SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1998

OR

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

FOR THE TRANSITION PERIOD FROM
---------- TO

COMMISSION FILE NO. 1-11680

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
(Exact name of Registrant as Specified in Its Charter)

DELAWARE	76-0396023
(State of Organization)	(I.R.S. Employer Identification No.)

EL PASO ENERGY BUILDING
1001 LOUISIANA
HOUSTON, TEXAS 77002
(Address of Principal Executive Offices, including Zip Code)

(713) 420-2131
(Registrant's Telephone Number, including Area Code)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT: (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING TWELVE MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES [X] No [ ]

LEVIATHAN GAS PIPELINE PARTNERS, L.P.
AND SUBSIDIARIES

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(IN THOUSANDS)

ASSETS

	SEPTEMBER 30, 1998 (UNAUDITED)	DECEMBER 31, 1997
Current assets:		
Cash and cash equivalents	$ 3,191	$ 6,430
Accounts receivable	3,152	1,953
Accounts receivable from affiliates	2,762	6,608
Other current assets	128	653
Total current assets	9,233	15,644
Equity investments	185,148	182,301
Property and equipment:		
Pipelines	55,123	78,244
Platforms and facilities	121,321	97,882
Oil and gas properties, at cost, using successful efforts method	122,431	120,296
	298,875	296,422
Less accumulated depreciation, depletion, amortization and impairment	91,868	95,783
Property and equipment, net	207,007	200,639
Investment in Tatham Offshore, Inc. (Note 2)	--	7,500
Other noncurrent assets	3,912	3,758
Total assets	$405,300	$409,842
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable and accrued liabilities	$ 6,343	$ 12,522
Accounts payable to affiliates	1,866	1,032
Total current liabilities	8,209	13,554
Deferred federal income taxes	1,037	1,399
Notes payable	291,000	238,000
Other noncurrent liabilities	10,019	13,304
Total liabilities	310,265	266,257
Minority interest	(866)	(381)
Partners' capital	95,901	143,966
Total liabilities and partners' capital	$405,300	$409,842

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS
(IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1998	1997	1998	1997
Revenue:				
Oil and gas sales	$ 6,536	$14,665	$ 22,270	$ 49,124
Gathering, transportation and platform services	5,084	3,430	12,866	14,005
Equity in earnings	6,610	7,379	19,181	21,599
	18,230	25,474	54,317	84,728
Costs and expenses:				
Operating expenses	3,013	2,628	8,558	8,674
Depreciation, depletion and amortization	7,052	11,535	21,897	39,474
Impairment, abandonment and other	(1,131)	--	(1,131)	21,222
General and administrative expenses and management fee	6,433	4,368	13,937	10,219
	15,367	18,531	43,261	79,589
Operating income	2,863	6,943	11,056	5,139
Interest income and other	395	159	552	1,322
Interest and other financing costs	(5,281)	(3,886)	(13,711)	(10,350)
Minority interest in loss (income)	15	(35)	12	34
(Loss) income before income taxes	(2,008)	3,181	(2,091)	(3,855)
Income tax benefit	(202)	(93)	(371)	(238)
Net (loss) income	$(1,806)	$ 3,274	$ (1,720)	$ (3,617)
Weighted average number of Units outstanding	24,367	24,367	24,367	24,367
Basic and diluted net (loss) income per Unit	$ (0.06)(a)	$ 0.12	$ (0.06)(a)	$ (0.14)

- ---

(a) Excludes 930,000 and 1,500 outstanding unit options to purchase an equal number of Common Units of the Partnership at $27.1875 per Common Unit and $27.34375 per Common Unit, respectively, as the exercise prices of the unit options were greater than the average market price of the Common Units.

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
(IN THOUSANDS)

	NINE MONTHS ENDED SEPTEMBER 30,	
	1998	1997
Cash flows from operating activities:		
Net loss	$ (1,720)	$ (3,617)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization of debt issue costs	765	721
Depreciation, depletion and amortization	21,897	39,474
Impairment, abandonment and other	(1,131)	21,222
Minority interest in loss	(12)	(34)
Equity in earnings	(19,181)	(21,599)
Distributions from equity investments	20,880	19,310
Deferred income taxes	(362)	(250)
Other noncash items	(218)	(3,467)
Changes in operating working capital:		
(Increase) decrease in accounts receivable	(1,199)	4,080
Decrease in accounts receivable from affiliates	3,846	5,086
Decrease in other current assets	525	465
Decrease in accounts payable and accrued liabilities	(13,287)	(10,761)
Increase (decrease) in payable to affiliates	834	(1,255)
Net cash provided by operating activities	11,637	49,375
Cash flows from investing activities:		
Additions to pipelines, platforms and facilities	(15,437)	(12,261)
Equity investments	(4,516)	(23)
Acquisition and development of oil and gas properties	(828)	(11,212)
Other	650	176
Net cash used in investing activities	(20,131)	(23,320)
Cash flows from financing activities:		
Decrease in restricted cash	--	716
Proceeds from notes payable	87,000	44,000
Repayments of notes payable	(34,000)	(51,000)
Debt issue costs	(927)	(93)
Distributions to partners	(46,818)	(33,822)
Net cash provided by (used in) financing activities	5,255	(40,199)
Decrease in cash and cash equivalents	(3,239)	(14,144)
Cash and cash equivalents at beginning of year	6,430	16,489
Cash and cash equivalents at end of period	$ 3,191	$ 2,345
Cash paid for interest, net of amounts capitalized	$ 12,875	$ 9,640
Cash paid for income taxes	$ --	$ 2

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, 1997.....	18,075	$ 163,426	6,292	$(15,400)	$ (4,060)	$143,966
Net income (loss) for the nine months ended September 30, 1998 (unaudited).....	--	19	--	(1,413)	(326)	(1,720)
Conversion of Preference Units into Common Units (unaudited).....	(17,058)	(127,842)	17,058	127,842	--	--
Cash distributions (unaudited).....	--	(28,016)	--	(9,753)	(8,576)	(46,345)
Partners' capital at September 30, 1998 (unaudited).....	1,017	$ 7,587	23,350	$101,276	$(12,962)	$ 95,901

- ---

(a) Leviathan Gas Pipeline Company owns a 1% general partner interest in Leviathan Gas Pipeline Partners, L.P. (Notes 1 and 4).

The accompanying notes are an integral part of this financial statement.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 -- ORGANIZATION AND BASIS OF PRESENTATION:

Leviathan Gas Pipeline Partners, L.P. (the "Partnership"), a publicly held Delaware limited partnership, is primarily engaged in the gathering and transportation of natural gas and crude oil through pipeline systems located in the Gulf of Mexico (the "Gulf") and in the development and production of oil and gas reserves. The Partnership's assets include interests in (i) eight natural gas pipeline systems, (ii) a crude oil pipeline system, (iii) six strategically located multi-purpose platforms, (iv) four producing oil and gas properties and (v) a dehydration facility.

Leviathan Gas Pipeline Company ("Leviathan"), a Delaware corporation and wholly owned subsidiary of Leviathan Holdings Company ("Leviathan Holdings"), a wholly owned subsidiary of DeepTech International Inc. ("DeepTech"), is the general partner of the Partnership, and as such, performs all management and operational functions for the Partnership and its subsidiaries. On August 14, 1998, DeepTech became a wholly owned subsidiary of El Paso Energy Corporation ("El Paso Energy"). See Note 2.

As of September 30, 1998, the Partnership had 1,016,506 Preference Units and 23,350,388 Common 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 the Partnership. Leviathan, through its ownership of 6,291,894 Common Units, its 1% general partner interest in the Partnership and its approximate 1% nonmanaging interest in certain of the Partnership's subsidiaries, owns a 27.3% effective interest in the Partnership. See Note 4 for a discussion of the conversion of Preference Units into Common Units.

The accompanying consolidated financial statements have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, the statements reflect all normal recurring adjustments which are, in the opinion of management, necessary for a fair statement of the results of operations for the period covered by such statements. These interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Partnership's Annual Report on Form 10-K for the year ended December 31, 1997.

Effective January 1, 1998, the Partnership adopted Statement of Financial Accounting Standard ("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 shareholders and requires related disclosures about products and services, geographic areas and major customers. The Partnership is currently evaluating the disclosure requirements of this statement, as this statement does not apply to interim financial statements in the initial year of its adoption. However, comparative financial information for interim periods in the initial year of application must be reported in financial statements for interim periods in the second year of application.

NOTE 2 -- RECENT EVENTS:

Merger

Effective August 14, 1998, El Paso Energy completed the acquisition of DeepTech by merging a wholly owned subsidiary of El Paso Energy 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 the Partnership are as follows:

(a) El Paso Energy acquired the minority interests of Leviathan Holdings and two other subsidiaries of DeepTech primarily held by DeepTech management for an aggregate of $55.0 million. As a result, El Paso Energy owns 100% of Leviathan's general partner interest in the Partnership and an overall 27.3% effective interest in the Partnership.

(b) In June 1998, Tatham Offshore, Inc. ("Tatham Offshore"), an affiliate of the Partnership through August 14, 1998, canceled its reversionary interests in certain oil and gas properties owned by the Partnership.

(c) On August 14, 1998, Tatham Offshore transferred its remaining assets located in the Gulf to the Partnership in consideration of the redemption by Tatham Offshore of its 7,500 shares of Series B 9% Senior Convertible Preferred Stock (the "Senior Preferred Stock") owned by the Partnership (the "Redemption Agreement"). Under the terms of the Redemption Agreement, the Partnership exchanged the Senior Preferred Stock for 100% of Tatham Offshore's right, title and interest in and to Viosca Knoll Blocks 772, 773, 774, 817, 818 and 861 (subject to an existing production payment obligation), West Delta Block 35, Ewing Bank Blocks 871, 914, 915 and 916 and the platform located at Ship Shoal Block 331. The net cash expenditure of the Partnership under the Redemption Agreement totaled $0.8 million representing (i) $2.8 million of abandonment costs relating to wells located at Ewing Bank Blocks 914 and 915 offset by (ii) $2.0 million of net cash generated from producing properties from January 1, 1998 through August 14, 1998. In addition, the Partnership assumed all remaining abandonment and restoration obligations associated with the platform and leases.

(d) Pursuant to the Merger Agreement, employees of DeepTech who were terminated on August 14, 1998, received certain severance payments from DeepTech. DeepTech employees hired by El Paso Energy who are terminated during the six months after August 14, 1998, will receive certain severance payments from El Paso Energy.

Mr. Grant E. Sims and Mr. James H. Lytal, the Chief Executive Officer and the President, respectively, of the Partnership entered into employment agreements with El Paso Energy effective as of August 14, 1998, and will continue to serve as the Chief Executive Officer and the President, respectively, of the Partnership for a term of five years. 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 Energy has the right to terminate such agreements under certain circumstances.

Recent Pronouncements

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 and, if it is, the type of hedge transaction. For fair-value hedge transactions in which the Partnership 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 the Partnership 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. The Partnership has not yet determined the impact that the adoption of SFAS No. 133 will have on its earnings or financial position.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 3 -- EQUITY INVESTMENTS:

The Partnership owns interests of 50% in Viosca Knoll Gathering Company ("Viosca Knoll"), 36% in Poseidon Oil Pipeline Company, L.L.C. ("POPCO"), 25.7% in Nautilus Pipeline Company, L.L.C. ("Nautilus"), 25.7% in Manta Ray Offshore Gathering Company, L.L.C. ("Manta Ray Offshore"), 50% in Stingray Pipeline Company ("Stingray"), 40% in High Island Offshore System ("HIOS"), 33 1/3% in U-T Offshore System ("UTOS") and 50% in West Cameron Dehydration Company, L.L.C. ("West Cameron Dehy"). The summarized financial information for these investments, which are accounted for using the equity method, is as follows:

UNAUDITED SUMMARIZED HISTORICAL OPERATING RESULTS
(IN THOUSANDS)

	NINE MONTHS ENDED SEPTEMBER 30, 1998								
	HIOS	VIOSCA KNOLL	STINGRAY	WEST CAMERON DEHY	POPCO	UTOS	MANTA RAY OFFSHORE	NAUTILUS	TOTAL
Operating revenue.....	$ 31,801	$21,216	$ 17,237	$1,945	$30,477	$ 3,840	$ 7,039	$ 3,992	
Other income.....	180	34	606	7	245	86	219	57	
Operating expenses.....	(13,249)	(1,916)	(11,517)	(136)	(3,066)	(1,893)	(2,671)	(1,284)	
Depreciation.....	(3,576)	(2,907)	(5,131)	(12)	(6,590)	(419)	(3,235)	(4,369)	
Interest expense.....	--	(3,131)	(1,083)	--	(6,552)	--	--	--	
Net earnings (loss).....	15,156	13,296	112	1,804	14,514	1,614	1,352	(1,604)	
Ownership percentage.....	40%	50%	50%	50%	36%	33.3%	25.7%	25.7%	
	6,062	6,648	56	902	5,225	537	347	(412)	
Adjustments:									
- -- Depreciation(a).....	580	--	558	--	--	25	(261)	--	
- -- Contract amortization(a).....	(79)	--	(119)	--	--	--	--	--	
- -- Other.....	(8)	--	(37)	3	(90)	13	--	(769)(c)	
Equity in earnings (loss).....	$ 6,555	$ 6,648	$ 458	$ 905	$ 5,135	$ 575	$ 86	$(1,181)	$19,181
Distributions(b).....	$ 7,640	$ 7,450	$ 1,000	$ 825	$ 3,132	$ 333	$ 500	$ --	$20,880

- ---------------

(a) Adjustments result from purchase price adjustments made in accordance with Accounting Principles Board Opinion No. 16, "Business Combinations."

(b) Future distributions could be restricted by the terms of the equity investees' respective credit agreements.

(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.

