeline Company, L.L.C.	Delaware	76-0464961	*
Sailfish Pipeline Company, L.L.C.	Delaware	76-0523106	*
Stingray Holding, L.L.C.	Delaware	76-0390830	*
Tarpon Transmission Company	Texas	75-1548949	*
Transco Hydrocarbons Company, L.L.C.	Delaware	76-0390837	*
Texam Offshore Gas Transmission, L.L.C.	Delaware	76-0390835	*
Transco Offshore Pipeline Company, L.L.C.	Delaware	76-0390832	*
VK Deepwater Gathering Company, L.L.C.	Delaware	76-0439425	*
VK-Main Pass Gathering Company, L.L.C.	Delaware	76-0439424	*
Viosca Knoll Gathering Company	Delaware	76-0439596	*

- ---

* 1001 Louisiana Street, 26th Floor, Houston, Texas 77002, Telephone (713) 420-2131

ITEM 1. GENERAL INFORMATION.

FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

(A) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING AUTHORITY TO WHICH IT IS SUBJECT.

Comptroller of the Currency, Washington, D.C.
Federal Deposit Insurance Corporation, Washington, D.C.
Board of Governors of the Federal Reserve System, Washington, D.C.

(B) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

The trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

IF THE OBLIGOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

The obligor is not an affiliate of the trustee. (See Note on Page 7.)

ITEM 3. VOTING SECURITIES OF THE TRUSTEE.

FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF VOTING SECURITIES OF THE TRUSTEE.

COL. A TITLE OF CLASS	COL. B AMOUNT OUTSTANDING

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 4. TRUSTEESHIPS UNDER OTHER INDENTURES.

IF THE TRUSTEE IS A TRUSTEE UNDER ANOTHER INDENTURE UNDER WHICH ANY OTHER SECURITIES, OR CERTIFICATES OF INTEREST OR PARTICIPATION IN ANY OTHER SECURITIES, OF THE OBLIGOR ARE OUTSTANDING, FURNISH THE FOLLOWING INFORMATION:

(A) TITLE OF THE SECURITIES OUTSTANDING UNDER EACH SUCH OTHER INDENTURE.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

(B) A BRIEF STATEMENT OF THE FACTS RELIED UPON AS A BASIS FOR THE CLAIM THAT NO CONFLICTING INTEREST WITHIN THE MEANING OF SECTION 310(b)(1) OF THE ACT ARISES AS A RESULT OF THE TRUSTEESHIP UNDER ANY SUCH OTHER INDENTURE, INCLUDING A STATEMENT AS TO HOW THE INDENTURE SECURITIES WILL RANK AS COMPARED WITH THE SECURITIES ISSUED UNDER SUCH OTHER INDENTURE.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 5.INTERLOCKING DIRECTORATES AND SIMILAR RELATIONSHIPS WITH OBLIGOR OR UNDERWRITERS.

IF THE TRUSTEE OR ANY OF THE DIRECTORS OR EXECUTIVE OFFICER OF THE TRUSTEE IS A DIRECTOR, OFFICER, PARTNER, EMPLOYEE, APPOINTEE, OR REPRESENTATIVE OF THE OBLIGOR OR OF ANY UNDERWRITER FOR THE OBLIGOR, IDENTIFY EACH SUCH PERSON HAVING ANY SUCH CONNECTION AND STATE THE NATURE OF EACH SUCH CONNECTION.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 6. VOTING SECURITIES OF THE TRUSTEE OWNED BY THE OBLIGOR OR ITS OFFICIALS.

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF THE TRUSTEE OWNED BENEFICIALLY BY THE OBLIGOR AND EACH DIRECTOR, PARTNER AND EXECUTIVE OFFICER OF THE OBLIGOR.

COL. A	COL. B	COL. C	COL. D
NAME OF OWNER	TITLE OF CLASS	AMOUNT OWNED BENEFICIALLY	PERCENTAGE OF VOTING SECURITIES REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 7. VOTING SECURITIES OF THE TRUSTEE OWNED BY UNDERWRITERS OR THEIR OFFICIALS.

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF THE TRUSTEE OWNED BENEFICIALLY BY EACH UNDERWRITER FOR THE OBLIGOR AND EACH DIRECTOR, PARTNER AND EXECUTIVE OFFICER OF EACH SUCH UNDERWRITER.

COL. A	COL. B	COL. C	COL. B
NAME OF OWNER	TITLE OF CLASS	AMOUNT OWNED BENEFICIALLY	PERCENTAGE OF VOTING SECURITIES REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 8. SECURITIES OF THE OBLIGOR OWNED OR HELD BY THE TRUSTEE.

FURNISH THE FOLLOWING INFORMATION AS TO THE SECURITIES OF THE OBLIGOR OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY THE TRUSTEE.

COL. A	COL. B	COL. C	COL. B
TITLE OF CLASS	WHETHER THE SECURITIES ARE VOTING OR NONVOTING SECURITIES	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT	PERCENTAGE OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 9. SECURITIES OF UNDERWRITERS OWNED OR HELD BY THE TRUSTEE.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT ANY SECURITIES OF AN UNDERWRITER FOR THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF SECURITIES OF SUCH UNDERWRITER ANY OF WHICH ARE SO OWNED OR HELD BY THE TRUSTEE.

COL. A	COL. B	COL. C	COL. D
NAME OF ISSUER AND TITLE OF CLASS	AMOUNT OUTSTANDING	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY TRUSTEE	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 10. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF VOTING SECURITIES OF CERTAIN AFFILIATES OR SECURITY HOLDERS OF THE OBLIGOR.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT VOTING SECURITIES OF A PERSON WHO, TO THE KNOWLEDGE OF THE TRUSTEE (1) OWNS 10% OR MORE OF THE VOTING

SECURITIES OF THE OBLIGOR OR (2) IS AN AFFILIATE, OTHER THAN A SUBSIDIARY, OF THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF SUCH PERSON.

COL. A	COL. B	COL. C	COL. D
NAME OF ISSUER AND TITLE OF CLASS	AMOUNT OUTSTANDING	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY TRUSTEE	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 11. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF ANY SECURITIES OF A PERSON OWNING 50% OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT ANY SECURITIES OF A PERSON WHO, TO THE KNOWLEDGE OF THE TRUSTEE, OWNS 50% OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF SECURITIES OR SUCH PERSON ANY OF WHICH ARE SO OWNED OR HELD BY THE TRUSTEE.

COL. A	COL. B	COL. C	COL. D
NAME OF ISSUER AND TITLE OF CLASS	AMOUNT OUTSTANDING	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY TRUSTEE	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 12. INDEBTEDNESS OF THE OBLIGOR TO THE TRUSTEE.

