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

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2003

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

GULFTERRA ENERGY PARTNERS, L.P.
(Exact Name of Registrant as Specified in its Charter)

DELAWARE	76-0396023
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
4 GREENWAY PLAZA HOUSTON, TEXAS	77046
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (832) 676-4853

Former telephone number: (832) 676-6152

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

The registrant had 49,794,421 common units outstanding as of August 7, 2003.

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PART I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GULFTERRA ENERGY PARTNERS, L.P.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)
(UNAUDITED)

QUARTER ENDED		SIX MONTHS ENDED JUNE 30,	
JUNE 30,			
2003	2002	2003	2002
Operating revenues			
$310,109	$120,489	$589,035	$182,033
Operating expenses			
Cost of natural gas, oil and other products	158,463	27,343	298,047	39,501
Operation and maintenance	48,551	29,253	89,195	43,693
Depreciation, depletion and amortization	24,846	18,116	48,543	30,665
(Gain) loss on sale of long-lived assets	363	--	257	(315)
	232,223	74,712	436,042	113,544
Operating income	77,886	45,777	152,993	68,489
Other income (loss)				
Earnings from unconsolidated affiliates	2,987	4,012	6,303	7,373
Minority interest expense	(47)	(5)	(80)	(5)
Other income	309	435	692	861
Interest and debt expense	31,838	21,534	66,324	33,292
Loss due to write-off of debt issuance costs	--	--	3,762	--
Income from continuing operations	49,297	28,685	89,822	43,426
Income from discontinued operations	--	60	--	4,445
Cumulative effect of accounting change	--	--	1,690	--
Net income	$ 49,297	$ 28,745	$ 91,512	$ 47,871
Income allocation				
Series B unitholders	$ 3,898	$ 3,630	$ 7,774	$ 7,182
General partner				
Continuing operations	$ 15,856	$ 10,799	$ 30,716	$ 19,490
Discontinued operations	--	--	--	44
Cumulative effect of accounting change	--	--	17	--
	$ 15,856	$ 10,799	$ 30,733	$ 19,534
Common unitholders				
Continuing operations	$ 24,160	$ 14,256	$ 41,614	$ 16,754
Discontinued operations	--	60	--	4,401
Cumulative effect of accounting change	--	--	1,340	--
	$ 24,160	$ 14,316	$ 42,954	$ 21,155
Series C unitholders				
Continuing operations	$ 5,383	$ --	$ 9,718	$ --
Cumulative effect of accounting change	--	--	333	--
	$ 5,383	$ --	$ 10,051	$ --
Basic earnings per common unit				
Income from continuing operations	$ 0.50	$ 0.33	$ 0.90	$ 0.40
Income from discontinued operations	--	--	--	0.11
Cumulative effect of accounting change	--	--	0.03	--
Net income	$ 0.50	$ 0.33	$ 0.93	$ 0.51
Diluted earnings per common unit				
Income from continuing operations	$ 0.50	$ 0.33	$ 0.90	$ 0.40
Income from discontinued operations	--	--	--	0.11
Cumulative effect of accounting change	--	--	0.03	--
Net income	$ 0.50	$ 0.33	$ 0.93	$ 0.51
Basic weighted average number of common units outstanding	48,005	42,842	46,024	41,297

							Diluted weighted average number of common units outstanding.....
48,476	42,842	46,302	41,297				
							Distributions declared per common unit.....
$ 0.675	$ 0.650	$ 1.350	$ 1.275				

See accompanying notes.

GULFTERRA ENERGY PARTNERS, L.P.

CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT UNIT AMOUNTS)
(UNAUDITED)