LEVIATHAN GAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

UNAUDITED SUMMARIZED HISTORICAL OPERATING RESULTS
(IN THOUSANDS)

	NINE MONTHS ENDED SEPTEMBER 30, 1997							
	HIOS	VIOSCA KNOLL	STINGRAY	WEST CAMERON DEHY	POPCO	UTOS	MANTA RAY OFFSHORE	TOTAL
Operating revenue	$ 34,115	$16,171	$18,471	$1,752	$18,375	$ 2,836	$ 3,889	
Other income	298	14	730	18	102	32	234	
Operating expenses	(11,792)	(1,402)	(9,928)	(121)	(4,573)	(1,891)	(1,299)	
Depreciation	(3,582)	(1,791)	(5,409)	(12)	(4,376)	(424)	(1,188)	
Interest expense	--	(1,374)	(1,072)	--	(3,733)	--	--	
Net earnings	19,039	11,618	2,792	1,637	5,795	553	1,636	
Ownership percentage	40%	50%	50%	50%	36%	33.3%	25.7%	
	7,616	5,809	1,396	818	2,086	184	420	
Adjustments:								
- -- Depreciation(a)	634	--	718	--	--	27	--	
- -- Contract amortization(a)	(79)	--	(255)	--	--	--	--	
- -- Other	(98)	--	(37)	--	(180)	(23)	2,563(b)	
Equity in earnings	$ 8,073	$ 5,809	$ 1,822	$ 818	$ 1,906	$ 188	$ 2,983	$21,599
Distributions(c)	$ 9,400	$ 5,825	$ 1,375	$ 650	$ --	$ 200	$ 1,860	$19,310

- ---

(a) Adjustments result from purchase price adjustments made in accordance with Accounting Principles Board Opinion No. 16, "Business Combinations."

(b) Represents additional net earnings specifically allocated to the Partnership related to the assets contributed by the Partnership to Manta Ray Offshore. Pursuant to the terms of the arrangement, the Partnership 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 ownership percentages.

(c) Future distributions could be restricted by the terms of the equity investees' respective credit agreements.

NOTE 4 -- PARTNERS' CAPITAL INCLUDING CASH DISTRIBUTIONS:

Cash distributions

During and after the Preference Period (as defined in the Partnership Agreement), distributions by the Partnership of its Available Cash (as defined in the Partnership Agreement) were and are 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 (the "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 and after the Preference Period, the Preference Units are entitled to receive from Available Cash a minimum quarterly distribution for each quarter of $0.275 per Preference Unit, plus any arrearage in the payment of the minimum quarterly distribution for prior quarters, before any distribution of Available Cash is made to holders of Common Units for such quarter. After the Preference Period, the Preference Units are not entitled to receive any more than the minimum quarterly distribution, plus any arrearage in the payment of the minimum quarterly distribution from prior quarters, if any, per quarter.

In February 1998, the Partnership paid a cash distribution of $0.50 per Preference and Common Unit for the period from October 1, 1997 through December 31, 1997 and an Incentive Distribution of $2.4 million to Leviathan, as general partner. In May and August 1998, the Partnership paid a cash distribution of $0.525 per Preference and Common Unit for the periods from January 1, 1998 through March 31, 1998 and from April 1, 1998 through June 30, 1998, respectively, and an Incentive Distribution of $3.0 million to Leviathan for each of these periods. On October 20, 1998, the Partnership declared a cash distribution of $0.275 per Preference Unit and $0.525 per Common Unit for the period from July 1, 1998 through September 30, 1998 which will be paid on November 13, 1998 to all holders of record of Common Units and Preference Units as of October 30, 1998. Leviathan will receive an Incentive Distribution of $2.8 million for the three months ended September 30, 1998.

Conversion of Preference Units into Common Units

On May 7, 1998, the Partnership 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 17,058,494 Preference Units, representing 94.4% of the Preference Units then outstanding, had elected to convert to Common Units. As a result, the Preference Period 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 1,016,506 Preference Units remain outstanding and now trade as the Partnership's secondary listed security on the NYSE under the symbol "LEV.P".

The remaining Preference Units retain their distribution preferences over the Common Units; that is, 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 Units or Leviathan, as general partner. However, Preference Units will not receive any distributions in excess of the minimum quarterly distribution of $0.275 per Unit. Only Common Units and Leviathan, as general partner, will be eligible to receive any of such excess distributions.

In accordance with the Partnership Agreement, holders of the remaining Preference Units will not have another opportunity to convert their Preference Units into Common Units until May 1999 and again 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 nine months ended September 30, 1998, Leviathan charged the Partnership $7.4 million pursuant to the Partnership Agreement which provides for reimbursement of expenses Leviathan incurs as general partner of the Partnership, including reimbursement of expenses incurred by DeepTech and El Paso Energy in providing management services to Leviathan and the Partnership.

Joint Ventures. Viosca Knoll is owned 50% by a subsidiary of the Partnership and 50% by a wholly owned indirect subsidiary of El Paso Energy. Viosca Knoll is managed by a committee consisting of representatives from each of the partners. The Partnership is the operator of Viosca Knoll and has contracted the wholly owned indirect subsidiary of El Paso Energy to maintain the pipeline and Leviathan 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.

Property Acquisition. In October 1998, the Partnership purchased a 100% working interest in Ewing Bank Blocks 958, 959, 1002 and 1003 (the Sunday Silence field) from a wholly-owned subsidiary of DeepTech for approximately $11.6 million. The Sunday Silence field, discovered in July 1994, 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 Minerals Management Service for the first 52.5 million barrels of oil equivalent to be produced from the field. The Partnership is drilling a delineation well which is expected to be completed in December 1998 at a cost of approximately $15.1 million.

Other. In 1995, the Partnership adopted the Unit Rights Appreciation Plan (the "Plan") to provide the Partnership with the ability of making awards of Unit Rights, as hereinafter defined, to certain officers and employees of the Partnership or its affiliates as an incentive for these individuals to continue in the service of the Partnership or its affiliates. Under the Plan, the Partnership granted 1,200,000 Unit Rights to certain officers and employees of the Partnership or its affiliates that provided for the right to purchase, or realize the appreciation of, a Preference Unit or Common Unit (see Note 4) (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. As a result of the "change of control" occurring upon the closing of the Merger, the Unit Rights fully vested and certain of the holders of the Unit Rights elected to be paid $7.3 million, the amount equal to the difference between the grant price of the Unit Rights and the average of the high and low sales price of the Common Units on the date of exercise. As of September 30, 1998, the Partnership had accrued $1.4 million related to the appreciation and vesting of the remaining 215,000 outstanding Unit Rights. In October 1998, the Partnership paid the holder of the remaining Unit Rights $1.3 million upon the exercise of the remaining Unit Rights and the Plan was terminated.

In August 1998, the Partnership adopted the 1998 Omnibus Compensation Plan (the "Omnibus Plan") and the 1998 Unit Option Plan for Non-Employee Directors (the "Director Plan" and together with the Omnibus Plan the "Option Plans"). The Option Plans provide the Partnership with the ability to issue unit options to attract and retain the services of knowledgeable directors, officers and key management personnel. Unit options to purchase a maximum of 3,000,000 Common Units and 100,000 Common Units of the Partnership may be issued pursuant to the Omnibus Plan and the Director Plan, respectively. As of September 30, 1998, the Partnership had granted 930,000 unit options at $27.1875 per unit option and 1,500 unit options at $27.34375 per unit option under the Omnibus Plan and the Director Plan, respectively.

Pursuant to the former Leviathan non-employee director compensation arrangements, the Partnership was obligated to pay each non-employee director 2 1/2% of the general partner's Incentive Distribution as a profit participation fee. During the nine months ended September 30, 1998, the Partnership paid the three non-employee directors of Leviathan a total of $0.6 million as a profit participation fee. As a result of the Merger, the three non-employee directors resigned and the compensation arrangements were terminated.

In March 1998, Tatham Offshore eliminated its 7,500 shares of 9% Senior Convertible Preferred Stock issued to the Partnership and replaced this stock with its Senior Preferred Stock. In connection with the Redemption Agreement discussed in Note 2, the Senior Preferred Stock and all related unpaid dividends were exchanged for certain oil and gas properties and an offshore platform.

NOTE 6 -- COMMITMENTS AND CONTINGENCIES:

Hedging Activities

The Partnership hedges a portion of its oil and natural gas production to reduce the Partnership's exposure to fluctuations in market prices of oil and natural gas and to meet certain requirements of the Partnership Credit Facility (as defined herein). The Partnership uses various financial 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. The Partnership 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 the

Partnership differ from futures contracts in that there is no contractual obligation which requires or allows for the future delivery of the product. Gains or losses on hedging activities are recognized as oil and gas sales in the period in which the hedged production is sold.

At September 30, 1998, the Partnership had open sales hedges on approximately 25,000 million British thermal units ("MMbtu") of natural gas per day for the remaining period in 1998 at an average price of $2.375 per MMbtu and open purchase hedges of approximately 25,000 MMbtu of natural gas per day for the remaining period in 1998 at an average price of $2.24 per MMbtu. In addition, the Partnership had entered into commodity sales swap transactions for calendar 1999 of (i) 5,000 MMbtu per day at a fixed price to be determined at the Partnership's option equal to the January 1999 Natural Gas Futures Contract on NYMEX as quoted at any time during 1998, to and including the last three trading days of the January 1999 contract, minus $0.25 per MMbtu and (ii) 5,000 MMbtu per day at a fixed price to be determined at the Partnership's option equal to the January 1999 Natural Gas Futures Contract on NYMEX as quoted at any time during 1998, to and including the last three trading days of the January 1999 contract, minus $0.28 per MMbtu. The Partnership has also entered into a commodity purchase swap transaction for calendar 1999 for 5,000 MMbtu per day at a fixed price to be determined at the Partnership's option equal to the December 1998 Natural Gas Futures Contract on NYMEX as quoted at any time from July 23, 1998, to and including two days prior to the last three trading days of the December 1998 contract, minus $0.17 per MMbtu.

At September 30, 1998, the Partnership had open sales hedges on approximately 992 barrels of oil per day for the remaining period in 1998 at an average price of $20.43 per barrel and open purchase hedges of approximately 1,000 barrels of oil per day for the remaining period in 1998 at an average price of $17.81 per barrel.

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

The following discussion should be read in conjunction with the Partnership's consolidated financial statements and notes thereto included in "Item 1. Consolidated Financial Statements" and is intended to assist in the understanding of the Partnership's financial condition and results of operations for the three months and nine months ended September 30, 1998. Unless the context otherwise requires, all references herein to the Partnership with respect to the operations and ownership of the Partnership's assets are also references to its subsidiaries.

OVERVIEW

The Partnership's assets include interests in (i) eight natural gas pipeline systems (the "Gas Pipelines"), (ii) a crude oil pipeline system, (iii) six strategically located multi-purpose platforms, (iv) four producing oil and gas properties and (v) a dehydration facility.

The Gas Pipelines, strategically located primarily offshore Louisiana and eastern Texas, gather and transport natural gas for producers, marketers, pipelines and end-users for a fee. The Gas Pipelines include approximately 1,167 miles of pipeline with a throughput capacity of 6.5 billion cubic feet ("Bcf") of gas per day. Each of the 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. The Partnership's interest in the Gas Pipelines consists of: a 100% interest in each of Manta Ray Gathering Company, L.L.C., Green Canyon Pipe Line Company, L.L.C. and Tarpon Transmission Company ("Tarpon"); a 50% partnership interest in each of Stingray and Viosca Knoll; a 40% partnership interest in HIOS; a 33 1/3% partnership interest in UTOS; and an effective 25.7% interest in each of Manta Ray Offshore and Nautilus.

The Partnership owns a 36% interest in POPCO which owns and operates the Poseidon Oil Pipeline ("Poseidon"). Poseidon, a major new sour crude oil pipeline system built in response to an increased demand for additional sour crude oil pipeline capacity in the central Gulf, consists of 297 miles of 16-inch to 24-inch pipeline with a capacity of approximately 400,000 barrels per day and is currently delivering an average of approximately 111,000 barrels of oil per day. POPCO placed the third phase of Poseidon in service in December 1997.

The Partnership operates and owns interests in six strategically located multi-purpose platforms in the Gulf that have processing capabilities which complement the Partnership's pipeline operations and play a key role in the development of oil and gas reserves. The platforms are used to interconnect the offshore pipeline network and to provide an efficient means to perform pipeline maintenance and to operate compression, separation, processing and other facilities. In addition, the multi-purpose platforms serve as landing sites for deeper water production and as sites for the location of gas compression facilities and drilling operations.

The Partnership owns an interest in and is operator of three producing leases in the Gulf. The Viosca Knoll Block 817 wells (100% working interest owned by the Partnership) are currently producing a gross aggregate average of approximately 57 million cubic feet ("MMcf") of gas per day. The Garden Banks Block 72 wells (50% working interest owned by the Partnership) are currently producing a gross aggregate average of approximately 1,690 barrels of oil and 5 MMcf of gas per day. The Garden Banks Block 117 wells (50% working interest owned by the Partnership) are currently producing a gross aggregate average of approximately 1,420 barrels of oil and 3 MMcf of gas per day.

RESULTS OF OPERATIONS

Three Months Ended September 30, 1998 Compared With Three Months Ended September 30, 1997

Oil and gas sales totaled $6.5 million for the three months ended September 30, 1998 as compared with $14.7 million for the same period in 1997. The decrease is attributable to (i) substantially lower realized oil and gas prices, (ii) decreased production as a result of two tropical storms and Hurricane Georges passing through the Gulf during the third quarter of 1998 and (iii) normal production declines from the Partnership's oil and gas properties. During the three months ended September 30, 1998, the Partnership produced and sold 2,562 MMcf of gas and 116,000 barrels of oil at average prices of $1.87 per thousand cubic feet ("Mcf") and

$14.73 per barrel, respectively. During the same period in 1997, the Partnership produced and sold 4,703 MMcf of gas and 197,000 barrels of oil at average prices of $2.25 per Mcf and $20.46 per barrel, respectively.