EXCEPT AS NOTED IN THE INSTRUCTIONS, IF THE OBLIGOR IS INDEBTED TO THE TRUSTEE, FURNISH THE FOLLOWING INFORMATION:

COL. A	COL. B	COL. C
NATURE OF INDEBTEDNESS	AMOUNT OUTSTANDING	DATE DUE

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 13. DEFAULTS BY THE OBLIGOR.

(A) STATE WHETHER THERE IS OR HAS BEEN A DEFAULT WITH RESPECT TO THE SECURITIES UNDER THIS INDENTURE. EXPLAIN THE NATURE OF ANY SUCH DEFAULT.

There is not, nor has there been, a default with respect to the securities under this indenture. (See Note on Page 7.)

(B) IF THE TRUSTEE IS A TRUSTEE UNDER ANOTHER INDENTURE UNDER WHICH ANY SECURITIES, OR CERTIFICATES OF INTEREST OR PARTICIPATION IN ANY OTHER SECURITIES, OF THE OBLIGOR ARE OUTSTANDING, OR IS TRUSTEE FOR MORE THAN ONE OUTSTANDING SERIES OF SECURITIES UNDER THE INDENTURE, STATE WHETHER THERE HAS BEEN A DEFAULT UNDER ANY SUCH INDENTURE OR SERIES, IDENTIFY THE INDENTURE OR SERIES AFFECTED, AND EXPLAIN THE NATURE OF ANY SUCH DEFAULT.

There has not been a default under any such indenture or series. (See Note on Page 7.)

ITEM 14. AFFILIATIONS WITH THE UNDERWRITERS.

IF ANY UNDERWRITER IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 15. FOREIGN TRUSTEE.

IDENTIFY THE ORDER OR RULE PURSUANT TO WHICH THE FOREIGN TRUSTEE IS AUTHORIZED TO ACT AS SOLE TRUSTEE UNDER INDENTURES QUALIFIED OR TO BE QUALIFIED UNDER THE ACT.

Not applicable.

ITEM 16. LIST OF EXHIBITS.

List below all exhibits filed as part of this statement of eligibility.

- 1. A copy of the articles of association of the trustee now in effect.

2. A copy of the certificate of authority of the trustee to commence business.

* 3. A copy of the certificate of authorization of the trustee to exercise corporate trust powers issued by the Board of Governors of the Federal Reserve System under date of January 21, 1948.

+ 4. A copy of the existing bylaws of the trustee.

5. Not applicable.

6. The consent of the United States institutional trustees required by Section 321(b) of the Act.

M 7. A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.

8. Not applicable.

9. Not applicable.

NOTE REGARDING INCORPORATED EXHIBITS

Effective January 20, 1998, the name of the Trustee was changed from Texas Commerce Bank National Association to Chase Bank of Texas, National Association. Certain of the exhibits incorporated herein by reference, except for Exhibit 7, were filed under the former name of the Trustee.

- Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-3 File No. 33-56195.

Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-3 File No. 33-42814.

* Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-11 File No. 33-25132.

+ Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-3 File No. 33-65055.

M Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-4 File No. 333-77263.

NOTE

Inasmuch as this Form T-1 is filed prior to the ascertainment by the trustee of all facts on which to base responsive answers to Items 2 and 13, the answers to said Items are based on incomplete information. Such Items may, however, be considered as correct unless amended by an amendment to this Form T-1.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, Chase Bank of Texas, National Association, formerly known as Texas Commerce Bank National Association, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto authorized, all in the City of Houston, and State of Texas, on the 18th day of June, 1999.

CHASE BANK of TEXAS, NATIONAL ASSOCIATION, as Trustee

By: /s/ MAURI J. COWEN

Mauri J. Cowen
Vice President and Trust Officer

EXHIBIT 6

Securities and Exchange Commission
Washington, D.C. 20549

Gentlemen:

The undersigned is trustee under an Indenture between Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership, and Leviathan Finance Corporation, a Delaware corporation, as obligors (the "Companies"), and Chase Bank of Texas, National Association, as Trustee, entered into in connection with the issuance of the Companies' Senior Subordinated Notes.

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned hereby consents that reports of examinations of the undersigned, made by Federal or State authorities authorized to make such examinations, may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Very truly yours,

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as Trustee

By: /s/ MAURI J. COWEN

Mauri J. Cowen
Vice President and Trust Officer

EXHIBIT 99.1

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
LEVIATHAN FINANCE CORPORATION

LETTER OF TRANSMITTAL
FOR
TENDER OF ALL OUTSTANDING
10 3/8% SERIES A SENIOR SUBORDINATED NOTES DUE 2009
IN EXCHANGE FOR
10 3/8% SERIES B SENIOR SUBORDINATED NOTES DUE 2009
THAT HAVE BEEN REGISTERED UNDER THE
SECURITIES ACT OF 1933

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 1999, UNLESS EXTENDED (THE "EXPIRATION DATE"). SERIES A NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

Deliver to the Exchange Agent:

CHASE BANK OF TEXAS, N.A.

By Registered or Certified Mail or Overnight Courier:
Chase Bank of Texas, N.A.
Corporate Trust Operations
P.O. Box 2320
Dallas, Texas 75221-2320
1-800-275-2048
Attn: Frank Ivins

By Hand in Dallas:
Chase Bank of Texas, N.A.
Corporate Trust Operations
1201 Main Street
Dallas, Texas 75202
1-800-275-2048
Attn: Frank Ivins

By Facsimile Transmission:
(for Eligible Institutions Only)
(214) 672-5746

Confirm by Telephone:
(214) 672-5678

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE NUMBER OTHER THAN THE ONE LISTED ABOVE WILL NOT CONSTITUTE A VALID DELIVERY. THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

The undersigned hereby acknowledges receipt and review of the prospectus dated June 18, 1999 of Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership, and Leviathan Finance Corporation, a

Delaware corporation (together, "Leviathan"), and this Letter of Transmittal, which together describe the offer of Leviathan (the "exchange offer") to exchange Leviathan's 10 3/8% Series B Senior Subordinated Notes due 2009 (the "Series B notes"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to a registration statement of which the prospectus is a part, for a like principal amount of Leviathan's issued and outstanding 10 3/8% Series A Senior Subordinated Notes due 2009 (the "Series A notes"). Certain terms used but not defined herein have the respective meanings given to them in the prospectus.

Leviathan reserves the right, at any time or from time to time, to extend the exchange offer at its discretion, in which event the term "expiration date" shall mean the latest date to which the exchange offer is extended. Leviathan shall give notice of any extension by giving oral, confirmed in writing, or written notice to the exchange agent and by making a public announcement by press release to the Dow Jones News Service prior to 9:00 a.m., New York City time, on the first business day after the previously scheduled expiration date. The term "business day" shall mean any day that is not a Saturday, Sunday or day on which banks are authorized by law to close in the State of New York.