JUNE 30, 2003	DECEMBER 31, 2002
ASSETS	
Current assets	
Cash and cash equivalents	$ 17,653
	$ 36,099
Accounts receivable, net	200,891
	223,345
Affiliated note receivable	17,100
	17,100
Other current assets	5,524
	3,451
Total current assets	241,168
	279,995
Property, plant, and equipment, net	2,887,716
	2,724,938
Intangible assets	3,489
	3,970
Investment in unconsolidated affiliates	77,290
	78,851
Other noncurrent assets	45,006
	43,142
Total assets	$3,254,669
	$3,130,896
LIABILITIES AND PARTNERS' CAPITAL	
Current liabilities	
Accounts payable	$ 194,782
	$ 212,868
Accrued interest	13,590
	15,028
Current maturities of senior secured term loan	5,000
	5,000
Other current liabilities	13,857
	21,195
Total current liabilities	227,229
	254,091
Revolving credit facility	415,146
	491,000
Senior secured term loans, less current maturities	312,500
	552,500
Long-term debt	1,157,606
	857,786
Other noncurrent liabilities	28,046
	23,725
Total liabilities	2,140,527
	2,179,102
Commitments and contingencies	
Minority interest	2,252
	1,942
Partners' capital	
Limited partners	
Series B preference units; 124,014 and 125,392 units issued and outstanding	163,570
	157,584
Common units; 49,786,921 and 44,030,314 units issued and outstanding	602,353
	437,773
Series C units; 10,937,500 units issued and outstanding	346,792
	351,507
General partner	10,240
	8,610
Accumulated other comprehensive loss	(11,065)
	(5,622)
Total partners' capital	1,111,890
	949,852
Total liabilities and partners' capital	$3,254,669
	$3,130,896

See accompanying notes.

GULFTERRA ENERGY PARTNERS, L.P.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

SIX MONTHS ENDED JUNE 30, ---------- 2003 2002 --------- --------- Cash flows from operating activities Net income..... $ 91,512 $ 47,871 Less cumulative effect of accounting change..... 1,690 -- Less income from discontinued operations..... -- 4,445 ---- ----- --------- Income from continuing operations..... 89,822 43,426 Adjustments to reconcile net income to net cash provided by operating activities Depreciation, depletion and amortization..... 48,543 30,665 Distributed earnings of unconsolidated affiliates Earnings from unconsolidated affiliates..... (6,303) (7,373) Distributions from unconsolidated affiliates..... 8,230 9,180 (Gain) loss on sale of long-lived assets..... 257 (315) Write-off of debt issuance costs..... 3,762 -- Other noncash items..... 4,520 1,495 Working capital changes, net of effects of acquisitions and noncash transactions..... (14,665) (20,514) --------- --------- Net cash provided by continuing operations..... 134,166 56,564 Net cash provided by discontinued operations..... -- 5,037 --------- --------- Net cash provided by operating activities..... 134,166 61,601 --------- --------- Cash flows from investing activities Additions to property, plant and equipment..... (207,011) (91,318) Proceeds from sale of assets..... 3,215 5,460 Additions to investments in unconsolidated affiliates..... (197) (14,144) Cash paid for acquisitions, net of cash acquired..... -- (730,166) --------- --------- Net cash used in investing activities of continuing operations..... (203,993) (830,168) Net cash provided by investing activities of discontinued operations..... -- 186,477 --------- --------- Net cash used in investing activities..... (203,993) (643,691) --------- --------- Cash flows from financing activities Net proceeds from revolving credit facility..... 223,000 223,884 Repayments of revolving credit facility..... (298,854) (10,000) Repayment of senior secured acquisition term loan..... (237,500) -- Net proceeds from GulfTerra Holding term credit facility..... -- 7,000 Net proceeds from GulfTerra Holding term loan..... -- 530,529 Repayment of senior secured term loan..... (2,500) (375,000) Repayment of Argo term loan..... -- (95,000) Net proceeds from issuance of long-term debt..... 292,479 229,757 Net proceeds from issuance of common units and Series F convertible units..... 182,182 149,309 Distributions to partners..... (107,427) (73,214) Contribution from General Partner..... 1 560 --------- ------ --- Net cash provided by financing activities of continuing operations..... 51,381 587,825 Net cash used in financing activities of discontinued operations..... -- (4) --------- --------- Net cash provided by financing activities..... 51,381 587,821 --------- --------- Increase (decrease) in cash and cash equivalents..... (18,446) 5,731 Cash and cash equivalents Beginning of period..... 36,099 13,084 --------- --------- End of period..... $ 17,653 $ 18,815 ========= ========= Schedule of noncash financing activities: Contribution from General Partner and redemption of Series B preference

units..... $ 1,788 $ -
- ========= =========

See accompanying notes.