Revenue from gathering, transportation and platform services totaled $5.1 million for the three months ended September 30, 1998 as compared with $3.4 million for the same period in 1997. The change primarily reflects an increase of $2.0 million in platform services revenue from the Partnership's East Cameron Block 373 platform that was placed in service in April 1998. Throughput volumes for the Partnership's wholly owned gathering systems decreased approximately 21% during the third quarter of 1998 as compared with the same period in 1997 primarily because of reduced gas production resulting from two tropical storms and Hurricane Georges passing through the Gulf during the third quarter of 1998.

Revenue from the Partnership's equity interests in Stingray, HIOS, UTOS, Viosca Knoll, POPCO, Manta Ray Offshore, Nautilus and West Cameron Dehy (the "Equity Investees") totaled $6.6 million for the three months ended September 30, 1998 as compared with $7.4 million for the same period in 1997. The decrease primarily reflects decreases of (i) $0.6 million related to Stingray and HIOS as a result of increased maintenance costs and decreased throughput and (ii) $1.3 million related to nonrecurring start-up costs, prior period adjustments and a change in equity ownership of Nautilus and Manta Ray Offshore offset by an increase of $1.1 million primarily from POPCO and Viosca Knoll as a result of increased throughput. Total gas throughput volumes for the Equity Investees increased approximately 23% from the third quarter of 1997 to the third quarter of 1998 primarily as a result of increased throughput on the Viosca Knoll, Nautilus and Manta Ray Offshore systems. Oil volumes from Poseidon totaled 9.0 million barrels and 5.3 million barrels for the three months ended September 30, 1998 and 1997, respectively. The Equity Investees were also impacted by two tropical storms and Hurricane Georges passing through the Gulf during the third quarter of 1998.

Operating expenses for the three months ended September 30, 1998 totaled $3.0 million as compared to $2.6 million for the same period in 1997. The increase is primarily attributable to 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 offset by lower operating and transportation costs associated with the Partnership's oil and gas properties.

Depreciation, depletion and amortization totaled $7.1 million for the three months ended September 30, 1998 as compared with $11.5 million for the same period in 1997. The decrease of $4.4 million reflects a decrease of $4.8 million in depreciation and depletion on oil and 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 offset by an increase of $0.4 million in depreciation on pipelines, platforms and facilities as a result of placing the East Cameron Block 373 platform in service in April 1998 and acquiring of the Ship Shoal Block 331 platform in August 1998.

Impairment, abandonment and other totaled ($1.1 million) for the three months ended September 30, 1998 and represented the excess of estimated costs over actual costs incurred associated with the abandonment of the Partnership's Ewing Bank flowlines.

General and administrative expenses, including the management fee allocated from Leviathan, totaled $6.4 million for the three months ended September 30, 1998 as compared with $4.4 million for the same period in 1997. The increase of $2.0 million primarily reflects additional direct general and administrative expenses related to (i) the vesting and appreciation of Unit Rights granted to certain officers and employees and (ii) the incentive payments to Leviathan's three former non-employee directors pursuant to compensation arrangements. See "Item 1. Consolidated Financial Statements -- Notes to Consolidated Financial Statements -- Note 5 -- Related Party Transactions -- Other."

Interest income and other totaled $0.4 million for the three months ended September 30, 1998 as compared with $0.2 million for the same period in 1997.

Interest and other financing costs, net of capitalized interest, for the three months ended September 30, 1998 totaled $5.3 million as compared with $3.9 million for the same period in 1997. During the three months

ended September 30, 1998 and 1997, the Partnership had outstanding indebtedness averaging approximately $280.5 million and $218.5 million, respectively.

Net loss for the three months ended September 30, 1998 totaled $1.8 million, or $0.06 per Unit, as compared with net income of $3.3 million, or $0.12 per Unit, for the three months ended September 30, 1997 as a result of the items discussed above.

Nine Months Ended September 30, 1998 Compared With Nine Months Ended September 30, 1997

Oil and gas sales totaled $22.3 million for the nine months ended September 30, 1998 as compared with $49.1 million for the same period in 1997. The decrease is attributable to (i) substantially lower realized oil and gas prices, (ii) decreased production as a result of two tropical storms and Hurricane Georges passing through the Gulf during the third quarter of 1998, (iii) normal production declines from the Partnership's oil and gas properties and (iv) 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 nine months ended September 30, 1998, the Partnership produced and sold 7,435 MMcf of gas and 424,000 barrels of oil at average prices of $2.06 per Mcf and $16.04 per barrel, respectively. During the same period in 1997, the Partnership produced and sold 16,410 MMcf of gas and 606,000 barrels of oil at average prices of $2.19 per Mcf and $21.20 per barrel, respectively.

Revenue from gathering, transportation and platform services totaled $12.9 million for the nine months ended September 30, 1998 as compared with $14.0 million for the same period in 1997. The decrease primarily reflects decreases of (i) $2.8 million related to the cessation of production in May 1997 from the only well connected to the Ewing Bank system, (ii) $1.3 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 all of the nine months in the period ended September 30, 1998 as compared with a portion of the nine months ended September 30, 1997 and (iii) $0.4 million in platform revenue services from the Partnership's Viosca Knoll Block 817 platform as a result of lower oil and gas volumes processed on the platform due to capacity constraints of the downstream transporter which was alleviated during the third quarter of 1998, offset by an increase of $3.4 million in platform services revenue from the Partnership's East Cameron Block 373 platform which was placed in service in April 1998. Throughput volumes for the Partnership's wholly owned gathering systems increased approximately 1% from the first nine months of 1998 as compared with the same period in 1997.

Revenue from the Partnership's Equity Investees totaled $19.2 million for the nine months ended September 30, 1998 as compared with $21.6 million for the same period in 1997. The decrease of $2.4 million primarily reflects decreases of (i) $2.9 million related to Stingray and HIOS as a result of increased maintenance costs and decreased throughput and (ii) $4.1 million related to nonrecurring start-up costs, prior period adjustments and a change in equity ownership of Nautilus and Manta Ray Offshore offset by an increase of $4.6 million from POPCO, Viosca Knoll and UTOS as a result of increased throughput. Total gas throughput volumes for the Equity Investees increased approximately 19% from the nine months ended September 30, 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 24.7 million barrels and 13.3 million barrels for the nine months ended September 30, 1998 and 1997, respectively. The Equity Investees were also impacted by two tropical storms and Hurricane Georges passing through the Gulf during the third quarter of 1998.

Operating expenses for the nine months ended September 30, 1998 totaled $8.6 million as compared to $8.7 million for the same period in 1997. The decrease is primarily attributable to lower operating and transportation costs associated with the Partnership's oil and 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 $21.9 million for the nine months ended September 30, 1998 as compared with $39.5 million for the same period in 1997. The decrease of $17.6 million reflects decreases of (i) $14.7 million in depreciation and depletion on oil and 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 (ii) $2.9 million in depreciation on pipelines, platforms and facilities as a result of the Partnership fully depreciating its investment in the Ewing Bank and Ship Shoal systems in June 1997.

Impairment, abandonment and other totaled ($1.1 million) for the nine months ended September 30, 1998 and represented the excess of estimated costs over actual costs incurred associated with the abandonment of the Partnership's Ewing Bank flowlines. Impairment, abandonment and other totaled $21.2 million for the nine months ended September 30, 1997 and consisted of a non-recurring charge to reserve the Partnership's 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 the Partnership's abandonment obligations associated with the gathering facilities serving these properties, to reserve the Partnership's 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 gas properties.

General and administrative expenses, including the management fee allocated from Leviathan, totaled $13.9 million for the nine months ended September 30, 1998 as compared with $10.2 million for the same period in 1997. The increase of $3.7 million reflects increases of (i) $0.9 million in management fees allocated by Leviathan to the Partnership and (ii) $2.8 million in direct general and administrative expenses of the Partnership primarily related to (x) the appreciation and vesting of Unit Rights granted to certain officers and employees and (y) incentive payments to Leviathan's three former non-employee directors pursuant to compensation arrangements. See "Item 1. Consolidated Financial Statements -- Notes to Consolidated Financial Statements -- Note 5 -- Related Party Transactions -- Other."

Interest income and other totaled $0.6 million for the nine months ended September 30, 1998 as compared with $1.3 million for the same period in 1997.

Interest and other financing costs, net of capitalized interest, for the nine months ended September 30, 1998 totaled $13.7 million as compared with $10.4 million for the same period in 1997. During the nine months ended September 30, 1998 and 1997, the Partnership capitalized $0.6 million and $1.5 million, respectively, of interest costs in connection with construction projects and drilling activities in progress during such periods. During the nine months ended September 30, 1998 and 1997, the Partnership had outstanding indebtedness averaging approximately $264.5 million and $223.5 million, respectively.

Net loss for the nine months ended September 30, 1998 totaled $1.7 million, or $0.06 per Unit, as compared with a net loss of $3.6 million, or $0.14 per Unit, for the nine months ended September 30, 1997 as a result of the items discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Cash. The Partnership intends to satisfy its capital requirements and other working capital needs primarily from cash on hand, cash from operations, borrowings under the Partnership Credit Facility (discussed below) and, depending on capital requirements and related market conditions, issuing additional debt and/or equity. Net cash provided by operating activities for the nine months ended September 30, 1998 totaled $11.6 million. At September 30, 1998, the Partnership had cash and cash equivalents of $3.2 million.

Cash from operations is derived from (i) payments for gathering gas through the Partnership's 100% owned pipelines, (ii) platform access and processing fees, (iii) cash distributions from Equity Investees and (iv) the sale of oil and gas attributable to the Partnership's interest in its producing properties. Oil and gas properties are depleting assets and will produce reduced volumes of oil and gas in the future unless additional wells are drilled or recompletions of existing wells are successful. See "-- Overview" for current production rates from these properties.

The Partnership's cash flows from operations will be affected by the ability of each Equity Investee to make distributions. Distributions from such entities are subject to the discretion of their respective management

committees. Further, each of Stingray, POPCO 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. Distributions to the Partnership from Equity Investees during the nine months ended September 30, 1998 totaled $20.9 million.

The Partnership Credit Facility is a revolving credit facility providing for up to $350 million of available credit subject to customary terms and conditions, including certain debt incurrence limitations. Proceeds from the Partnership Credit Facility are available to the Partnership for general partnership purposes, including financing of capital expenditures, for working capital, and subject to certain limitations, for paying distributions to the Unitholders. The Partnership 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 Partnership Credit Facility matures in December 1999; is guaranteed by Leviathan and each of the Partnership's subsidiaries; and is secured by the management agreement with Leviathan as amended or supplemented from time to time, substantially all of the assets of the Partnership and Leviathan's 1% general partner interest in the Partnership and approximate 1% interest in certain subsidiaries of the Partnership. In April 1998, the Partnership Credit Facility was amended to allow for the Merger, the consummation of the Redemption Agreement and certain other transactions. In August 1998, the Partnership Credit Facility was amended to, among other things, increase the credit facility by $50 million to $350 million of available credit. As of September 30, 1998, the Partnership had $291.0 million outstanding under its credit facility bearing interest at an average floating rate of 7.1% per annum. Currently, approximately $30.0 million of additional funds are available under the Partnership Credit Facility.

In March 1998, Stingray amended an existing term loan agreement to provide for additional borrowings of $11.1 million and to extend the maturity date of the loan from December 31, 2000 to March 31, 2003. The amended agreement requires Stingray to make 18 quarterly principal payments of $1.6 million commencing on December 31, 1998. The term loan agreement is principally secured by current and future gas transportation contracts between Stingray and its customers. As of September 30, 1998, Stingray had $28.5 million outstanding under its term loan agreement bearing interest at an average floating rate of 6.5625% per annum.

POPCO has a revolving credit facility, as amended, (the "POPCO Credit Facility") with a group 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 secured by a substantial portion of POPCO's assets and matures on April 30, 2001. As of September 30, 1998, POPCO had $128.0 million outstanding under its credit facility bearing interest at an average floating rate of 6.7% per annum. Currently, approximately $20.5 million of additional funds are available under the POPCO Credit 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 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. 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 secured by a substantial portion of Viosca Knoll's assets and matures on December 20, 2001. As of September 30, 1998, Viosca Knoll had $66.2 million outstanding under its credit facility bearing interest at an average floating rate of 6.4% per annum. Currently, approximately $33.3 million of additional funds are available under the Viosca Knoll Credit Facility.

Uses of Cash. The Partnership's capital requirements consist primarily of (i) quarterly distributions to holders of Preference Units and Common Units and to Leviathan as general partner, including Incentive Distributions, as applicable, (ii) expenditures for the maintenance of its pipelines and related infrastructure and the acquisition and construction of additional pipelines and related facilities for the gathering, transportation and processing of oil and gas in the Gulf, (iii) expenditures related to its producing oil and gas properties, (iv) expenditures relating to the acquisition and development of the Sunday Silence field discussed in "Item 1. Consolidated Financial Statements -- Notes to Consolidated Financial Statements -- Note 5 -- Related

Party Transactions -- Property Acquisition," (v) expenditures related to the abandonment of the Ewing Bank flowlines of $2.9 million, (vi) management fees and other operating expenses, (vii) contributions to Equity Investees as required to fund capital expenditures for new facilities, (viii) debt service on its outstanding indebtedness and (ix) the payment of the accelerated appreciation of Unit Rights discussed in "Item 1. Consolidated Financial Statements -- Notes to Consolidated Financial Statements -- Note 5 -- Related Party Transactions -- Other."

On October 20, 1998, the Partnership declared a cash distribution of $0.275 per Preference Unit and $0.525 per Common Unit for the period from July 1, 1998 through September 30, 1998 which will be paid on November 13, 1998 to all holders of record of Common Units and Preference Units as of October 30, 1998. See "Item 1. Consolidated Financial Statements -- Notes to Consolidated Financial Statements -- Note 4 -- Partners' Capital -- Cash Distributions" and "-- Conversion of Preference Units into Common Units."

For the nine months ended September 30, 1998, the Partnership paid Leviathan Incentive Distributions totaling $8.3 million and will pay Leviathan an Incentive Distribution of $2.8 million in November 1998. The Partnership believes that it will be able to continue to pay at least the current quarterly cash distributions of $0.275 per Preference Unit and $0.525 per Common Unit for the foreseeable future. At these distribution rates, the quarterly Partnership distributions total $15.6 million in respect to the Preference Units, Common Units and the general partner interests ($62.5 million on an annual basis, including $25.6 million to Leviathan).