This Letter of Transmittal is to be used by a holder of Series A notes if original Series A notes, if available, are to be forwarded herewith or an agent's message is to be used if delivery of Series A notes is to be made by book-entry transfer to the account maintained by the exchange agent at The Depository Trust Company (the "book-entry transfer facility") pursuant to the procedures set forth in the prospectus under the caption "The Exchange Offer -- Procedures for Tendering Series A Notes." Holders of Series A notes whose Series A notes are not immediately available, or who are unable to deliver their Series A notes and all other documents required by this Letter of Transmittal to the exchange agent on or prior to the expiration date, or who are unable to complete the procedure for book-entry transfer on a timely basis, must tender their Series A notes according to the guaranteed delivery procedures set forth in the prospectus under the caption "The Exchange Offer -- Procedures for Tendering Series A Notes -- Guaranteed Delivery." See Instruction 2. Delivery of documents to the book-entry transfer facility does not constitute delivery to the exchange agent.

The term "holder" with respect to the exchange offer means any person in whose name Series A notes are registered on the books of Leviathan or any other person who has obtained a properly completed bond power from the registered holder. The undersigned has completed, executed and delivered this Letter of Transmittal to indicate the action the undersigned desires to take with respect to the exchange offer. Holders who wish to tender their Series A notes must complete this Letter of Transmittal in its entirety.

PLEASE READ THE ENTIRE LETTER OF TRANSMITTAL AND THE PROSPECTUS CAREFULLY BEFORE CHECKING ANY BOX BELOW.

THE INSTRUCTIONS INCLUDED WITH THIS LETTER OF TRANSMITTAL MUST BE FOLLOWED. QUESTIONS AND REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE PROSPECTUS AND THIS LETTER OF TRANSMITTAL MAY BE DIRECTED TO THE EXCHANGE AGENT.

List below the Series A notes to which this Letter of Transmittal relates. If the space below is inadequate, list the registered numbers and principal amounts on a separate signed schedule and affix the list to this Letter of Transmittal.

DESCRIPTION OF SERIES A NOTES TENDERED

NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S) EXACTLY AS NAME(S) APPEAR(S) ON SERIES A NOTES (PLEASE FILL IN, IF BLANK)	SERIES A NOTE(S) TENDERED		
	REGISTERED NUMBER(S)*	AGGREGATE PRINCIPAL AMOUNT REPRESENTED BY NOTE(S)	PRINCIPAL AMOUNT TENDERED**

* Need not be completed by book-entry holders.

** Unless otherwise indicated, any tendering holder of Series A notes will be deemed to have tendered the entire aggregate principal amount represented by such Series A notes. All tenders must be in integral multiples of $1,000.

[ ] CHECK HERE IF TENDERED SERIES A NOTES ARE ENCLOSED HEREWITH.

[ ] CHECK HERE IF TENDERED SERIES A NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING (FOR USE BY ELIGIBLE INSTITUTIONS ONLY):

Name of Tendering Institution:
- ----------

Account Number:
- ----------

Transaction Code Number:
- ----------

[ ] CHECK HERE IF TENDERED SERIES A NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING (FOR USE BY ELIGIBLE INSTITUTIONS ONLY):

Name(s) of registered holder(s) of Series A notes:
- ----------

Date of execution of Notice of Guaranteed Delivery:
- ----------

Window ticket number (if available):
- ----------

Name of eligible institution that guaranteed delivery:
- ----------

Account number (if delivered by book-entry transfer):
- ----------

[ ] CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO:

Name:
- ----------

Address:
- ----------

SIGNATURES MUST BE PROVIDED BELOW
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

Subject to the terms and conditions of the exchange offer, the undersigned hereby tenders to Leviathan for exchange the principal amount of Series A notes indicated above. Subject to and effective upon the acceptance for exchange of the principal amount of Series A notes tendered in accordance with this Letter of Transmittal, the undersigned hereby exchanges, assigns and transfers to Leviathan all right, title and interest in and to the Series A notes tendered for exchange hereby. The undersigned hereby irrevocably constitutes and appoints the exchange agent, the agent and attorney-in-fact of the undersigned (with full knowledge that the exchange agent also acts as the agent of Leviathan in connection with the exchange offer) with respect to the tendered Series A notes with full power of substitution to:

- deliver such Series A notes, or transfer ownership of such Series A notes on the account books maintained by the book-entry transfer facility, to Leviathan and deliver all accompanying evidences of transfer and authenticity, and

- present such Series A notes for transfer on the books of Leviathan and receive all benefits and otherwise exercise all rights of beneficial ownership of such Series A notes,

all in accordance with the terms of the exchange offer. The power of attorney granted in this paragraph shall be deemed to be irrevocable and coupled with an interest.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, exchange, assign and transfer the Series A notes tendered hereby and to acquire the Series B notes issuable upon the exchange of such tendered Series A notes, and that Leviathan will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim, when the same are accepted for exchange by Leviathan.

The undersigned acknowledge(s) that this exchange offer is being made in reliance upon interpretations contained in no-action letters issued to third parties by the staff of the Securities and Exchange Commission (the "SEC"), including Exxon Capital Holdings Corporation, SEC No-Action Letter (available April 13, 1989), Morgan Stanley & Co. Inc., SEC No-Action Letter (available June 5, 1991) (the "Morgan Stanley Letter") and Mary Kay Cosmetics, Inc., SEC No-Action Letter (available June 5, 1991), that the Series B notes issued in exchange for the Series A notes pursuant to the exchange offer may be offered for resale, resold and otherwise transferred by holders thereof (other than a broker-dealer who purchased Series A notes exchanged for such Series B notes directly from Leviathan to resell pursuant to Rule 144A or any other available exemption under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Series B notes are acquired in the ordinary course of such holders' business and such holders are not participating in, and have no arrangement with any person to participate in, the distribution of such Series B notes. The undersigned specifically represent(s) to Leviathan that:

- any Series B notes acquired in exchange for Series A notes tendered hereby are being acquired in the ordinary course of business of the person receiving such Series B notes, whether or not the undersigned;

- the undersigned is not participating in, and has no arrangement with any person to participate in, the distribution of Series B notes;

- neither the undersigned nor any such other person is an "affiliate" (as defined in Rule 405 under the Securities Act) of Leviathan or a broker-dealer tendering Series A notes acquired directly from Leviathan.

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Series B notes. If the undersigned is a broker-dealer that will receive Series B notes for its own account in exchange for Series A notes that were acquired as a result of market-

making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such Series B notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. The undersigned acknowledges that if the undersigned is participating in the exchange offer for the purpose of distributing the Series B notes:

- the undersigned cannot rely on the position of the staff of the SEC in the Morgan Stanley Letter and similar SEC no-action letters, and, in the absence of an exemption therefrom, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction of the Series B notes, in which case the registration statement must contain the selling security holder information required by Item 507 or Item 508, as applicable, of Regulation S-K of the SEC; and

- a broker-dealer that delivers such a prospectus to purchasers in connection with such resales will be subject to certain of the civil liability provisions under the Securities Act and will be bound by the provisions of the registration agreement (including certain indemnification rights and obligations).