GULFTERRA ENERGY PARTNERS, L.P.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
AND CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME
(IN THOUSANDS)
(UNAUDITED)

COMPREHENSIVE INCOME

QUARTER ENDED		SIX MONTHS ENDED	
JUNE 30,		JUNE 30,	
2003	2002	2003	2002
Net income	$49,297	$28,745	$91,512	$47,871
Other comprehensive income (loss)	272	(230)	(5,443)	1,171
Total comprehensive income	$49,569	$28,515	$86,069	$49,042

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

JUNE 30, 2003	DECEMBER 31, 2002	
Beginning balance	$ (5,622)	$(1,272)
Unrealized mark-to-market losses on cash flow hedges arising during period	(11,026)	(6,428)
Reclassification adjustments for changes in initial value of derivative instruments to settlement date	5,751	1,579
Other comprehensive income (loss) from investment in unconsolidated affiliate	(168)	499
Ending balance	$(11,065)	$(5,622)
Accumulated other comprehensive loss allocated to:		
Common units' interest	$ (8,799)	$(4,623)
Series C units' interest	$ (2,155)	$ (942)
General partner's interests	$ (111)	$ (57)

See accompanying notes.

GULFTERRA ENERGY PARTNERS, L.P.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

In May 2003, we changed our name to GulfTerra Energy Partners, L.P. from El Paso Energy Partners, L.P. and reorganized our general partner. Our one percent general partner interest is now owned by GulfTerra Energy Company, L.L.C. replacing El Paso Energy Partners Company as the general partner. In connection with our name change, we have also changed the names of several subsidiaries including, but not limited to the following, as listed in the table below.

NEW NAME	FORMER NAME
GulfTerra Energy Finance Corporation	El Paso Energy Partners Finance Corporation
GulfTerra Arizona Gas, L.L.C.	El Paso Arizona Gas, L.L.C.
GulfTerra Intrastate, L.P.	El Paso Energy Intrastate, L.P.
GulfTerra Texas Pipeline, L.P.	EPGT Texas Pipeline, L.P.
GulfTerra Holding V, L.P.	EPN Holding Company, L.P.

We prepared this Quarterly Report on Form 10-Q under the rules and regulations of the United States Securities and Exchange Commission (SEC). Because this is an interim period filing presented using a condensed format, it does not include all of the disclosures required by generally accepted accounting principles. You should read it along with our 2002 Annual Report on Form 10-K, which includes a summary of our significant accounting policies and other disclosures. The financial statements as of June 30, 2003, and for the quarters and six months ended June 30, 2003 and 2002, are unaudited. We derived the balance sheet as of December 31, 2002, from the audited balance sheet filed in our 2002 Annual Report on Form 10-K. In our opinion, we have made all adjustments, all of which are of a normal, recurring nature, to fairly present our interim period results. Information for interim periods may not depict the results of operations for the entire year. In addition, prior period information presented in these financial statements includes reclassifications which were made to conform to the current period presentation. These reclassifications have no effect on our previously reported net income or partners' capital. We have also reflected the results of operations from our Prince assets disposition as discontinued operations in the quarter and six months ended June 30, 2002.

Our accounting policies are consistent with those discussed in our 2002 Annual Report on Form 10-K, except as discussed below.

Allowance for Doubtful Accounts

We have established an allowance for losses on accounts that we believe are uncollectible. Collectibility is reviewed regularly and the allowance is adjusted as necessary, primarily under the specific identification method. During the quarter ended June 30, 2003, we increased our allowance by $2.0 million. As of June 30, 2003 and December 31, 2002, our allowance was $4.5 million and $2.5 million.

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As generally used in the energy industry and in this document, the following terms have the following meanings:

/d	= per day	Mcf	= thousand cubic feet
Bbl	= barrel	MDth	= thousand dekatherms
MBbls	= thousand barrels	MMcf	= million cubic feet
Bcf	= billion cubic feet	MMBbls	= million barrels

When we refer to cubic feet measurements, all measurements are at 14.73 pounds per square inch.