In April 1998, the Partnership completed the construction and installation of a new platform and processing facilities at East Cameron Block 373. This platform, which cost approximately $30.2 million, is strategically located to exploit reserves in the East Cameron and Garden Banks area of the Gulf and is the terminus for an extension of the Stingray system. The Partnership funded the cost of the platform and facilities with borrowings under the Partnership Credit Facility.

The Partnership anticipates that its capital expenditures and equity investments for the remaining portion of 1998 and 1999 will relate to continuing acquisition and construction activities. The Partnership anticipates funding such cash requirements primarily with available cash flow, borrowings under the Partnership Credit Facility and, depending on the capital requirements and related market conditions, issuing additional debt and/or equity.

Any substantial capital expenditures by Stingray, POPCO and Viosca Knoll are anticipated to be funded by borrowings under their respective credit facilities. The Partnership's cash capital expenditures and equity investments for the nine months ended September 30, 1998 were $20.8 million. The Partnership may in the future contribute existing assets (including cash) to new joint ventures as partial consideration for its ownership interest therein.

Interest costs incurred by the Partnership related to the Partnership Credit Facility totaled $14.3 million for the nine months ended September 30, 1998. The Partnership capitalized $0.6 million of such interest costs in connection with construction projects in progress during the period.

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. The Partnership has established a project team to coordinate the five phases of its Year 2000 project to ensure that the Partnership's key automated systems and related processes will remain functional through Year 2000. The phases include: (i) awareness, (ii) assessment, (iii) remediation, (iv) testing, and (v) implementation of the necessary modifications. The key automated systems of the Partnership consist of (a) hardware and equipment, (b) embedded chip systems in equipment and (c) third party-developed software. The Partnership has hired outside consultants and is involved in several industry trade-groups to supplement the Partnership's project team.

The awareness phase recognizes the importance of Year 2000 issues and its impact on the Partnership. Through the project team, the Partnership has established an awareness program which includes participation

of management in each business area. Even though the awareness phase is substantially completed, the Partnership will continually update awareness efforts throughout the Year 2000 project.

The assessment phase consists of conducting an inventory of its 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. The Partnership estimates that it is more than half way 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 Equity Investees, partners and third party customers and vendors, that their hardware and equipment products, embedded chip systems and software products being used by or impacting the Partnership are or will be modified to be Year 2000 compliant. To date, the responses from such third parties are inconclusive. Although the Partnership intends to interact only with those third parties that have Year 2000 compliant computer systems, it is impossible for the Partnership to monitor all such systems. As a result, the Partnership cannot predict the potential consequences if its Equity Investees, partners, customers or vendors are not Year 2000 compliant. The Partnership is currently evaluating the exposure associated with such business partner relationships.

The Partnership expects that the remediation phase, which involves converting, modifying, replacing or eliminating selected key automated systems, will be substantially completed by mid-1999. The testing phase represents the validation process for key automated systems. The Partnership is utilizing test tools and written procedures to document and validate, as necessary, its unit, system, integration and acceptance testing. The testing phase is also anticipated to be substantially completed by mid-1999. While the Partnership has substantially begun work on both the remediation and testing phases, the Partnership estimates that approximately three-quarters of the work for these phases remain.

The implementation phase represents placing the converted or replaced key automated systems into operations. In some cases, the implementation phase will consist of developing and executing contingency plans needed to support business functions and processes that may be interrupted by Year 2000 failures which are outside the Partnership's control. Contingency plans will be developed to prepare for failures of the Partnership's key automated systems not reasonably foreseen. The implementation phase is expected to be substantially completed by mid-1999. The Partnership is in the early stages of this phase.

While the total cost of the Partnership's Year 2000 project is still being evaluated, the Partnership estimates that the costs incurred in 1998, 1999 and 2000 associated with assessing, remediating and testing hardware and equipment, embedded chip systems, and third-party developed software is anticipated not to exceed $1.0 million, all of which will be expensed.

The Partnership's present intention is that in the event the Partnership completes an acquisition of, or makes a material investment in, substantial facilities or another business entity, the Partnership will incorporate such facilities or entity into its Year 2000 program. Accordingly, the Partnership may incur substantial costs as a result of such acquisition or investment. This cost will be in addition to the costs of the Year 2000 assessment, if any, made by the Partnership with respect to such facilities or entity prior to the acquisition or investment.

The Partnership's goal is to ensure that all of its critical systems and processes that are under its direct control remain functional. However, certain systems and processes may be interrelated with systems outside the control of the Partnership for which there can be no assurance that all implementations will be successful. The Partnership's present analysis of its 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 the Partnership's operations, thus causing temporary financial losses and an inability to meet its obligations to customers. Accordingly, the Partnership's contingency plan may also consider any significant failures related to the most reasonably likely worst case scenario, as they may occur. The plan is expected to assess the risk of a significant failure to critical processes performed by the Partnership. This assessment is expected to also factor in the severity and duration of the impact of a

significant failure. From this analysis, the Year 2000 contingency plan should be developed to mitigate the risk identified by the assessment of the most reasonably likely worst case scenario.

Management does not expect the costs of the Partnership's Year 2000 project will have a material adverse effect on the Partnership's financial position, results of operations or cash flows. Based on information available at this time, however, the Partnership cannot conclude that any failure of the Partnership, or third-party partners and other entities to achieve Year 2000 compliance will not adversely effect the Partnership. Specific factors which may affect the success of the Partnership's Year 2000 efforts and the occurrence of Year 2000 disruption or expense include failure of the Partnership or its outside consultants to properly identify deficient systems, the failure of the selected remedial action to adequately address the deficiencies, failure of the Partnership's outside consultants to complete the remediation in a timely manner (due to shortages of qualified labor or other factors), unforeseen expenses related to the remediation of existing systems or the transition to replacement systems, and the failure of third parties, including Equity Investees to become compliant or to adequately notify the Partnership of potential noncompliance.

UNCERTAINTY OF FORWARD-LOOKING STATEMENTS AND INFORMATION

This quarterly report contains certain forward-looking statements and information that are based on management's beliefs as well as assumptions made by and information currently available to management. Such statements are typically punctuated by words or phrases such as "anticipate," "estimate," "project," "should," "may," "management believes," and words or phrases of similar import. Although management believes that such statements and expressions are reasonable and made in good faith, it can give no assurance that such expectations will prove to have been correct. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Among the key factors that may have a direct bearing on the Partnership's results of operations and financial condition are: (i) competitive practices in the industry in which the Partnership competes, (ii) the impact of current and future laws and government regulations affecting the industry in general and the Partnership's operations in particular, (iii) environmental liabilities to which the Partnership may become subject in the future that are not covered by an indemnity or insurance, (iv) the throughput levels achieved by the Gas Pipelines, Poseidon and any future pipelines in which the Partnership owns an interest, (v) the ability to access additional reserves to offset the natural decline in production from existing wells connected to the Gas Pipelines and Poseidon, (vi) changes in gathering, transportation, processing, handling and other rates due to changes in governmental regulation and/or competitive factors, (vii) the impact of oil and natural gas price fluctuations, (viii) the production rates and reserve estimates associated with the Partnership's producing oil and gas properties, (ix) significant changes from expectations of capital expenditures and operating expenses and unanticipated project delays, (x) the ability of the Equity Investees to make distributions to the Partnership and (xi) the effect of the Year 2000 date change. The Partnership disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

3.1	Certificate of Limited Partnership of the Partnership (filed as Exhibit 3.1 to the Partnership's Registration Statement on Form S-1, File No. 33-55642, and incorporated herein by reference).
3.2	Amended and Restated Agreement of Limited Partnership of the Partnership (filed as Exhibit 10.41 to Amendment No. 1 to DeepTech's Registration Statement on Form S-1, File No. 33-73538, and incorporated herein by reference).
3.3	Amendment Number 1 to the Amended and Restated Agreement of Limited Partnership of the Partnership (filed as Exhibit 10.1 to the Partnership's Current Report on Form 8-K dated December 31, 1996, and incorporated herein by reference).
*10.1	Leviathan Gas Pipeline Partners, L.P. 1998 Omnibus Compensation Plan Effective as of August 14, 1998.
*10.2	Leviathan 1998 Unit Option Plan for Non-Employee Directors Effective as of August 14, 1998.
*10.3	Amendment No. 3, dated as of August 12, 1998, to the Second Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended and restated through December 13, 1996, among Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership, the banks and other financial institutions (the "Lenders"), The Chase Manhattan Bank, a New York banking corporation, as administrative agent for the Lenders and ING (U.S.) Capital Corporation, a Delaware corporation, as co-arranger for the Lenders.
*27.	Financial Data Schedule.

- ---------------

* Filed herewith.

(b) Reports on Form 8-K

The Partnership filed a Current Report on Form 8-K with the Securities and Exchange Commission on September 16, 1998 reporting the Change in Control of the general partner of the Partnership.

SIGNATURES

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

LEVIATHAN GAS PIPELINE
PARTNERS, L.P.
(Registrant)

By: LEVIATHAN GAS PIPELINE
COMPANY, its General Partner

Date: November 12, 1998

By: /s/ D. MARK LELAND

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

By: /s/ KEITH B. FORMAN

Keith B. Forman
Chief Financial Officer

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
3.1	-- Certificate of Limited Partnership of the Partnership (filed as Exhibit 3.1 to the Partnership's Registration Statement on Form S-1, File No. 33-55642, and incorporated herein by reference).
3.2	-- Amended and Restated Agreement of Limited Partnership of the Partnership (filed as Exhibit 10.41 to Amendment No. 1 to DeepTech's Registration Statement on Form S-1, File No. 33-73538, and incorporated herein by reference).
3.3	-- Amendment Number 1 to the Amended and Restated Agreement of Limited Partnership of the Partnership (filed as Exhibit 10.1 to the Partnership's Current Report on Form 8-K dated December 31, 1996, and incorporated herein by reference).
*10.1	-- Leviathan Gas Pipeline Partners, L.P. 1998 Omnibus Compensation Plan Effective as of August 14, 1998.
*10.2	-- Leviathan 1998 Unit Option Plan for Non-Employee Directors Effective as of August 14, 1998.
*10.3	-- Amendment No. 3, dated as of August 12, 1998, to the Second Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended and restated through December 13, 1996, among Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership, the banks and other financial institutions (the "Lenders"), The Chase Manhattan Bank, a New York banking corporation, as administrative agent for the Lenders and ING (U.S.) Capital Corporation, a Delaware corporation, as co-arranger for the Lenders.
*27.	-- Financial Data Schedule.

- ---------------
* Indicates documents filed as part of this report.

EXHIBIT 10.1

LEVIATHAN GAS PIPELINE PARTNERS, L.P.

1998 OMNIBUS COMPENSATION PLAN

EFFECTIVE AS OF AUGUST 14, 1998

TABLE OF CONTENTS

LEVIATHAN GAS PIPELINE PARTNERS, L.P.

1998 OMNIBUS COMPENSATION PLAN

SECTION 1

PURPOSES

The purposes of the Leviathan Gas Pipeline Partners, L.P. 1998 Omnibus Compensation Plan (the "Plan") are to promote the interests of Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership (the "Company") and its unitholders by strengthening its ability to attract and retain officers and key management employees ("key management employees" means those employees who hold the position of department director) in the employ of the Company, the General Partner (as defined below) or their affiliates by furnishing suitable recognition of their ability and industry which contributed materially to the success of the Company and to align the interests and efforts of the Company's and General Partner's officers and key management employees to the long-term interests of the Company's unitholders. The Plan provides for the grant of unit options, unit appreciation rights and restricted units in accordance with the terms and conditions set forth below.

SECTION 2

DEFINITIONS

Unless otherwise required by the context, the following terms when used in the Plan shall have the meanings set forth in this Section 2:

2.1 BENEFICIARY

The person or persons designated by the Participant pursuant to Section 6.4(f) of this Plan to whom payments are to be paid pursuant to the terms of the Plan in the event of the Participant's death.

2.2 BOARD OF DIRECTORS

The Board of Directors of the General Partner.

2.3 CAUSE

The Company may terminate the Participant's employment for Cause. A termination for Cause is a termination evidenced by a resolution adopted in good faith by two-thirds (2/3) of the Board of Directors that the Participant (i) willfully and continually failed to substantially perform the Participant's duties with the Company (other than a failure resulting from the Participant's incapacity due to physical or mental illness) which failure continued for a period of at least thirty (30) days after a written notice of demand for substantial performance had been delivered to the Participant specifying the manner in which the Participant has failed to substantially perform or (ii) willfully engaged in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise; provided, however, that no termination of the Participant's employment shall be for Cause as set forth in clause (ii) above until (A) there shall have been delivered to the Participant a copy of a written notice setting forth that the Participant was guilty of the conduct set forth in clause (ii) above and specifying the particulars thereof in detail and (B) the Participant shall have been provided an opportunity to be heard by the Board of Directors (with the assistance of the Participant's counsel if the Participant so desires). No act, nor failure to act, on the Participant's part shall be considered "willful" unless the Participant has acted, or failed to act, with an absence of good faith and without a reasonable belief that the Participant's action or failure to act was in the best interest of the Company. Notwithstanding anything contained in the Plan to the contrary, no failure to perform by the Participant after notice of termination is given by the Participant shall constitute Cause.

2.4 CODE

The Internal Revenue Code of 1986, as amended and in effect from time to time, and the temporary or final regulations of the Secretary of the U.S. Treasury adopted pursuant to the Code.

2.5 COMMON UNITS

The Common Units of the Company, as defined and described in the Amended and Restated Agreement of Limited Partnership of the Company, dated February 19, 1993, as amended from time to time.

2.6 COMPANY

Leviathan Gas Pipeline Partners, L.P., a Delaware limited partnership, and any successor in interest.

2.7 EXCHANGE ACT

The Securities Exchange Act of 1934, as amended.