The undersigned will, upon request, execute and deliver any additional documents deemed by the exchange agent or Leviathan to be necessary or desirable to complete the exchange, assignment and transfer of the Series A notes tendered hereby, including the transfer of such Series A notes on the account books maintained by the book-entry transfer facility.

For purposes of the exchange offer, Leviathan shall be deemed to have accepted for exchange validly tendered Series A notes when, as and if Leviathan gives oral or written notice thereof to the exchange agent. Any tendered Series A notes that are not accepted for exchange pursuant to the exchange offer for any reason will be returned, without expense, to the undersigned at the address shown below or at a different address as may be indicated herein under "Special Delivery Instructions" as promptly as practicable after the expiration date.

All authority conferred or agreed to be conferred by this Letter of Transmittal shall survive the death, incapacity or dissolution of the undersigned, and every obligation of the undersigned under this Letter of Transmittal shall be binding upon the undersigned's heirs, personal representatives, successors and assigns.

The undersigned acknowledges that the acceptance of properly tendered Series A notes by Leviathan pursuant to the procedures described under the caption "The Exchange Offer -- Procedures for Tendering Series A Notes" in the prospectus and in the instructions hereto will constitute a binding agreement between the undersigned and Leviathan upon the terms and subject to the conditions of the exchange offer.

Unless otherwise indicated under "Special Issuance Instructions," please issue the Series B notes issued in exchange for the Series A notes accepted for exchange and return any Series A notes not tendered or not exchanged, in the name(s) of the undersigned. Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail or deliver the Series B notes issued in exchange for the Series A notes accepted for exchange and any Series A notes not tendered or not exchanged (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s). In the event that both "Special Issuance Instructions" and "Special Delivery Instructions" are completed, please issue the Series B notes issued in exchange for the Series A notes accepted for exchange in the name(s) of, and return any Series A notes not tendered or not exchanged to, the person(s) so indicated. The undersigned recognizes that Leviathan has no obligation pursuant to the "Special Issuance Instructions" and "Special Delivery Instructions" to transfer any Series A notes from the name of the registered holder(s) thereof if Leviathan does not accept for exchange any of the Series A notes so tendered for exchange.

SPECIAL ISSUANCE INSTRUCTIONS
(SEE INSTRUCTIONS 5 AND 6)

To be completed ONLY (i) if Series A notes in a principal amount not tendered, or Series B notes issued in exchange for Series A notes accepted for exchange, are to be issued in the name of someone other than the undersigned, or (ii) if Series A notes tendered by book-entry transfer that are not exchanged are to be returned by credit to an account maintained at the book-entry transfer facility other than the account indicated above.

Issue Series B notes and/or old notes to:

Name: ----------
(Please Print or Type

- ----------

Address: ----------

- ----------
(Include Zip Code)

- ----------
(Tax Identification or Social Security Number)

[ ] Credit unexchanged Series A notes delivered by book-entry transfer to the book-entry transfer facility set forth below:

Book-entry transfer facility account number:

(Complete Substitute Form W-9)

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 5 AND 6)

To be completed ONLY if Series A notes in a principal amount not tendered, or Series B notes issued in exchange for Series A notes accepted for exchange, are to be mailed or delivered to someone other than the undersigned, or to the undersigned at an address other than that shown below the undersigned's signature.

Mail or deliver Series B notes and/or Series A notes to:

Name: ----------
(Please Print or Type)

- ----------

Address: ----------

- ----------
(Include Zip Code)

- ----------
(Tax Identification or Social Security Number)

IMPORTANT

PLEASE SIGN HERE WHETHER OR NOT SERIES A NOTES
ARE BEING PHYSICALLY TENDERED HEREBY

(COMPLETE ACCOMPANYING SUBSTITUTE FORM W-9 ON REVERSE SIDE)

X
- ----------

X
- ----------
(Signature(s) of Registered Holder(s) of Series A Notes)

Dated: ----------, 1999

(The above lines must be signed by the registered holder(s) of Series A notes as name(s) appear(s) on the Series A notes or on a security position listing, or by person(s) authorized to become registered holder(s) by a properly completed bond power from the registered holder(s), a copy of which must be transmitted with this Letter of Transmittal. If Series A notes to which this Letter of Transmittal relate are held of record by two or more joint holders, then all such holders must sign this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, then such person must set forth his or her full title below and, unless waived by Leviathan, submit evidence satisfactory to Leviathan of such person's authority so to act. See Instruction 5 regarding the completion of this Letter of Transmittal, printed below.)

Name(s): ----------
(Please Type or Print)

Capacity: ----------

Address: ----------

- ----------
(Include Zip Code)

Area Code and Telephone Number: ----------

SIGNATURE GUARANTEE

(IF REQUIRED BY INSTRUCTION 5)

Certain signatures must be guaranteed by an eligible institution.

Signature(s) guaranteed by an eligible institution: ----------
(Authorized Signature)

- ----------
(Title)

- ----------
(Name of Firm)

- ----------
(Address, Include Zip Code)

- ----------
(Area Code and Telephone Number)

Dated: ----------, 1999

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. Delivery of this Letter of Transmittal and Series A Notes or Book-Entry Confirmations. All physically delivered Series A notes or any confirmation of a book-entry transfer to the exchange agent's account at the book-entry transfer facility of Series A notes tendered by book-entry transfer (a "book-entry confirmation"), as well as a properly completed and duly executed copy of this Letter of Transmittal (or facsimile hereof) or agent's message, and any other documents required by this Letter of Transmittal, must be received by the exchange agent at its address set forth herein prior to 5:00 p.m., New York City time, on the expiration date. The method of delivery of the tendered Series A notes, this Letter of Transmittal and all other required documents to the exchange agent is at the election and risk of the holder and, except as otherwise provided below, the delivery will be deemed made only when actually received or confirmed by the exchange agent. Instead of delivery by mail, it is recommended that the holder use an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure delivery to the exchange agent before the expiration date. No Letter of Transmittal or Series A notes should be sent to Leviathan.

2. Guaranteed Delivery Procedures. Holders who wish to tender their Series A notes and whose Series A notes are not immediately available or who cannot deliver their Series A notes, this Letter of Transmittal or any other documents required hereby to the exchange agent prior to the expiration date or who cannot complete the procedure for book-entry transfer on a timely basis and deliver an agent's message, must tender their Series A notes according to the guaranteed delivery procedures set forth in the prospectus. Pursuant to such procedures:

- such tender must be made by or through a firm that is a member of a registered national securities exchange or of the National Association of Securities Dealers Inc., a commercial bank or a trust company having an office or correspondent in the United States or an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Exchange Act (an "eligible institution");

- prior to the expiration date, the exchange agent must have received from the eligible institution a properly completed and duly executed Notice of Guaranteed Delivery (by facsimile transmission, mail or hand delivery) setting forth the name and address of the holder of the Series A notes, the registration number(s) of such Series A notes and the total principal amount of Series A notes tendered, stating that the tender is being made thereby and guaranteeing that, within five business days after the expiration date, this Letter of Transmittal (or facsimile hereof) together with the Series A notes in proper form for transfer (or a book-entry confirmation) and any other documents required hereby, must be deposited by the eligible institution with the exchange agent within five business days after the expiration date; and

- the certificates for all physically tendered shares of Series A notes, in proper form for transfer (or book-entry confirmation, as the case may be) and all other documents required hereby are received by the exchange agent within five business days after the expiration date.