Accounting for Asset Retirement Obligations

On January 1, 2003, we adopted Statement of Financial Accounting Standards (SFAS) No. 143, Accounting for Asset Retirement Obligations. The provisions of this statement relate primarily to our obligations to plug abandoned offshore wells in our Garden Banks Blocks 72 and 117, Viosca Knoll Block 817, and West Delta Block 35.

Upon our adoption of SFAS No. 143, we recorded a $7.4 million net increase to property, plant, and equipment representing non-current retirement assets, a $5.7 million increase to noncurrent liabilities, representing retirement obligations, and a $1.7 million increase to income as a cumulative effect of accounting change. The retirement assets are depreciated over the remaining useful life of the long-term asset with which the retirement liability is associated. An ongoing expense is recognized for changes in the value of the retirement liability as a result of the passage of time, which we record as depreciation, depletion and amortization expense in our income statement.

Other than our obligations to plug and abandon wells, we cannot estimate the costs to retire or remove assets used in our business because we believe the assets do not have definite lives or we do not have the legal obligation to abandon or dismantle the assets. We believe that the life of our assets or the underlying reserves associated with our assets cannot be estimated. Therefore, aside from the liability associated with the plug and abandonment of offshore wells, we have not recorded liabilities relating to any of our other assets.

The pro forma income from continuing operations and amounts per unit for the quarter and six months ended June 30, 2003 and 2002, assuming asset retirement obligations as provided for in SFAS No. 143 were recorded prior to the earliest period presented, are shown below:

QUARTER ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
2003	2002	2003	2002
(IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)			
Pro forma income from continuing operations	$ 49,297	$ 28,583	$ 89,822	$ 43,250
Pro forma income from continuing operations allocated to common unitholders	$ 24,160	$ 14,155	$ 41,614	$ 16,580
Pro forma basic income from continuing operations per weighted average common unit	$ 0.50	$ 0.33	$ 0.90	$ 0.40
Pro forma diluted income from continuing operations per weighted average common unit	$ 0.50	$ 0.33	$ 0.90	$ 0.40

The pro forma amount of our asset retirement obligations at June 30, 2003 and 2002 and at December 31, 2002, assuming asset retirement obligations as provided for in SFAS No. 143 were recorded prior to the earliest period presented are shown below:

LIABILITY BALANCE AS OF	LIABILITY BALANCE AS OF		
JANUARY 1	ACCRETION	JUNE 30	DECEMBER 31 -
(IN THOUSANDS)			
2002	$5,277	$224	$5,501	$5,726
2003	$5,726	$237	$5,963	N/A

Reporting Gains and Losses from the Early Extinguishment of Debt

In January 2003, we adopted SFAS No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. Accordingly, we now evaluate the nature of any debt extinguishments to determine whether to report any gain or loss resulting from the early extinguishment of debt as an extraordinary item or as income from continuing operations.

Accounting for Costs Associated with Exit or Disposal Activities

In January 2003, we adopted SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. This statement impacts any exit or disposal activities that we initiate after January 1, 2003 and we now recognize costs associated with exit or disposal activities when they are incurred rather than when we commit to an exit or disposal plan. Our adoption of this pronouncement did not have an effect on our financial position or results of operations.

Accounting for Guarantees

In accordance with the provisions of Financial Accounting Standards Board (FASB) Interpretation (FIN) No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, we record a liability at fair value, or otherwise disclose, certain guarantees issued after December 31, 2002, that contractually require us to make payments to a guaranteed party based on the occurrence of certain events. We have not entered into any material guarantees that would require recognition under FIN No. 45.

Consolidation of Variable Interest Entities

In January 2003, the FASB issued FIN No. 46, Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51. This interpretation defines a variable interest entity (VIE) as a legal entity whose equity owners do not have sufficient equity at risk and/or a controlling financial interest in the entity. This standard requires that companies consolidate a VIE if it is allocated a majority of the entity's losses and/or returns, including fees paid by the entity. We have not created nor have we obtained an interest in any VIEs since January 31, 2003, and therefore, our adoption of the initial provisions of this standard did not have an effect on our financial position or results of operations. Further, we have completed an assessment of our interests existing prior to February 1, 2003, and have determined that our adoption of the additional provisions of this standard will not have an effect on our financial position or results of operations.