2.8 FAIR MARKET VALUE

As applied to a specific date, Fair Market Value shall be deemed to be the mean between the highest and lowest quoted selling prices at which Common Units are sold on such date as reported in the New York Stock Exchange ("NYSE")-Composite Transactions by The Wall Street Journal on such date, or if no Common Units were traded on such date, on the next preceding day on which Common Units were so traded.

2.9 GENERAL PARTNER

General Partner means Leviathan Gas Pipeline Company, a Delaware corporation and the general partner of the Company.

2.10 MANAGEMENT COMMITTEE

A committee consisting of the Chairman of the Board of the General Partner and such other senior officers as the Chairman of the Board shall designate.

2.11 MAXIMUM ANNUAL EMPLOYEE GRANT

The Maximum Annual Employee Grant set forth in Section 5.3.

2.12 PARTICIPANT

An eligible employee to whom a unit option, unit appreciation right or Restricted Unit is granted under the Plan as set forth in Section 4.

2.13 PERFORMANCE GOALS

The Plan Administrator shall establish one or more performance goals ("Performance Goals") for each Performance Period in writing. Such Performance Goals shall be set no later than the commencement of the applicable Performance Period, or such later date as may be permitted with respect to "performance-based" compensation under Section 162(m) of the Code.

2.14 PERFORMANCE PERIOD

That period of time during which Performance Goals are measured to determine the vesting or granting of unit options, unit appreciation rights or Restricted Units, as the Plan Administrator may determine.

2.15 PERMANENT DISABILITY OR PERMANENTLY DISABLED

A Participant shall be deemed to have become Permanently Disabled for purposes of the Plan if the Chairman of the Board of the General Partner shall find upon the basis of medical evidence satisfactory to the Chairman of the Board that the Participant is totally disabled, whether due to physical or mental condition, so as to be prevented from engaging in further employment by the Company, the General Partner or any of their affiliate, and that such disability will be permanent and continuous during the remainder of the Participant's life; provided, that with respect to Section 16 Insiders such determination shall be made by the Plan Administrator.

2.16 PLAN ADMINISTRATOR

The Compensation Committee of the Board of Directors of the General Partner or any other committee appointed and/or authorized pursuant to Section 3 to administer the Plan, including the Management Committee.

2.17 RESTRICTED UNITS

Common Units granted under the Plan that are subject to the requirements of Section 8 and such other restrictions as the Plan Administrator deems appropriate. References to Restricted Units in this Plan shall include Performance Restricted Units (as defined in Section 5.2) unless the context otherwise requires.

2.18 RULE 16B-3

Rule 16b-3 of the General Rules and Regulations under the Exchange Act.

2.19 SECTION 16 INSIDER

Any person who is selected by the Plan Administrator to receive unit options, unit appreciation rights or Restricted Units pursuant to the Plan and who is subject to the requirements of Section 16 of the Exchange Act, and the rules and regulations promulgated thereunder.

2.21 UNIT OPTION

An option to acquire a Common Unit of the Company at the unit option price, and which is not intended to meet the requirements of an incentive option as defined in Section 422 of the Code.

2.22 UNIT OPTION PRICE

The price at which each unit option is exercisable for a Common Unit.

SECTION 3

ADMINISTRATION

3.1 With respect to awards made under the Plan to Section 16 Insiders, the Plan shall be administered by the Compensation Committee of the General Partner's Board of Directors, which shall be constituted at all times so awards to Section 16 Insiders pursuant to this Plan shall qualify as an exception to liability under Section 16(b) of the Exchange Act, so long as any of the Company's equity securities are registered pursuant to Section 12(b) or 12(g) of the Exchange Act. Except as provided below, and as may be required by Section 16(b) of the Exchange Act, the Plan shall be administered by the Management Committee. The Management Committee shall interpret the Plan, prescribe, amend, and rescind rules relating to it, select eligible Participants, make grants to Participants who are not Section 16 Insiders, and take all other actions necessary for its administration, which actions shall be final and binding upon all Participants.

3.2 Except for the terms and conditions explicitly set forth in the Plan, the Management Committee shall have sole authority to construe and interpret the Plan, to establish, amend and rescind rules and

regulations relating to the Plan, to select persons eligible to participate in the Plan, to grant unit options, unit appreciation rights and Restricted Units thereunder, to administer the Plan, to make recommendations to the Board of Directors, and to take all such steps and make all such determinations in connection with the Plan and the unit options, unit appreciation rights and Restricted Units granted thereunder as it may deem necessary or advisable, which determination shall be final and binding upon all Participants. The Plan Administrator shall cause the Company at its expense to take any action related to the Plan which may be necessary to comply with the provisions of any federal or state law or any regulations issued thereunder.

3.3 Each member of any committee acting as Plan Administrator, while serving as such, shall be considered to be acting in his or her capacity as a director of the General Partner. Members of the Board of Directors and members of any committee acting under the Plan shall be fully protected in relying in good faith upon the advice of counsel and shall incur no liability except for gross negligence or willful misconduct in the performance of their duties.

SECTION 4

ELIGIBILITY

To be eligible for selection by the Plan Administrator to participate in the Plan, an individual must be an officer or key management employee of the Company, the General Partner, or any their affiliates, as of the date on which the Plan Administrator grants to such individual a unit option, unit appreciation right or Restricted Units or a person who, in the judgment of the Plan Administrator, holds a position of responsibility and is able to contribute substantially to the Company's continued success. Members of the Board of Directors of the General Partner who are full-time salaried officers shall be eligible to participate. Members of the Board of Directors who are not employees are not eligible to participate in this Plan.

SECTION 5

UNITS AVAILABLE FOR THE PLAN

5.1 Subject to Section 5.4, the maximum number of units that may be issued for which unit options, unit appreciation rights and Restricted Units may at any time be granted under the Plan is three million (3,000,000) Common Units, from units held in the Company's treasury or out of the authorized but unissued units of the Company, or the General Partner, as appropriate, or partly out of each, as shall be determined by the Plan Administrator.

5.2 Notwithstanding the foregoing, and subject to Section 5.4, the number of units for which Restricted Units may be granted pursuant to Section 8 of the Plan may not exceed five hundred thousand (500,000) Common Units, unless the granting or vesting of such Restricted Units is in compliance with the performance-based requirements of Section 162(m) of the Code ("Performance Restricted Units"). The grant of Performance Restricted Units is not limited by this Section 5.2.

5.3 The maximum number of units with respect to which awards under this Plan may be granted to any eligible employee in any one year shall not exceed: (a) five hundred thousand (500,000) in the case of unit options (and unit appreciation rights) and (b) five hundred thousand (500,000) in the case of Restricted Units (whether or not such Restricted Units are Performance Restricted Units). The foregoing maximums shall be referred to collectively as the "Maximum Annual Employee Grant."

5.4 In the event of a recapitalization, unit split, unit dividend, exchange of units, merger, reorganization, change in corporate structure or units of the Company or similar event, the Board of Directors, upon the recommendation of the Plan Administrator, may make appropriate adjustments in the number of units authorized for the Plan, the Maximum Annual Employee Grant and, with respect to outstanding unit options, unit appreciation rights and Restricted Units, the Plan Administrator may make appropriate adjustments in the number of units and the Unit Option Price.

SECTION 6

UNIT OPTIONS

6.1 Unit options may be granted to eligible employees in such number, and at such times during the term of the Plan as the Plan Administrator shall determine, the Plan Administrator taking into account the duties of the respective employees, their present and potential contributions to the success of the Company, and such other factors as the Plan Administrator shall deem relevant in accomplishing the purposes of the Plan. The granting of a unit option shall take place when the Plan Administrator by resolution, written consent or other appropriate action determines to grant such a unit option to a particular Participant at a particular price. Each unit option shall be evidenced by a written instrument delivered by or on behalf of the Company containing provisions not inconsistent with the Plan.

6.2 All unit options under the Plan shall be granted subject to the following terms and conditions:

(a) Unit Option Price

The Unit Option Price shall be determined by the Plan Administrator, but shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Units on the date the unit option is granted.

(b) Duration of Unit Options

Unit options shall be exercisable at such time and under such conditions as set forth in the unit option grant, but in no event shall any unit option be exercisable later than the tenth anniversary of the date of its grant.

(c) Exercise of Unit Options

Unless otherwise provided by the Plan Administrator, a Participant may not exercise a unit option until the Participant has completed one (1) year of continuous employment with the Company, the General Partner or any of their affiliates from and including the date on which the unit option is granted. This requirement is waived in the event of death or Permanent Disability of a Participant before such period of continuous employment is completed and may be waived or modified in the agreement evidencing the option or by resolution adopted at any time by the Plan Administrator. Thereafter, Common Units covered by a unit option may be purchased at one time or in such installments over the balance of the unit option period as may be provided in the unit option grant. Any units not purchased on the applicable installment date may be purchased thereafter at any time prior to the final expiration of the unit option. To the extent that the right to purchase units has accrued thereunder, unit options may be exercised from time to time by written notice to the Company or General Partner, as appropriate, setting forth the number of units with respect to which the unit option is being exercised, and such additional information as may be required by the Plan Administrator.

(d) Payment

The purchase price of units purchased under unit options shall be paid in full to the Company upon the exercise of the unit option by delivery of consideration equal to the product of the Option Price and the number of units purchased (the "Purchase Price"). Such consideration may be either (i) in cash or (ii) at the discretion of the Plan Administrator, in Common Units already owned by the Participant for at sufficient time (generally six (6) months) to not result in an accounting charge to the Company, or any combination of cash and Common Units. The Fair Market Value of such Common Units as delivered shall be valued as of the day prior to delivery. The Plan Administrator can determine at the time the unit option is granted that additional forms of payment will be permitted. To the extent permitted by the Plan Administrator and applicable laws and regulations (including, but not limited to, federal tax and securities laws, regulations and state corporate law), an option may also be exercised by delivery of a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds to pay the Purchase Price. A Participant shall have none of the rights of a unit holder until the units of Common Units are issued to the Participant.

If specifically authorized in the unit option grant, a Participant may elect to pay all or a portion of the Purchase Price by having Common Units with a Fair Market Value equal to all or a portion of the Purchase Price be withheld from the units issuable to the Participant upon the exercise of the unit option. The Fair Market Value of such Common Units as is withheld shall be determined as of the same day as the exercise of the unit option. In the event a unit option grant to a Section 16 Insider provides that the Purchase Price may be paid in whole or in part by having units with a Fair Market Value equal to all or a portion of the Purchase Price withheld from the units issuable to the Participant upon the exercise of the unit option, the withholding of units issuable upon the exercise of a unit option to pay the Purchase Price by a Section 16 Insider must be in accordance with applicable requirements of an exemption to liability under Section 16(b) or the rules promulgated thereunder.

(e) Restrictions

The Plan Administrator shall determine and reflect in the unit option grant, with respect to each unit option, the nature and extent of the restrictions, if any, to be imposed on the units of Common Units which may be purchased thereunder, including, but not limited to, restrictions on the transferability of such units acquired through the exercise of such unit options for such periods as the Plan Administrator may determine and, further, that in the event a Participant's employment by the Company, the General Partner or any of their affiliates, terminates during the period in which such units are nontransferable, the Participant shall be required to sell such units back to the Company at such prices as the Plan Administrator may specify in the unit option.

(f) Nontransferability of Unit Options

During a Participant's lifetime, a unit option may be exercisable only by the Participant. Unit options granted under the Plan and the rights and privileges conferred thereby shall not be subject to execution, attachment or similar process and may not be transferred, assigned, pledged or hypothecated in any manner (whether by operation of law or otherwise) other than by will or by the applicable laws of descent and distribution. Notwithstanding the foregoing, to the extent permitted by applicable law, the Plan Administrator may permit a recipient of a unit option to designate in writing during the Participant's lifetime a Beneficiary to receive and exercise the Participant's unit options in the event of such Participant's death (as provided in Section 6.2(i)). If any Participant attempts to transfer, assign, pledge, hypothecate or otherwise dispose of any option under the Plan or of any right or privilege conferred thereby, contrary to the provisions of the Plan, or suffers the sale or levy or any attachment or similar process upon the rights and privileges conferred hereby, all affected unit options held by such Participant shall be immediately forfeited.

(g) Purchase for Investment

The Plan Administrator shall have the right to require that each Participant or other person who shall exercise a unit option under the Plan, and each person into whose name Common Units shall be issued pursuant to the exercise of a unit option, represent and agree that any and all Common Units purchased pursuant to such unit option are being purchased for investment only and not with a view to the distribution or resale thereof and that such units will not be sold except in accordance with such restrictions or limitations as may be set forth in the unit option. This Section 6.2(g) shall be inoperative during any period of time when the Company has obtained all necessary or advisable approvals from governmental agencies and has completed all necessary or advisable registrations or other qualifications of Common Units as to which unit options may from time to time be granted as contemplated in Section 9.

(h) Termination of Employment

Upon the termination of a Participant's employment for any reason other than death or Permanent Disability, the Participant's unit option shall be exercisable only to the extent that it was then exercisable and, unless the term of the unit options expires sooner, such unit options shall expire according to the following schedule; provided, that the Plan Administrator may at any time determine in a particular case

that specific limitations and restrictions under the Plan shall not apply, or that a unit option should expire sooner or should terminate when the Participant's employment status ceases:

(i) Retirement

The unit option shall expire, unless exercised, thirty-six (36) months after the Participant's retirement from the Company, the General Partner or any of their affiliates.

(ii) Disability

The unit option shall expire, unless exercised, thirty-six (36) months after the Participant's Permanent Disability.

(iii) Termination

Subject to subparagraph (iv) below, the unit option shall expire, unless exercised, three (3) months after a Participant resigns or is terminated as an employee of the Company, the General Partner or any of their affiliates, other than for Cause, unless the Chairman of the Board of the General Partner shall have determined in a specific case that the unit option should expire sooner or should terminate when the Participant's employment status ceases; provided, however, that for Section 16 Insiders, such determination shall be made by the Plan Administrator.