Any holder of Series A notes who wishes to tender Series A notes pursuant to the guaranteed delivery procedures described above must ensure that the exchange agent receives the Notice of Guaranteed Delivery prior to 5:00 p.m., New York City time, on the expiration date. Upon request of the exchange agent, a Notice of Guaranteed Delivery will be sent to holders who wish to tender their Series A notes according to the guaranteed delivery procedures set forth above.

See "The Exchange Offer -- Procedures for Tendering Series A Notes -- Guaranteed Delivery" section of the prospectus.

3. Tender by Holder. Only a holder of Series A notes may tender such Series A notes in the exchange offer. Any beneficial holder of Series A notes who is not the registered holder and who wishes to tender should arrange with the registered holder to execute and deliver this Letter of Transmittal on his behalf or must, prior to completing and executing this Letter of Transmittal and delivering his Series A notes, either make

appropriate arrangements to register ownership of the Series A notes in such holder's name or obtain a properly completed bond power from the registered holder.

4. Partial Tenders. Tenders of Series A notes will be accepted only in integral multiples of $1,000. If less than the entire principal amount of any Series A notes is tendered, the tendering holder should fill in the principal amount tendered in the third column of the box entitled "Description of Series A Notes Tendered" above. The entire principal amount of Series A notes delivered to the exchange agent will be deemed to have been tendered unless otherwise indicated. If the entire principal amount of all Series A notes is not tendered, then Series A notes for the principal amount of Series A notes not tendered and Series B notes issued in exchange for any Series A notes accepted will be sent to the holder at his or her registered address, unless a different address is provided in the appropriate box on this Letter of Transmittal, promptly after the Series A notes are accepted for exchange.

5. Signatures on this Letter of Transmittal; Bond Powers and Endorsements; Guarantee of Signatures. If this Letter of Transmittal (or facsimile hereof) is signed by the record holder(s) of the Series A notes tendered hereby, the signature must correspond with the name(s) as written on the face of the Series A notes without alteration, enlargement or any change whatsoever. If this Letter of Transmittal (or facsimile hereof) is signed by a participant in the book-entry transfer facility, the signature must correspond with the name as it appears on the security position listing as the holder of the Series A notes.

If this Letter of Transmittal (or facsimile hereof) is signed by the registered holder or holders of Series A notes listed and tendered hereby and the Series B notes issued in exchange therefor are to be issued (or any untendered principal amount of Series A notes is to be reissued) to the registered holder, the said holder need not and should not endorse any tendered Series A notes, nor provide a separate bond power. In any other case, such holder must either properly endorse the Series A notes tendered or transmit a properly completed separate bond power with this Letter of Transmittal, with the signatures on the endorsement or bond power guaranteed by an eligible institution.

If this Letter of Transmittal (or facsimile hereof) is signed by a person other than the registered holder or holders of any Series A notes listed, such Series A notes must be endorsed or accompanied by appropriate bond powers, in each case signed as the name of the registered holder or holders appears on the Series A notes.

If this Letter of Transmittal (or facsimile hereof) or any Series A notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by Leviathan, evidence satisfactory to Leviathan of their authority to act must be submitted with this Letter of Transmittal.

Endorsements on Series A notes or signatures on bond powers required by this Instruction 5 must be guaranteed by an eligible institution.

No signature guarantee is required if:

- this Letter of Transmittal (or facsimile hereof) is signed by the registered holder(s) of the Series A notes tendered herein (or by a participant in the book-entry transfer facility whose name appears on a security position listing as the owner of the tendered Series A notes) and the Series B notes are to be issued directly to such registered holder(s) (or, if signed by a participant in the book-entry transfer facility, deposited to such participant's account at such book-entry transfer facility) and neither the box entitled "Special Delivery Instructions" nor the box entitled "Special Issuance Instructions" has been completed; or

- such Series A notes are tendered for the account of an eligible institution.

In all other cases, all signatures on this Letter of Transmittal (or facsimile hereof) must be guaranteed by an eligible institution.

6. Special Issuance and Delivery Instructions. Tendering holders should indicate, in the applicable box or boxes, the name and address (or account at the book-entry transfer facility) to which Series B notes or

substitute Series A notes for principal amounts not tendered or not accepted for exchange are to be issued or sent, if different from the name and address of the person signing this Letter of Transmittal. In the case of issuance in a different name, the taxpayer identification or social security number of the person named must also be indicated.

7. Transfer Taxes. Leviathan will pay all transfer taxes, if any, applicable to the exchange of Series A notes pursuant to the exchange offer. If, however, Series B notes or Series A notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the Series A notes tendered hereby, or if tendered Series A notes are registered in the name of any person other than the person signing this Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Series A notes pursuant to the exchange offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with this Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

EXCEPT AS PROVIDED IN THIS INSTRUCTION 7, IT WILL NOT BE NECESSARY FOR TRANSFER TAX STAMPS TO BE AFFIXED TO THE SERIES A NOTES LISTED IN THIS LETTER OF TRANSMITTAL.

8. Tax Identification Number. Federal income tax law requires that a holder of any Series A notes that are accepted for exchange must provide Leviathan (as payor) with its correct taxpayer identification number ("TIN"), which, in the case of a holder who is an individual is his or her social security number. If Leviathan is not provided with the correct TIN, the holder may be subject to a $50 penalty imposed by the Internal Revenue Service. (If withholding results in an over-payment of taxes, a refund may be obtained). Certain holders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional instructions.

To prevent backup withholding, each tendering holder must provide such holder's correct TIN by completing the Substitute Form W-9 set forth herein, certifying that the TIN provided is correct (or that such holder is awaiting a TIN), and that:

- the holder has not been notified by the Internal Revenue Service that such holder is subject to backup withholding as a result of failure to report all interest or dividends; or

- the Internal Revenue Service has notified the holder that such holder is no longer subject to backup withholding.

If the Series A notes are registered in more than one name or are not in the name of the actual owner, see the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for information on which TIN to report.

Leviathan reserves the right in its sole discretion to take whatever steps are necessary to comply with Leviathan's obligations regarding backup withholding.