Accounting for Stock-Based Compensation

We use the intrinsic value method established in Accounting Principles Board Opinion (APB) No. 25, Accounting for Stock Issued to Employees, to value unit options issued to former employees of our general partner and our current board of directors under our Omnibus Plan and Director Plan. For the quarters and six months ending June 30, 2003 and 2002, the cost of this stock-based compensation had no impact on our net income, as all options granted had an exercise price equal to the market value of the underlying common stock on the date of grant. We use the provisions of SFAS No. 123 to account for all of our other stock-based compensation programs.

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure. This statement amends SFAS No. 123, to provide alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the methods of accounting for stock-based employee compensation for former employees of our general partner and our board of directors, and the effect of the method used on reported results. This statement is effective for the fiscal years ending after December 15, 2002. We have decided that we will continue to use APB No. 25 to value our stock-based compensation issued to our former employees and our board of directors and will include data providing the pro forma income impacts of using the fair value method as required by SFAS No. 148. We will continue to use the provisions of SFAS No. 123 to account for all of our other stock based compensation programs.

If compensation expense related to these plans had been determined by applying the fair value method in SFAS No. 123, Accounting for Stock-Based Compensation, our net income allocated to common unitholders and net income per common unit would have approximated the pro forma amounts below:

QUARTER ENDED		SIX MONTHS ENDED JUNE 30,	
JUNE 30,		JUNE 30,	
2003	2002	2003	2002
(IN THOUSANDS)			
Net income allocated to common unitholders, as reported	$24,160	$14,316	$42,954	$21,155
Add: Stock-based employee compensation expense included in reported net income	366	270	679	540
Less: Stock-based employee compensation expense determined under fair value based method	406	609	720	1,182
Pro forma net income allocated to common unitholders	$24,120	$13,977	$42,913	$20,513
Earnings per common unit:				
Basic, as reported	$ 0.50	$ 0.33	$ 0.93	$ 0.51
Basic, pro forma	$ 0.50	$ 0.33	$ 0.93	$ 0.50
Diluted, as reported	$ 0.50	$ 0.33	$ 0.93	$ 0.51
Diluted, pro forma	$ 0.50	$ 0.33	$ 0.93	$ 0.50

The effects of applying SFAS No. 123 in this pro forma disclosure may not be indicative of pro forma future amounts.

2. ACQUISITION

During the six months ended June 30, 2003, the total purchase price and net assets acquired for the April 2002 EPN Holding asset acquisition increased $17.5 million due to post-closing purchase price adjustments related primarily to natural gas imbalances assumed in the transaction. The following table summarizes our allocation of the fair values of the assets acquired and liabilities assumed. Our allocation among the assets acquired is based on the results of an independent third-party appraisal.

AT APRIL 8, 2002	(IN THOUSANDS)
Current assets	$ 4,690
Property, plant and equipment	780,648
Intangible assets	3,500
Total assets acquired	788,838
Current liabilities	15,229
Environmental liabilities	21,136
Total liabilities assumed	36,365
Net assets acquired	$752,473

3. PARTNERS' CAPITAL

Cash distributions

The following table reflects our per unit cash distributions to our common unitholders and the total distributions paid to our common unitholders, Series C unitholder and general partner during the six months ended June 30, 2003:

	COMMON UNIT	COMMON UNITHOLDERS	SERIES C UNITHOLDER	GENERAL PARTNER	TOTAL PAID
	-----	(PER UNIT)		(IN MILLIONS)	
February	$0.675	$29.7	$7.4	$15.0	
May	$0.675	$32.0	$7.4	$15.9	

In July 2003 we declared a cash distribution of $0.70 per common unit and Series C unit, $42.5 million in aggregate, for the quarter ended June 30, 2003, which we will pay on August 15, 2003, to holders of record as of July 31, 2003. Also in August 2003, we will pay our general partner $18.0 million related to its general partner interest. At the current distribution rates, our general partner receives approximately 29.8 percent of the total cash distributions for its role as our general partner.

Public offering of common units

In June 2003, we issued 1,150,000 common units at the public offering price of $36.50 per unit and in April 2003, we issued 3,450,000 common units at the public offering price of $31.35 per unit. We used the net cash proceeds of approximately $40.3 million and $103.1 million to temporarily reduce indebtedness outstanding under our $600 million revolving credit facility and pay fees and expenses associated with these offerings.