(iv) All Other Terminations

Notwithstanding subparagraphs (iii) and (iv) above, the unit option shall expire upon termination of employment for Cause, unless exercised, one year after the Participant's termination of employment on account of disability (as defined in Section 22(e)(3) of the Code) and shall expire three (3) months after the Participant's termination of employment other than on account of death, Permanent Disability or termination for Cause.

(i) Death of Participant

Upon the death of a Participant, whether during the Participant's period of employment or during the thirty-six (36) month period referred to in Sections 6.2(h)(i), (ii) and (iii), the unit option shall expire, unless the original term of the unit option expires sooner, twelve (12) months after the date of the Participant's death, unless the unit option is exercised within such twelve (12) month period by the Participant's Beneficiary, legal representatives, estate or the person or persons to whom the deceased's unit option rights shall have passed by will or the laws of descent and distribution; provided, that the Plan Administrator shall determine in a particular case that specific limitations and restrictions under the Plan shall not apply. Notwithstanding any other Plan provisions pertaining to the times at which unit options may be exercised, no unit option shall continue to be exercisable, pursuant to Section 6.2(h) or this Section 6.2(i), at a time that would violate the maximum duration of Section 6.2(b).

(j) Deferral Election

A Participant may elect irrevocably (at a time and in a manner determined by the Plan Administrator) prior to exercising a unit option granted under the Plan that issuance of Common Units upon exercise of such unit option shall be deferred until a pre-specified date in the future or until the Participant ceases to be employed by the Company or any of its Subsidiaries, as elected by the Participant. After the exercise of any such unit option and prior to the issuance of any deferred units, the number of Common Units issuable to the Participant shall be credited to a memorandum deferred account and any dividends or other distributions paid on the Common Units shall be deemed reinvested in additional Common Units until all credited units shall become issuable pursuant to the Participant's election.

SECTION 7

UNIT APPRECIATION RIGHTS

7.1 The Plan Administrator may grant unit appreciation rights to Participants in connection with any unit option granted under the Plan, either at the time of the grant of such unit option or at any time thereafter during the term of the unit option. Such unit appreciation rights shall cover the same units covered by the unit options (or such lesser number of Common Units as the Plan Administrator may determine) and shall, except as provided in Section 7.3, be subject to the same terms and conditions as the related unit options and such further terms and conditions not inconsistent with the Plan as shall from time to time be determined by the Plan Administrator.

7.2 Each unit appreciation right shall entitle the holder of the related unit option to surrender to the Company unexercised the related unit option, or any portion thereof, and to receive from the Company in exchange therefor an amount equal to the excess of the Fair Market Value of one Common Unit on the date the right is exercised over the Option Price per share times the number of units covered by the unit option, or portion thereof, which is surrendered. Payment shall be made in Common Units valued at Fair Market Value as of the date the right is exercised, or in cash, or partly in units and partly in cash, at the discretion of the Plan Administrator. Notwithstanding the foregoing and to the extent required by an applicable exemption to liability under Section 16(b), a payment, in whole or in part, of cash upon exercise of a unit appreciation right by a Section 16 Insider may be made only if the Plan Administrator approves such election to receive cash and the right is exercised in accordance with the requirements of such exemption under Section 16(b). Unit appreciation rights may be exercised from time to time upon actual receipt by the Company of written notice stating the number of Common Units with respect to which the unit appreciation right is being exercised. The value of any fractional units shall be paid in cash.

7.3 Unit appreciation rights are subject to the following restrictions:

(a) Each unit appreciation right shall be exercisable at such time or times as the unit option to which it relates shall be exercisable, or at such other times as the Plan Administrator may determine; provided, however, that such right shall not be exercisable until the Participant shall have completed a six (6) month period of continuous employment with the Company or any of its Subsidiaries immediately following the date on which the unit appreciation right is granted. In the event of death or Permanent Disability of a Participant during employment but before the Participant has completed such period of continuous employment, such unit appreciation right shall be exercisable; but only within the period specified in the related unit option. Notwithstanding the foregoing, a unit appreciation right may not be exercised for cash by a Section 16 Insider unless such exercise is pursuant to an exemption to liability under Section 16(b) or rules promulgated thereunder.

(b) The Plan Administrator in its sole discretion may approve or deny in whole or in part a request to exercise a unit appreciation right. Denial or approval of such request shall not require a subsequent request to be similarly treated by the Plan Administrator.

(c) The right of a Participant to exercise a unit appreciation right shall be canceled if and to the extent the related unit option is exercised. To the extent that a unit appreciation right is exercised, the related unit option shall be deemed to have been surrendered unexercised and canceled.

(d) A holder of unit appreciation rights shall have none of the rights of a units holder until Common Units, if any, are issued to such holder pursuant to such holder's exercise of such rights.

(e) The acquisition of Common Units pursuant to the exercise of a unit appreciation right shall be subject to the same restrictions as would apply to the acquisition of Common Units acquired upon acquisition of the related unit option, as set forth in Section 6.2.

SECTION 8

RESTRICTED UNITS

8.1 Subject to Sections 5.2 and 5.3, Restricted Units (including Performance Restricted Units as described in Section 8.2 below) may be granted to Participants in such number and at such times during the term of the Plan as the Plan Administrator shall determine, taking into account the duties of the respective Participants, their present and potential contributions to the success of the Company, and such other factors as the Plan Administrator shall deem relevant in accomplishing the purposes of the Plan. The granting of Restricted Units shall take place when the Plan Administrator by resolution, written consent or other appropriate action determines to grant such Restricted Units to a particular Participant. Each grant shall be evidenced by a written instrument delivered by or on behalf of the Company containing provisions not inconsistent with the Plan. The Participant receiving a grant of Restricted Units shall be recorded as a unitholder of the Company. Each Participant who receives a grant of Restricted Units shall have all the rights of a unit holder with respect to such units (except as provided in the restrictions on transferability), including, but not limited to, the right to distributions on such Common Units; provided, however, that no Participant awarded Restricted Units shall have any right as a unit holder with respect to any units subject to the Participant's Restricted Units grant prior to the date of issuance to the Participant of a certificate or certificates for such units.

8.2 Notwithstanding any other provision to the contrary in this Section 8, before Performance Restricted Units can be granted or vested, as applicable, the Plan Administrator shall:

(a) Determine the Performance Goals applicable to the particular Performance Period; and

(b) Certify in writing that such Performance Goals for a particular Performance Period have been attained.

8.3 A grant of Restricted Units shall entitle a Participant to receive, on the date or dates designated by the Plan Administrator, upon payment to the Company of the par value, if applicable, of the Common Units in a manner determined by the Plan Administrator, the number of Common Units selected by the Plan Administrator. The Plan Administrator may require, under such terms and conditions as it deems appropriate or desirable, that the certificates (if issued) for Restricted Units delivered under the Plan may be held in custody by a bank or other institution, or that the Company may itself hold such units in custody until the Restriction Period (as defined in Section 8.4) expires or until restrictions thereon otherwise lapse, and may require, as a condition of any issuance of Restricted Units that the Participant shall have delivered a units power endorsed in blank relating to the Restricted Units.

8.4 During a period of years following the date of grant, as determined by the Plan Administrator, which shall in no event be less than one (1) year (the "Restriction Period"), the Restricted Units may not be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of by the recipient, except in the event of death or Permanent Disability, the transfer to the Company as provided under the Plan or the Plan Administrator's waiver or modification of such restrictions in the agreement evidencing the grant of Restricted Units, or by resolution of the Plan Administrator adopted at any time.

8.5 Except as provided in Section 8.6, if a Participant terminates employment with the Company for any reason before the expiration of the Restriction Period, all Restricted Units still subject to restriction shall be forfeited by the Participant to the Company. In addition, in the event of any attempt by the Participant to sell, exchange, transfer, pledge or otherwise dispose of Restricted Units in violation of the terms of the Plan, such units shall be forfeited to the Company.

8.6 The Restriction Period for any Participant shall be deemed to end and all restrictions on Restricted Units shall lapse, upon the Participant's death or Permanent Disability or any termination of employment determined by the Plan Administrator to end the Restriction Period.

8.7 When the restrictions imposed by Section 8.4 expire or otherwise lapse with respect to one or more Restricted Units, the Company shall deliver to the Participant (or the Participant's legal representative,

Beneficiary or heir) one (1) Common Unit for each Restricted Unit. At that time, the agreement referred to in Section 8.1, as it relates to such units, shall be terminated.

8.8 Subject to Section 8.3 (and Section 8.2 in the case of Performance Restricted Units), a Participant entitled to receive Restricted Units under the Plan shall be issued a certificate or shall have a book entry account established for such units. Such certificate or account shall be registered in the name of the Participant, and shall bear an appropriate legend reciting the terms, conditions and restrictions, if any, applicable to such units and shall be subject to appropriate stop-transfer orders.

SECTION 9

REGULATORY APPROVALS AND LISTING

9.1 The Company shall not be required to issue any certificate or establish any account for Common Units upon the exercise of a unit option or a unit appreciation right granted under the Plan, with respect to a grant of Restricted Units or Common Units awarded as payment of vested units prior to:

(a) obtaining any approval or ruling from the Securities and Exchange Commission, the Internal Revenue Service or any other governmental agency which the Company or the General Partner, in its sole discretion, shall determine to be necessary or advisable;

(b) listing of such units on any stock exchange on which the Common Units may then be listed; or

(c) completing any registration or other qualification of such units under any federal or state laws, rulings or regulations of any governmental body which the Company or the General Partner, in its sole discretion, shall determine to be necessary or advisable.

All certificates or accounts for Common Units delivered under the Plan shall also be subject to such stop-transfer orders and other restrictions as the Plan Administrator may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which Common Units is then listed and any applicable federal or State securities laws, and the Plan Administrator may cause a legend or legends to be placed on any such certificates or accounts to make appropriate reference to such restrictions. The foregoing provisions of this paragraph shall not be effective if and to the extent that the Common Units delivered under the Plan are covered by an effective and current registration statement under the Securities Act of 1933, as amended, or if and so long as the Plan Administrator determines that application of such provisions is no longer required or desirable. In making such determination, the Plan Administrator may rely upon an opinion of counsel for the Company or the General Partner.

SECTION 10

EFFECTIVE DATE AND TERM OF PLAN

The Plan shall be effective as of August 14, 1998, and shall terminate ten (10) years therefrom, unless terminated earlier pursuant to Section 13, herein. Unit options, unit appreciation rights and Restricted Units theretofore granted may extend beyond that date and the terms and conditions of the Plan shall continue to apply thereto and to Common Units acquired thereunder. To the extent required for compliance with Section 16(b) and rules promulgated thereunder, Common Units underlying unit options, unit appreciation rights and Restricted Units granted to Section 16 Insiders may not be sold until a date at least six (6) months after the date such General Partner approval of the Plan is obtained, and unit appreciation rights that are granted subject to General Partner approval of the Plan to Section 16 Insiders may not be exercised for cash until a date at least six (6) months after the date such General Partner approval is obtained.

SECTION 11

GENERAL PROVISIONS

11.1 Nothing contained in the Plan, or in any unit option, unit appreciation right or Restricted Unit granted pursuant to the Plan, shall confer upon any employee any right with respect to continuance of employment by the Company, the General Partner or any of their affiliates, nor interfere in any way with the right of the Company, the General Partner or any of their affiliates to terminate the employment of such employee at any time with or without assigning any reason therefor.

11.2 Grants, vesting or payment of unit options, unit appreciation rights or Restricted Units shall not be considered as part of a Participant's salary or used for the calculation of any other pay, allowance, pension or other benefit unless otherwise permitted by other benefit plans provided by the Company, the General Partner or any of their affiliates, or required by law or by contractual obligations of the Company, the General Partner or any of their affiliates.

11.3 The right of a Participant or Beneficiary to the payment of any compensation under the Plan may not be assigned, transferred, pledged or encumbered, nor shall such right or other interests be subject to attachment, garnishment, execution or other legal process.

11.4 Leaves of absence for such periods and purposes conforming to the personnel policy of the Company, the General Partner or any of their affiliates, as applicable, shall not be deemed terminations or interruptions of employment, unless a Participant commences a leave of absence from which he or she is not expected to return to active employment with the Company, the General Partner or any of their affiliates.

11.5 In the event a Participant is transferred from the Company to the General Partner or other affiliate, or vice versa, or is promoted or given different responsibilities, the unit options, unit appreciation rights and Restricted Units granted to the Participant prior to such date shall not be affected.

11.6 The Plan shall be construed and governed in accordance with the laws of the State of Texas, except that it shall be construed and governed in accordance with applicable federal law in the event that such federal law preempts state law.

11.7 Appropriate provision shall be made for all taxes required to be withheld in connection with the exercise, grant or other taxable event with respect to unit option, unit appreciation rights and Restricted Units under the applicable laws or regulations of any governmental authority, whether federal, state or local and whether domestic or foreign, including, but not limited to, the required withholding of a sufficient number of units otherwise issuable to a Participant to satisfy the said required minimum tax withholding obligations. If provided in the grant, a Participant is permitted to deliver Common Units (including units acquired pursuant to the exercise of a unit option or unit appreciation right other than the unit option or unit appreciation right currently being exercised, to the extent permitted by applicable regulations) for payment of withholding taxes on the exercise of a unit option or unit appreciation right, or upon the grant or vesting of Restricted Units. At the election of the Plan Administrator or, subject to approval of the Plan Administrator at its sole discretion, at the election of a Participant, Common Units may be withheld from the units issuable to the Participant upon the exercise of a unit option or unit appreciation right or upon the vesting of the Restricted Units to satisfy tax withholding obligations. The Fair Market Value of Common Units as delivered pursuant to this Section 11.7 shall be valued as of the day prior to delivery, and shall be calculated in accordance with Section 2.8. The election by a Section 16 Insider to have Common Units withheld to pay tax obligations in connection with the exercise of a unit option or unit appreciation right or the vesting of Restricted Units must be made in accordance with the provisions, if any, of Section 16 and the rules promulgated thereunder.