9. Validity of Tenders. All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered Series A notes will be determined by Leviathan in its sole discretion, which determination will be final and binding. Leviathan reserves the absolute right to reject any and all Series A notes not properly tendered or any Series A notes the acceptance of which would, in the opinion of Leviathan or its counsel, be unlawful. Leviathan also reserves the absolute right to waive any conditions of the exchange offer or defects or irregularities in tenders as to particular Series A notes. The interpretation of the terms and conditions by Leviathan of the exchange offer (which includes this Letter of Transmittal and the instructions hereto) shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Series A notes must be cured within such time as Leviathan shall determine. Neither Leviathan, the exchange agent nor any other person shall be under any duty to give notification of defects or irregularities with regard to tenders of Series A notes nor shall any of them incur any liability for failure to give such notification.

10. Waiver of Conditions. Leviathan reserves the absolute right to waive, in whole or part, any of the conditions to the exchange offer set forth in the prospectus.

11. No Conditional Tender. No alternative, conditional, irregular or contingent tender of Series A notes or transmittal of this Letter of Transmittal will be accepted.

12. Mutilated, Lost, Stolen or Destroyed Series A Notes. Any holder whose Series A notes have been mutilated, lost, stolen or destroyed should contact the exchange agent at the address indicated above for further instructions.

13. Requests for Assistance or Additional Copies. Requests for assistance or for additional copies of the prospectus or this Letter of Transmittal may be directed to the exchange agent at the address or telephone number set forth on the cover page of this Letter of Transmittal. Holders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the exchange offer.

14. Withdrawal. Tenders may be withdrawn only pursuant to the withdrawal rights set forth in the prospectus under the caption "The Exchange Offer -- Withdrawal of Tenders."

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A MANUALLY SIGNED FACSIMILE HEREOF (TOGETHER WITH THE SERIES A NOTES DELIVERED BY BOOK-ENTRY TRANSFER OR IN ORIGINAL HARD COPY FORM) MUST BE RECEIVED BY THE EXCHANGE AGENT, OR THE NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE EXCHANGE AGENT, PRIOR TO THE EXPIRATION DATE.

SUBSTITUTE FORM W-9	PART 1 -- PLEASE PROVIDE YOUR TIN IN THE BOX AT THE RIGHT AND CERTIFY BY SIGNING AND DATING BELOW	---------- Social Security Number(s) OR ---------- Employer Identification Number
Department of the Treasury Internal Revenue Service PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN)	PART 2 -- Certification -- Under penalties of perjury, I certify that: (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me) and (2) I am not subject to backup withholding either because I have not been notified by Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of failure to report all interest or dividends or the IRS has notified me that I am no longer subject to backup withholding.	PART 3 -- Awaiting TIN [ ] Please complete the Certificate of Awaiting Taxpayer Identification Number below.

CERTIFICATION INSTRUCTIONS -- You must cross out item (2) in Part 2 above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax returns. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS stating that you are no longer subject to backup withholding, do not cross out item (2).

SIGNATURE ---------- DATE---------- , 1999

NAME (Please Print)----------

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE EXCHANGE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number to the payor within 60 days, 31% of all reportable payments made to me thereafter will be withheld until I provide a number.

- ---------- ---------- , 1999
Signature Date

- ----------
Name (Please Print)

CERTIFICATE FOR FOREIGN RECORD HOLDERS

Under penalties of perjury, I certify that I am not a United States citizen or resident (or I am signing for a foreign corporation, partnership, estate or trust).

- ---------- , 1999
Signature Date

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
LEVIATHAN FINANCE CORPORATION

NOTICE OF GUARANTEED DELIVERY
FOR
TENDER OF ALL OUTSTANDING
10 3/8% SERIES A SENIOR SUBORDINATED NOTES DUE 2009
IN EXCHANGE FOR
10 3/8% SERIES B SENIOR SUBORDINATED NOTES DUE 2009
THAT HAVE BEEN REGISTERED UNDER THE
SECURITIES ACT OF 1933

This form, or one substantially equivalent hereto, must be used by a holder to accept the exchange offer of Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership and Leviathan Finance Corporation, a Delaware corporation (together, "Leviathan"), and to tender 10 3/8% Series A Senior Subordinated Notes due 2009 (the "Series A notes") to the exchange agent pursuant to the guaranteed delivery procedures described in "The Exchange Offer -- Procedures for Tendering Series A Notes -- Guaranteed Delivery" beginning on page 79 of the prospectus of Leviathan, dated June 18, 1999 and in Instruction 2 to the related Letter of Transmittal. Any holder who wishes to tender Series A pursuant to such guaranteed delivery procedures must ensure that the exchange agent receives this Notice of Guaranteed Delivery prior to the expiration date (as defined below) of the exchange offer. Certain terms used but not defined herein have the meanings ascribed to them in the prospectus or the Letter of Transmittal.

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME,
ON , 1999, UNLESS EXTENDED (THE "EXPIRATION DATE").
SERIES A NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME
PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

The Exchange Agent for the Exchange Offer is:

CHASE BANK OF TEXAS, N.A.

By Registered or Certified Mail or
Overnight Courier:
Chase Bank of Texas, N.A.
Corporate Trust Operations
P.O. Box 2320
Dallas, Texas 75221-2320
1-800-275-2048
Attn: Frank Ivins

By Hand in Dallas:
Chase Bank of Texas, N.A.
Corporate Trust Operations
1201 Main Street
Dallas, Texas 75202
1-800-275-2048
Attn: Frank Ivins

By Facsimile Transmission:
(for Eligible Institutions Only)
(214) 672-5746

Confirm by Telephone:
(214) 672-5678

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

THIS NOTICE OF GUARANTEED DELIVERY IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A SIGNATURE ON A LETTER OF TRANSMITTAL IS REQUIRED TO BE GUARANTEED BY AN "ELIGIBLE INSTITUTION" UNDER THE INSTRUCTIONS THERETO, SUCH SIGNATURE GUARANTEE MUST APPEAR IN THE APPLICABLE SPACE IN THE BOX PROVIDED ON THE LETTER OF TRANSMITTAL FOR GUARANTEE OF SIGNATURES.

Ladies and Gentlemen:

The undersigned hereby tenders to Leviathan, upon the terms and subject to the conditions set forth in the prospectus and the related Letter of Transmittal, receipt of which is hereby acknowledged, the principal amount of Series A notes set forth below pursuant to the guaranteed delivery procedures set forth in the prospectus and in Instruction 2 of the Letter of Transmittal.

The undersigned hereby tenders the Series A notes listed below:

CERTIFICATE NUMBER(S) (IF KNOWN) OF SERIES A NOTES OR ACCOUNT NUMBER AT THE BOOK-ENTRY FACILITY	AGGREGATE PRINCIPAL AMOUNT REPRESENTED	AGGREGATE PRINCIPAL AMOUNT TENDERED

PLEASE SIGN AND COMPLETE

Names of Record Holder(s): ----------

Address(es): ----------

Area Code and Telephone Number(s): ----------

Signature(s): ----------

Dated: ----------, 1999

This Notice of Guaranteed Delivery must be signed by the holder(s) exactly as their name(s) appear on certificates for Series A notes or on a security position listing as the owner of Series A notes, or by person(s) authorized to become holder(s) by endorsements and documents transmitted with this Notice of Guaranteed Delivery. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must provide the following information.

PLEASE PRINT NAME(S) AND ADDRESS(ES)

Name(s): ----------

Capacity: ----------

Address(es): ----------

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a firm which is a member of a registered national securities exchange or of the National Association of Securities Dealers, Inc., or is a commercial bank or trust company having an office or correspondent in the United States, or is otherwise an "eligible guarantor institution" within the meaning of Rule 17 Ad-15 under the Securities Exchange Act of 1934, guarantees deposit with the exchange agent of the Letter of Transmittal (or facsimile thereof), together with the Series A notes tendered hereby in proper form for transfer (or confirmation of the book-entry transfer of such Series A notes into the exchange agent's account at the book-entry transfer facility described in the prospectus under the caption "The Exchange Offer -- Procedures for Tendering Series A Notes -- Book-Entry Transfer" and in the Letter of Transmittal) and any other required documents, all by 5:00 p.m., New York City time, within five business days following the expiration date.

Name of Firm: ----------

Address: ----------
(INCLUDE ZIP CODE)

Area Code and Telephone Number: ----------

- ----------
(AUTHORIZED SIGNATURE)

Name: ----------

Title: ----------
(PLEASE TYPE OR PRINT)

Date: ---------- , 1999

DO NOT SEND SERIES A NOTES WITH THIS FORM. ACTUAL SURRENDER OF SERIES A NOTES MUST BE MADE PURSUANT TO, AND BE ACCOMPANIED BY, A PROPERLY COMPLETED AND DULY EXECUTED LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS.

INSTRUCTIONS FOR NOTICE OF GUARANTEED DELIVERY

1. Delivery of this Notice of Guaranteed Delivery. A properly completed and duly executed copy of this Notice of Guaranteed Delivery and any other documents required by this Notice of Guaranteed Delivery must be received by the exchange agent at its address set forth herein prior to the expiration date. The method of delivery of this Notice of Guaranteed Delivery and any other required documents to the exchange agent is at the election and sole risk of the holder, and the delivery will be deemed made only when actually received by the exchange agent. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. As an alternative to delivery by mail, the holders may wish to consider using an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure timely delivery. For a description of the guaranteed delivery procedures, see Instruction 2 of the Letter of Transmittal.

2. Signatures on this Notice of Guaranteed Delivery. If this Notice of Guaranteed Delivery is signed by the registered holder(s) of the Series A notes referred to herein, the signature must correspond with the name(s) written on the face of the Series A notes without alteration, enlargement, or any change whatsoever. If this Notice of Guaranteed Delivery is signed by a participant of the book-entry transfer facility whose name appears on a security position listing as the owner of the Series A notes, the signature must correspond with the name shown on the security position listing as the owner of the Series A notes.

If this Notice of Guaranteed Delivery is signed by a person other than the registered holder(s) of any Series A notes listed or a participant of the book-entry transfer facility, this Notice of Guaranteed Delivery must be accompanied by appropriate bond powers, signed as the name of the registered holder(s) appears on the Series A notes or signed as the name of the participant shown on the book-entry transfer facility's security position listing.

If this Notice of Guaranteed Delivery is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person should so indicate when signing and submit with the Letter of Transmittal evidence satisfactory to the Leviathan of such person's authority to so act.

3. Requests for Assistance or Additional Copies. Questions and requests for assistance and requests for additional copies of the prospectus may be directed to the exchange agent at the address specified in the prospectus. Holders may also contact their broker, dealer, commercial bank, trust company, or other nominee for assistance concerning the exchange offer.

EXHIBIT 99.3

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
LEVIATHAN FINANCE CORPORATION
EL PASO ENERGY BUILDING
1001 LOUISIANA, 26TH FLOOR
HOUSTON, TEXAS 77002
(713) 420-2131

, 1999

To the Holders of Leviathan Gas Pipeline Partners'
10 3/8% Senior Subordinated Notes due 2009:

Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership and Leviathan Finance Corporation, a Delaware corporation (together, "Leviathan") is offering to exchange its 10 3/8% Series B Senior Subordinated Notes due 2009 that have been registered under the Securities Act of 1933 (the "Series B notes") for all outstanding 10 3/8% Series A Senior Subordinated Notes due 2009 (the "Series A notes"), upon the terms and subject to the conditions set forth in the enclosed prospectus dated June 18, 1999 (the "Prospectus") and the related letter of transmittal (the "Letter of Transmittal" and, together with the Prospectus, the "Exchange Offer"). The Exchange Offer is conditioned upon a number of factors set out in the Prospectus under "The Exchange Offer -- Conditions of the Exchange Offer" beginning on page 81.

The Series A notes were issued on May 27, 1999 in an original aggregate principal amount of $175 million, the full principal amount of which remains outstanding. The maximum amount of Series B notes that will be issued in exchange for Series A notes is $175 million.

Please read carefully the Prospectus and the other enclosed materials relating to the Exchange Offer. If you require assistance, you should consult your financial, tax or other professional advisors. Holders who wish to participate in the Exchange Offer are asked to respond promptly by completing and returning the enclosed Letter of Transmittal, and all other required documentation, to Chase Bank of Texas, National Association, the exchange agent (the "Exchange Agent"), for the Exchange Offer.

If you have questions regarding the terms of the Exchange Offer, please direct your questions to Chase Bank of Texas, N.A. at 1-800-275-2048.

Thank you for your time and effort in reviewing this request.

Very truly yours,

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
LEVIATHAN FINANCE CORPORATION

EXHIBIT 99.4

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
LEVIATHAN FINANCE CORPORATION

LETTER TO CLIENTS
FOR
TENDER OF ALL OUTSTANDING
10 3/8% SERIES A SENIOR SUBORDINATED NOTES DUE 2009
IN EXCHANGE FOR
10 3/8% SERIES B SENIOR SUBORDINATED NOTES DUE 2009
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 1999, UNLESS EXTENDED (THE "EXPIRATION DATE"). NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

To Our Clients:

We are enclosing a prospectus, dated June 18, 1999, of Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership, and Leviathan Finance Corporation, a Delaware corporation (together, "Leviathan"), and a related Letter of Transmittal (which together constitute the "exchange offer") relating to the offer by Leviathan to exchange its 10 3/8% Series B Senior Subordinated Notes due 2009 (the "Series B notes"), which have been registered under the Securities Act of 1933, as amended, for a like principal amount of Leviathan's issued and outstanding 10 3/8% Series A Senior Subordinated Notes due 2009 (the "Series A notes"), upon the terms and subject to the conditions set forth in the exchange offer.