Any Participant that makes a Section 83(b) election under the Code shall, within ten (10) days of making such election, notify the Company in writing of such election and shall provide the Company with a copy of such election form filed with the Internal Revenue Service.

Tax advice should be obtained by the Participant prior to the Participant's (i) entering into any transaction under or with respect to the Plan, (ii) designating or choosing the times of distributions under the Plan, or (iii) disposing of any Common Units issued under the Plan.

SECTION 12

COMPLIANCE WITH SECTION 16

The Company's intention is that, so long as any of the Company's equity securities are registered pursuant to Section 12(b) or 12(g) of the Exchange Act, with respect to awards granted to or held by Section 16 Insiders, the Plan shall comply in all respects with Rule 16b-3 or any successor rule or rule of similar application under Section 16 of the Exchange Act or rules thereunder. If any Plan provision is later found not to be in compliance with Rule 16b-3 or such other rules promulgated under Section 16 of the Exchange Act, that provision shall be deemed modified as necessary to meet the requirements of Section 16.

Notwithstanding anything in the Plan to the contrary, the Board, in its absolute discretion, may bifurcate the Plan so as to restrict, limit, or condition the applicability of any provision of the Plan to Participants who are Section 16 Insiders without so restricting, limiting, or conditioning the Plan with respect to other Participants.

SECTION 13

AMENDMENT, TERMINATION OR DISCONTINUANCE OF THE PLAN

13.1 Subject to the Board of Directors of the General Partner and Section 13.2, the Plan Administrator may from time to time make such amendments to the Plan as it may deem proper and in the best interest of the Company without further approval of the General Partner of the Company, including, but not limited to, any amendment necessary to ensure that the Company may obtain any regulatory approval referred to in Section 11; provided, however, that no change in any unit option, unit appreciation right or Restricted Units theretofore granted may be made without the consent of the Participant which would impair the right of the Participant to acquire or retain Common Units or cash that the Participant may have acquired as a result of the Plan.

13.2 To the extent required for compliance with applicable law or regulation, including Section 16(b), the Plan Administrator and the Board of Directors may not amend the Plan without the approval of the sole stockholder of the General Partner to:

(a) materially increase the number of units or rights that may be issued under the Plan to Section 16 Insiders;

(b) otherwise materially increase the benefits accruing to the Participants under the Plan.

13.4 The Board of Directors of the General Partner may at any time suspend the operation of or terminate the Plan with respect to any Common Units or rights which are not at that time subject to unit option, unit appreciation right or grant of Restricted Units, not yet granted.

IN WITNESS WHEREOF, the Company has caused the Plan to be executed effective as of August 14, 1998.

LEVIATHAN GAS PIPELINE COMPANY,
General Partner

By /s/ H. BRENT AUSTIN

Title: Executive Vice President

ATTEST:

By /s/ DAVID L. SIDDALL

Title: Corporate Secretary

EXHIBIT 10.2

LEVIATHAN
1998 UNIT OPTION PLAN FOR
NON-EMPLOYEE DIRECTORS

EFFECTIVE AS OF AUGUST 14, 1998

TABLE OF CONTENTS

LEVIATHAN

1998 UNIT OPTION PLAN
FOR NON-EMPLOYEE DIRECTORS

SECTION 1

PURPOSE

The purpose of the Leviathan 1998 Unit Option Plan for Non-Employee Directors (the "Plan") is to attract and retain the services of experienced and knowledgeable non-employee Directors of Leviathan Gas Pipeline Company (the "Company"), the general partner of Leviathan Gas Pipeline Partners, L.P. (the "Partnership"), and to provide an incentive for such Directors to increase their proprietary interests in the Partnership's long-term success and progress.

SECTION 2

UNITS SUBJECT TO THE PLAN

2.1 Subject to Section 2.2, the maximum number of common units of the Partnership (the "Common Units"), for which unit options may be granted under the Plan is one hundred thousand (100,000) (the "Units"). The Units shall be Common Units held in the Company's or the Partnership's, as appropriate, treasury or issued out of the authorized but unissued units of the Partnership, or partly out of each, as shall be determined by the Plan Administrator.

2.2 In the event of a recapitalization, unit split, unit dividend, exchange of shares or units, merger, reorganization, change in corporate structure or units of the Partnership or similar event, the Board of Directors of the Company (the "Board"), may make appropriate adjustments in the number of units authorized for the Plan and, with respect to outstanding unit options, the Plan Administrator may make appropriate adjustments in the number of units and the unit option price. In the event of any adjustment in the number of Units covered by any unit option, any fractional units resulting from such adjustment shall be disregarded and each such unit option shall cover only the number of full units resulting from such adjustment.

SECTION 3

ADMINISTRATION OF THE PLAN

Unless otherwise determined by the Board and subject to Section 9, the Plan shall be administered by a management committee (the "Plan Administrator") consisting of the Chairman of the Board of the Company and such other senior officers of the Company or its affiliates as the Chairman of the Board shall designate. The Plan Administrator shall interpret the Plan, shall prescribe, amend and rescind rules relating to it from time to time as it deems proper and in the best interests of the Company and the Partnership, and shall take any other action necessary for the administration of the Plan.

SECTION 4

PARTICIPATION IN THE PLAN

Each member of the Board elected or appointed who is not otherwise an employee of the Company, the Partnership or any subsidiary thereof (a "Participant") shall receive unit option grants as provided in the Plan.

SECTION 5

UNIT OPTION GRANTS AND TERMS

Each unit option granted to a Participant under the Plan and the issuance of Units thereunder shall be subject to the following terms:

5.1 UNIT OPTION GRANTS

A Participant shall automatically receive (a) a grant of unit options to purchase one thousand five hundred (1,500) Units when the Participant is initially elected or appointed as a Director of the Company and (b) a grant of unit options to purchase one thousand (1,000) Units on each date the Participant is reelected as a Director of the Company at the Annual Meeting of Stockholders of the Company (the "Annual Meeting"), beginning with the Annual Meeting in 1999.

Each option granted under the Plan shall be evidenced by a written instrument delivered by or on behalf of the Plan Administrator containing terms, provisions and conditions not inconsistent with the Plan.

5.2 VESTING OF UNIT OPTIONS

Each unit option granted to a Participant under the Plan shall be fully vested and immediately exercisable upon grant.

5.3 UNIT OPTION PRICE

The unit option price for a unit option granted under the Plan shall be the fair market value of the Units covered by the unit option at the time the unit option is granted. For purposes of the Plan, "fair market value" shall be the mean between the highest and lowest quoted selling prices at which the Common Units were sold on such date as reported in the NYSE Composite Transactions by The Wall Street Journal on such date or, if no Common Units were traded on such date, on the next preceding date on which Common Units were so traded.

5.4 TIME AND MANNER OF EXERCISE OF A UNIT OPTION

Each unit option may be exercised in whole or in part at any time and from time to time; provided, however, that no fewer than one hundred (100) Units (or the remaining Units then purchasable under the unit option, if less than one hundred (100) Units) may be purchased upon exercise of any unit option hereunder and that only whole Units will be issued pursuant to the exercise of any unit option.

The purchase price of units purchased under unit options shall be paid in full to the Company upon the exercise of the unit option by delivery of consideration equal to the product of the unit option price and the number of units purchased (the "Purchase Price"). Such consideration may be paid (i) in cash or by check; (ii) in Common Units already owned by the Participant for a sufficient time (generally six (6) months) to not result in an accounting charge to the Company, or any combination of cash and Common Units, with the fair market value of such Common Units valued as of the day prior to delivery; or (iii) by delivery of a properly executed exercise notice, together with irrevocable instructions to a broker in a form satisfactory to the Plan Administrator to promptly deliver to the Company the amount of sale or loan proceeds to pay the Purchase Price. The Plan Administrator can specify that unit options granted or to be granted shall permit additional techniques to pay the Purchase Price. A Participant shall have none of the rights of a unitholder until the Common Units are issued to the Participant.

5.5 TERM OF UNIT OPTIONS

Each unit option shall expire ten (10) years from the date of the granting thereof, but shall be subject to earlier termination as follows:

(a) In the event that an Participant ceases to be a Director of the Company for any reason other than the death of the Participant, the unit options granted to such Participant shall expire unless

exercised by him or her within thirty-six (36) months after the date such Participant ceases to be a Director of the Company.

(b) In the event of the death of a Participant, whether during the Participant's service as a Director or during the thirty-six (36) month period referred to in Section 5.5(a), the unit options granted to such Participant shall be exercisable, and such unit options shall expire unless exercised within twelve (12) months after the date of the Participant's death, by the legal representatives or the estate of such Participant, by any person or persons whom the Participant shall have designated in writing on forms prescribed by and filed with the Company or, if no such designation has been made, by the person or persons to whom the Participant's rights have passed by will or the laws of descent and distribution.

5.6 TRANSFERABILITY

During an Participant's lifetime, a unit option may be exercised only by the Participant. Unit options granted under the Plan and the rights and privileges conferred thereby shall not be subject to execution, attachment or similar process and may not be transferred, assigned, pledged or hypothecated in any manner (whether by operation of law or otherwise) other than by will or the applicable laws of descent and distribution except that, to the extent permitted by applicable law, including Section 16, and Rules promulgated thereunder by the Securities and Exchange Commission, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Plan Administrator may permit a recipient of a unit option to designate in writing during the Participant's lifetime a beneficiary to receive and exercise unit options in the event of the Participant's death (as provided in Section 5.5(b)). Any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of any unit option under the Plan or of any right or privilege conferred thereby, contrary to the provisions of the Plan, or the sale or levy or any attachment or similar process upon the rights and privileges conferred thereby, shall be null and void.

5.7 DEFERRAL ELECTION

A Participant may elect irrevocably at any time (at a time and in a manner determined by the Plan Administrator) prior to exercising a unit option granted under the Plan that issuance of Units upon exercise of such unit option shall be deferred until a pre-specified date in the future or until a Participant ceases to serve as a Director of the Company, as elected by the Participant. After the exercise of any such unit option and prior to the issuance of any deferred units, the number of Units issuable to the Participant shall be credited to a memorandum deferred account and any dividends or other distributions paid on the Common units shall be deemed reinvested in additional Common Units until all credited Units shall become issuable pursuant to the Participant's election.

SECTION 6

GENERAL PROVISIONS

6.1 Neither the Plan, nor the granting of a unit option, nor any other action taken pursuant to the Plan shall constitute or be evidence of any agreement or understanding, express or implied, that a Participant has a right to continue as a Director for any period of time or at any particular rate of compensation.

6.2 The Company shall not be required to issue any certificate or certificates for Units upon the exercise of a unit option granted under the Plan, or record as a holder of record of Units the name of the individual exercising a unit option under the Plan, (a) without obtaining to the complete satisfaction of the Plan Administrator the approval of all regulatory bodies deemed necessary by the Plan Administrator, and (b) without complying, to the Plan Administrator's complete satisfaction, with all rules and regulations under federal, state or local law deemed applicable by the Plan Administrator.

6.3 All costs and expenses of the adoption and administration of the Plan shall be borne by the Company or the Partnership, as appropriate.

6.4 The Plan shall be construed and governed in accordance with the laws of the State of Texas, except that it shall be construed and governed in accordance with applicable federal law in the event that such federal law preempts state law.

6.5 Appropriate provision shall be made for all taxes required to be withheld in connection with the exercise or other taxable event with respect to unit options under the applicable laws or regulations of any governmental authority, whether federal, state or local and whether domestic or foreign.

By participating in the Plan, each Participant shall agree that he or she is responsible for obtaining qualified tax advice prior to the Participant's (i) entering into any transaction under or with respect to the Plan, (ii) designating or choosing the times of distributions under the Plan, or (iii) disposing of any Common Units issued under the Plan.

SECTION 7

EFFECTIVE DATE AND DURATION OF THE PLAN

The Plan shall be effective as of August 14, 1998, subject to the approval of the plan by the Company's sole stockholder, with such approval to be obtained within 12 months from the effective date hereof. The Plan shall continue in effect until it is terminated by action of the Board or the Company's stockholder, but such termination shall not affect the then-outstanding terms of any unit options or the Company's obligation to issue Units under any then-exercised unit options as to which a deferral election has been made under Section 5.7.

SECTION 8

COMPLIANCE WITH SECTION 16

The Company's intention is that, so long as any of the Partnership's equity securities are registered pursuant to Section 12(b) or 12(g) of the Exchange Act, with respect to awards granted to or held by Section 16 Insiders, the Plan shall comply in all respects with Rule 16b-3 or any successor rule or rule of similar application under Section 16 of the Exchange Act or rules thereunder, and, if any Plan provision is later found not to be in compliance with such exemption under Section 16, that provision shall be deemed modified as necessary to meet the requirements of such applicable exemption.

SECTION 9

AMENDMENT, TERMINATION OR DISCONTINUANCE OF THE PLAN

9.1 Subject to the Board and Section 9.2, the Plan Administrator may from time to time make such amendments to the Plan as it may deem proper and in the best interest of the Company and the Partnership, including, but not limited to, any amendment necessary to ensure that the Company and Partnership may obtain any regulatory approval referred to in Section 6.2; provided, however, that unless the Plan Administrator determines that such change does not materially impair the value of the unit options, no change in any unit option theretofore granted may be made which would impair the right of the Participant to acquire Units or retain Units that the Participant may have acquired as a result of the Plan without the consent of the Participant.

9.2 The Board may at any time suspend the operation of or terminate the Plan with respect to any Units which are not at that time subject to any outstanding unit options.

IN WITNESS WHEREOF, the Company has caused the Plan to be executed on behalf of the Partnership, effective as of August 14, 1998.