The exchange offer is not conditioned upon any minimum number of Series A notes being tendered.

We are the holder of record of Series A notes held by us for your account. A tender of such Series A notes can be made only by us as the record holder and pursuant to your instructions. The Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender Series A notes held by us for your account.

We request instructions as to whether you wish to tender any or all of the Series A notes held by us for your account pursuant to the terms and conditions of the exchange offer. We also request that you confirm that we may on your behalf make the representations and warranties contained in the Letter of Transmittal.

Very truly yours,

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
LEVIATHAN FINANCE CORPORATION

PLEASE RETURN YOUR INSTRUCTIONS TO US IN THE ENCLOSED ENVELOPE WITHIN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF PRIOR TO THE EXPIRATION DATE.

INSTRUCTIONS TO REGISTERED HOLDER AND/OR BOOK ENTRY TRANSFER PARTICIPANT

To Registered Holder and/or Participant of the Book-Entry Transfer Facility:

The undersigned hereby acknowledges receipt of the prospectus dated June 18, 1999 of Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership, and Leviathan Finance Corporation, a Delaware corporation (together, "Leviathan"), and the accompanying Letter of Transmittal, that together constitute the offer of Leviathan (the "exchange offer") to exchange Leviathan's 10 3/8% Series B Senior Subordinated Notes due 2009 (the "Series B notes"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), for all of Leviathan's issued and outstanding 10 3/8% Series A Senior Subordinated Notes due 2009 (the "Series A notes"). Certain terms used but not defined herein have the meanings ascribed to them in the prospectus.

This will instruct you, the registered holder and/or book-entry transfer facility participant, as to the action to be taken by you relating to the exchange offer with respect to the Series A notes held by you for the account of the undersigned.

The aggregate face amount of the Series A notes held by you for the account of the undersigned is (fill in amount):

$---------- of the 10 3/8% Series A Senior Subordinated Notes due 2009.

With respect to the exchange offer, the undersigned hereby instructs you (check appropriate box):

[ ] To tender the following Series A notes held by you for the account of the undersigned (insert principal amount of Series A notes to be tendered) (if any): $---------- .

[ ] not to tender any Series A notes held by you for the account of the undersigned.

If the undersigned instructs you to tender the Series A notes held by you for the account of the undersigned, it is understood that you are authorized to make, on behalf of the undersigned (and the undersigned by its signature below, hereby makes to you), the representations and warranties contained in the Letter of Transmittal that are to be made with respect to the undersigned as a beneficial owner, including but not limited to the representations, that:

- the Series B notes acquired in exchange for Series A notes pursuant to the exchange offer are being acquired in the ordinary course of business of the person receiving such Series B notes, whether or not the undersigned;

- the undersigned is not participating in, and has no arrangement with any person to participate in, the distribution of Series B notes within the meaning of the Securities Act; and

- neither the undersigned nor any such other person is an "affiliate" (within the meaning of Rule 405 under the Securities Act) of Leviathan or a broker-dealer tendering Series A notes acquired directly from Leviathan.

If the undersigned is a broker-dealer that will receive Series B notes for its own account in exchange for Series A notes, it acknowledges that it will deliver a prospectus in connection with any resale of such Series B notes.

SIGN HERE

Name of beneficial owner(s): ----------

Signature(s): ----------

Name(s): ----------
(please print)

Address: ----------

Telephone Number: ----------

Taxpayer Identification or Social Security Number: ----------

Date: ----------

EXHIBIT 99.5

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
LEVIATHAN FINANCE CORPORATION
LETTER TO REGISTERED HOLDERS AND
DEPOSITORY TRUST COMPANY PARTICIPANTS FOR
TENDER OF ALL OUTSTANDING
10 3/8% SERIES A SENIOR SUBORDINATED NOTES DUE 2009
IN EXCHANGE FOR
10 3/8% SERIES B SENIOR SUBORDINATED NOTES DUE 2009
THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME,
ON , 1999, UNLESS EXTENDED (THE "EXPIRATION DATE").

SERIES A NOTES TENDERED IN THE EXCHANGE OFFER MAY BE WITHDRAWN
AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK
CITY TIME, ON THE EXPIRATION DATE.

To Registered Holders and Depository Trust Company Participants:

We are enclosing herewith the material listed below relating to the offer by Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership, and Leviathan Finance Corporation, a Delaware corporation (together, "Leviathan"), to exchange its 10 3/8% Series B Senior Subordinated Notes due 2009 (the "Series B notes"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of Leviathan's issued and outstanding 10 3/8% Series A Senior Subordinated Notes due 2009 (the "Series A notes") upon the terms and subject to the conditions set forth in the prospectus, dated June 18, 1999, and the related Letter of Transmittal (which together constitute the "exchange offer").

Enclosed herewith are copies of the following documents:

1. Prospectus dated June 18, 1999;

2. Letter of Transmittal (together with accompanying Substitute Form W-9 Guidelines);

3. Notice of Guaranteed Delivery;

4. Letter that may be sent to your clients for whose account you hold Series A notes in your name or in the name of your nominee;

5. Letter that may be sent from your clients to you with such client's instruction with regard to the exchange offer (included in item 4. above); and

6. Letter to the holders of Series A notes.

We urge you to contact your clients promptly. Please note that the exchange offer will expire on the Expiration Date unless extended. The exchange offer is not conditioned upon any minimum number of Series A notes being tendered.

Pursuant to the Letter of Transmittal, each holder of Series A notes will represent to Leviathan that:

- the Series B notes acquired in exchange for Series A notes pursuant to the exchange offer are being acquired in the ordinary course of business of the person receiving such Series B notes, whether or not the holder;

- the holder is not participating in, and has no arrangement with any person to participate in, the distribution of Series B notes within the meaning of the Securities Act; and

- neither the holder nor any such other person is an "affiliate" (within the meaning of Rule 405 under the Securities Act) of Leviathan or a broker-dealer tendering Series A notes acquired directly from Leviathan.

If the holder is a broker-dealer that will receive Series B notes for its own account in exchange for Series A notes, it acknowledges that it will deliver a prospectus in connection with any resale of such Series B notes.

The enclosed Letter to Clients contains an authorization by the beneficial owners of the Series A notes for you to make the foregoing representations.

Leviathan will not pay any fee or commission to any broker or dealer or to any other persons (other than the exchange agent) in connection with the solicitation of tenders of Series A notes pursuant to the exchange offer. Leviathan will pay or cause to be paid any transfer taxes payable on the transfer of Series A notes to it, except as otherwise provided in Instruction 7 of the enclosed Letter of Transmittal.

Additional copies of the enclosed materials may be obtained from the exchange agent by calling Chase Bank of Texas, N.A. at 1-800-275-2048.

Very truly yours,

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
LEVIATHAN FINANCE CORPORATION