LEVIATHAN GAS PIPELINE COMPANY

By /s/ H. BRENT AUSTIN

Title: Executive Vice President

ATTEST:

By /s/ DAVID L. SIDDALL

Title: Corporate Secretary

EXHIBIT 10.3

AMENDMENT NO. 3

AMENDMENT NO. 3, dated as of August 12, 1998 (this "Amendment"), to the Second Amended and Restated Credit Agreement, dated as of March 23, 1995, as amended and restated through December 13, 1996 (as amended, supplemented or otherwise modified prior to the date hereof, the "Credit Agreement"), among LEVIATHAN GAS PIPELINE PARTNERS, L.P., a Delaware limited partnership (the "Borrower"), the banks and other financial institutions (the "Lenders") parties hereto, THE CHASE MANHATTAN BANK, a New York banking corporation, as administrative agent (in such capacity, the "Administrative Agent") for the Lenders and ING (U.S.) CAPITAL CORPORATION, a Delaware corporation, as co-arranger for the Lenders (the "Co-Arranger").

WITNESSETH:

WHEREAS, pursuant to the Credit Agreement, the Lenders have agreed to make, and have made, extensions of credit to the Borrower; and

WHEREAS, the Borrower has requested that certain provisions of the Credit Agreement be amended and waived in the manner provided for in this Amendment; and

WHEREAS, the consent of the Required Lenders has been obtained; and

WHEREAS, the Administrative Agent, the Co-Arranger and the Required Lenders are willing to agree to such amendments and waivers, but only on the terms and subject to the conditions set forth in this Amendment;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Borrower, the Administrative Agent, the Co-Arranger and the Required Lenders hereby agree as follows:

1. Definitions. Unless otherwise defined herein, terms defined in the recitals to this Amendment have the meanings specified therein, and terms defined in the Credit Agreement (including all amendments thereto) are used herein as therein defined.

2. Amendments to Credit Agreement.

(a) Amendment to Recitals. The second "Whereas" clause in the recitals is amended by deleting the amount "$300,000,000" and substituting therefor the amount "$350,000,000."

(b) The definition of "Management Agreement" is hereby deleted in its entirety and replaced with the following new definition for the same defined term:

> "Management Agreement": (i) the First Amended and Restated Management Agreement, dated as of June 27, 1994, between DeepTech and the General Partner, as amended by the First Amendment thereto dated as of January 1, 1995, and as further amended, modified or supplemented from time to time in accordance with subsection 8.9 or (ii) any other agreement or arrangement, reasonably acceptable to the Administrative Agent, providing management, administrative, operational and other functions to the Borrower adequate to allow the Borrower to conduct operations consistent with prior practices.

(c) Amendment to Revolving Credit Commitments. Schedule I is amended by deleting the amounts contained in the Revolving Credit Commitment column and substituting therefor the corresponding amounts contained in Schedule I attached to this Amendment. On the Amendment Effective Date (as defined below) the aggregate Revolving Credit Commitments will be increased to $350,000,000 and the Revolving Credit Commitment of each Lender will be as set forth on Schedule I attached hereto.

3. Waivers to Credit Agreement. (a) It is the intention of the Borrower, the Administrative Agent, the Co-Arranger and the Lenders that the provisions in the Credit Agreement relating to the Incurrence

Limitation not be effective from the Amendment Effective Date through January 31, 1999. Each of the Administrative Agent, the Co-Arranger and the Lenders hereby waives compliance by the Borrower with the requirements of subsections 2.4, 3.1(a), 4.1(c) and 7.2(b)(ii)(y) during the period beginning the Amendment Effective Date through and including January 31, 1999 to the extent and only to the extent that such subsections relate to the Incurrence Limitation. All provisions waived as a result of this paragraph shall become binding once again as of February 1, 1999.

(b) Each of the Administrative Agent, the Co-Arranger and the Lenders hereby waives compliance by the Borrower with the requirements of subsections 8.1(d) and 8.1(e) during the period beginning the Amendment Effective Date through and including January 31, 1999.

4. Commitment Fee. From the Amendment Effective Date through and including January 31, 1999, the commitment fee under subsection 2.5 of the Credit Agreement payable to each Lender shall be computed at the rate per annum equal to the then Applicable Margin therefor as set forth under the column heading "Commitment Fee" on the average daily amount of the Available Revolving Credit Commitment of such Lender.

5. Revolving Credit Notes. The Borrower will execute and deliver to the Administrative Agent a new Revolving Credit Note for each Lender which requests the same in the amount of the Revolving Credit Commitment of such Lender after giving effect to this Amendment. Each such Lender will return the existing Revolving Credit Note held by it to the Administrative Agent.

6. Conditions to Effectiveness. This Amendment shall become effective on the date (the "Amendment Effective Date") on which all of the following conditions precedent have been satisfied or waived:

(a) The Borrower, the Administrative Agent and the Required Lenders shall have executed and delivered to the Administrative Agent this Amendment, and the other Loan Parties shall have executed and delivered to the Administrative Agent the attached Acknowledgment ("Acknowledgment") approving this Amendment.

(b) The Administrative Agent shall have received from the Borrower (i) for the account of each Lender which executes and delivers this Amendment on or prior to the Amendment Effective Date, the fees associated with this Amendment and (ii) for the account of the Administrative Agent and the Co-Arranger, such additional fees as are separately agreed with the Borrower.

(c) The Administrative Agent shall have received a certificate of each of the Borrower, Leviathan and each Subsidiary of the Borrower which is a Loan Party, dated the Amendment Effective Date, as to the incumbency and signature of the officers of each such Person executing this Amendment and the Acknowledgment, satisfactory in form and substance to the Administrative Agent, executed by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Treasurer or any Vice President and the Secretary or any Assistant Secretary of each such Person.

(d) The Administrative Agent shall have received the executed legal opinion of Akin, Gump, Strauss, Hauer & Feld, L.L.P., counsel to the Borrower and the other Loan Parties, in form and substance reasonably satisfactory to the Administrative Agent.

(e) The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of the General Partner authorizing on behalf of the Borrower the execution, delivery and performance of this Amendment, certified by the Secretary or an Assistant Secretary of the General Partner on behalf of the Borrower as of the Amendment Effective Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(f) The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors of Leviathan authorizing the execution, delivery and performance of the Acknowledgment, certified by the Secretary or an Assistant Secretary of Leviathan as of the Amendment Effective Date, which certificate shall be in form and

substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

(g) The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Managing Member or the Board of Directors, as applicable, of each Subsidiary of the Borrower which is a party to the Acknowledgment authorizing the execution, delivery and performance of the Acknowledgment, certified by the Secretary or an Assistant Secretary of such Subsidiary as of the Amendment Effective Date, which certificate shall be in form and substance satisfactory to the Administrative Agent and shall state that the resolutions thereby certified have not been amended, modified, revoked or rescinded.

7. General.

(a) Representations and Warranties. After giving effect to this Amendment, the Borrower represents that the representations and warranties made by the Loan Parties in the Loan Documents are true and correct in all material respects on and as of the Amendment Effective Date (unless such representations or warranties are stated to refer to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) as if made on and as of the Amendment Effective Date and no Default or Event of Default will have occurred and be continuing.

(b) Payment of Expenses. The Borrower agrees to pay or reimburse the Administrative Agent for all of its out-of-pocket costs and reasonable expenses incurred in connection with this Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

(c) No Other Amendments; Confirmation. Except as expressly amended, modified and supplemented hereby, the provisions of the Credit Agreement, the Notes and the other Loan Documents are and shall remain in full force and effect.

(d) Governing Law; Counterparts. (i) THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(ii) This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the day and year first above written.

LEVIATHAN GAS PIPELINE PARTNERS, L.P.

By /s/ KEITH FORMAN

Name: Keith Forman
Title: Chief Financial Officer

THE CHASE MANHATTAN BANK, as Administrative Agent and Lender

By /s/ PETER M. LING

Name: Peter M. Ling
Title: Vice President

ING (U.S.) CAPITAL CORPORATION, as Co-Arranger and Lender

By /s/ FRANK P. FERRARA

Name: Frank P. Ferrara
Title: Senior Associate

DEN NORSKE BANK ASA

By /s/ BYRON L. COOLEY

Name: Byron L. Cooley
Title: Senior Vice President

By /s/ CHARLES E. HALL

Name: Charles E. Hall
Title: Senior Vice President

WELLS FARGO BANK TEXAS, N.A.

By /s/ CHRISTINA FAITH

Name: Christina Faith
Title: Assistant Vice President

MEESPIERSON CAPITAL CORP.

By /s/ DARRELL W. HALLEY

Name: Darrell W. Halley
Title: Senior Vice President

By /s/ KL

Name: KL
Title: Managing Director

BANK OF SCOTLAND

By /s/ JANET TAFFE

Name: Janet Taffe
Title: Assistant Vice President

PARIBAS

By /s/ DOUGLAS R. LIFTMAN

Name: Douglas R. Liftman
Title: Vice President

By /s/ MARIAN LIVINGSTON

Name: Marian Livingston
Title: Vice President

CREDIT LYONNAIS CAYMAN ISLAND BRANCH

By /s/ WALTER N. BRENNER

Name: Walter N. Brenner
Title: Authorized Signatory

FIRST UNION NATIONAL BANK

By /s/ ROBERT R. WETTEROFF

Name: Robert R. Wetteroff
Title: Senior Vice President

ARAB BANKING CORPORATION (B.S.C.)

By /s/ SHELDON TILNEY

Name: Sheldon Tilney
Title: Deputy General Manager

CREDIT AGRICOLE INDOSUEZ

By /s/ DEAN BALICE

Name: Dean Balice
Title: Senior Vice President
Branch Manager

By /s/ DAVID BOUNL

Name: David Bounl, F.V.P.
Title: Head of Corporate Banking
Chicago

PNC BANK, NATIONAL ASSOCIATION

By /s/ JOHN R. WAY

Name: John R. Way
Title: Assistant Vice President

THE BANK OF NOVA SCOTIA

By /s/ F.C.W. ASHBY

Name: F.C.W. Ashby
Title: Senior Manager Loan Operations

HIBERNIA NATIONAL BANK

By /s/ GARY C. CULBERTSON

Name: Gary C. Culbertson
Title: Assistant Vice President

ACKNOWLEDGMENT

The undersigned guarantors hereby consent and agree to the foregoing Amendment and confirm that their respective obligations under the Loan Documents remain in full force and effect and, among other things, apply to the increase in the Revolving Credit Commitments effected by the Amendment:

LEVIATHAN GAS PIPELINE COMPANY

By: /s/ KEITH FORMAN

Name: Keith Forman
Title:

DELOS OFFSHORE COMPANY, L.L.C.

By: /s/ KEITH FORMAN

Name: Keith Forman
Title:

EWING BANK GATHERING COMPANY, L.L.C.

By: /s/ KEITH FORMAN

Name: Keith Forman
Title:

FLEXTREND DEVELOPMENT COMPANY, L.L.C.

By: /s/ KEITH FORMAN

Name: Keith Forman
Title:

GREEN CAYNON PIPELINE COMPANY,
L.L.C.

By: /s/ KEITH FORMAN

Name: Keith Forman
Title:

LEVIATHAN OIL TRANSPORT SYSTEMS,
L.L.C.

By: /s/ KEITH FORMAN

Name: Keith Forman
Title:

MANTA RAY GATHERING COMPANY, L.L.C.

By: /s/ KEITH FORMAN

Name: Keith Forman
Title:

POSEIDON PIPELINE COMPANY, L.L.C.

By: /s/ KEITH FORMAN

Name: Keith Forman
Title:

SAILFISH PIPELINE COMPANY, L.L.C.

By: /s/ KEITH FORMAN

Name: Keith Forman
Title:

STINGRAY HOLDING, L.L.C.

By: /s/ KEITH FORMAN

Name: Keith Forman
Title:

TARPON TRANSMISSION COMPANY

By: /s/ KEITH FORMAN

Name: Keith Forman
Title:

TRANSCO HYDROCARBONS COMPANY, L.L.C.

By: /s/ KEITH FORMAN

Name: Keith Forman
Title:

TEXAM OFFSHORE GAS TRANSMISSION, L.L.C.

By: /s/ KEITH FORMAN

Name: Keith Forman
Title:

TRANSCO OFFSHORE PIPELINE COMPANY, L.L.C.

By: /s/ KEITH FORMAN

Name: Keith Forman
Title:

VK DEEPWATER GATHERING COMPANY,
L.L.C.

By: /s/ KEITH FORMAN

Name:
Title:

VK-MAIN PASS GATHERING COMPANY,
L.L.C.

By: /s/ KEITH FORMAN

Name:
Title:

SCHEDULE I

LENDERS, COMMITMENTS AND COMMITMENT PERCENTAGES

LENDER NAME AND ADDRESS	REVOLVING CREDIT COMMITMENT	COMMITMENT PERCENTAGE
The Chase Manhattan Bank	$33,083,333.34	9.45238095429%
ING (U.S.) Capital Corporation	$33,083,333.34	9.45238095429%
Den norske Bank ASA	$30,333,333.33	8.66666666571%
Wells Fargo Bank (Texas), N.A.	$30,333,333.33	8.66666666571%
MeesPierson N.V.	$30,750,000.00	8.78571428571%
Credit Lyonnais Cayman Island Branch	$30,750,000.00	8.78571428571%
Bank of Scotland	$25,000,000.00	7.14285714286%
Bank of Nova Scotia	$23,750,000.00	6.78571428571%
Paribas	$23,333,333.33	6.66666666571%
First Union Bank of North Carolina	$23,333,333.33	6.66666666571%
PNC Bank	$23,750,000.00	6.78571428571%
Credit Agricole	$17,500,000.00	5.00000000000%
Hibernia National Bank	$15,000,000.00	4.28571428571%
Arab Banking Corporation (B.S.C.)	$10,000,000.00	2.85714285714%

5

This schedule contains summary financial information extracted from Leviathan Gas Pipeline Partners, L.P. and subsidiaries consolidated financial statements at September 30, 1998 included in its Form 10-Q for the period ended September 30, 1998 and is qualified in its entirety by reference to such Form 10-Q.

1,000

9-MOS
DEC-31-1998
JAN-01-1998
SEP-30-1998
3,191
0
5,914
0
0
9,233
298,875
91,868
405,300
8,209
291,000
0
0
0
0
405,300
22,270
54,317
8,558
8,558
20,766
0
13,711
(2,091)
(371)
(1,720)
0
0
0
(1,720)
(0.06)
(0.06)