In May 2003, we issued 1,118,881 common units and 80 Series F convertible units in a registered offering to an institutional investor for approximately $38.3 million net of offering costs. Our Series F convertible units are not listed on any securities exchange or market. Each Series F convertible unit is comprised of two separate detachable units -- a Series F1 convertible unit and a Series F2 convertible unit -- that have identical terms except for vesting and termination dates and the number of underlying common units into which they may be converted. The Series F1 units are convertible into up to $80 million of common units anytime after August 12, 2003, and until March 29, 2004 (subject to defined extension rights). The Series F2 units are convertible into up to $40 million of common units provided at least $40 million of Series F1 convertible units are converted prior to their termination. The Series F2 units terminate on March 30, 2005 (subject to defined extension rights). The price at which the Series F convertible units may be converted to common units is equal to the lesser of the prevailing price (as defined below), if the prevailing price is equal to or greater than $35.75 or the prevailing price minus the product of 50 percent of the positive difference, if any, of $35.75 minus the prevailing price. The prevailing price is equal to the lesser of (i) the average closing price of our common units for the 60 business days ending on and including the fourth business day prior to our receiving notice from the holder of the Series F convertible units of their intent to convert them into common units; (ii) the average closing price of our common units for the first seven business days of the 60 day period included in (i); or (iii) the average closing price of our common units for the last seven days of the 60 day period included in (i). If they had been eligible for conversion, the price at which the Series F convertible units could have been converted to common units, based on the previous 60 business days at June 30, 2003 and August 7, 2003, was $29.67 and $36.15. The Series F convertible units may be converted into a maximum of 8,329,679 common units and are not entitled to any distributions, nor do they have any voting rights, prior to conversion. The value associated with the Series F convertible units is included in partners' capital as a component of common units.

The Series F convertible units have a feature which allows us to establish a minimum conversion unit price. Should the actual conversion unit price be below the minimum conversion unit price, we would be required to settle the conversion in cash in lieu of issuing common units. Currently, no minimum conversion unit price has been established; however, if a minimum conversion unit price is established, we may have to

change our accounting treatment for the Series F convertible units to account for them as a derivative under the provisions of SFAS No. 133 and record an asset or liability for the fair value of the Series F convertible units, and the changes in fair value would impact our earnings.

In connection with these offerings, our general partner, in lieu of a cash contribution, redeemed approximately $1.8 million of our Series B preference units in order to maintain its one percent general partner interest, and these preference units were subsequently retired.

Other

Under the 1998 Omnibus Compensation Plan (Omnibus Plan), we granted, during the quarter ended June 30, 2003, 17,500 unit options, 15,000 time-vested restricted units and 15,000 performance-based restricted units to employees of El Paso Field Services. Additionally, 5,226 restricted units and 10,500 unit options were granted during the quarter ended June 30, 2003, to non-employee directors of our Board of Directors under the 1998 Unit Option Plan for Non-Employee Directors. We have accounted for the unit options and restricted units issued under the Omnibus Plan and the restricted units issued to non-employee directors of our Board of Directors in accordance with SFAS No. 123. Under SFAS No. 123, the fair value of these issuances is reflected as deferred compensation. Deferred compensation is amortized to compensation expense over the respective vesting or performance period. The unit options issued to the non-employee directors of our Board of Directors have been accounted for in accordance with APB No. 25.

The fair value of each unit option issued under the Omnibus Plan during the quarter ended June 30, 2003, is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: dividend yield of 8.75%; expected volatility of 30.77%; risk-free interest rates of 3.31%; and expected lives of eight years. The fair value of the unit options will be amortized over the two year vesting period.

The time-vested restricted units and the performance-based restricted units were granted at a fair value of $36.69 per unit. The restrictions on the time-vested units will lapse in four years from the date of grant and restrictions on the performance-based restricted units will lapse upon us achieving a specified level of target performance for identified greenfield projects by June 1, 2007. If the target is not reached by June 1, 2007, the units will be forfeited. The fair value of the time-vested restricted units is being amortized over the four-year restricted period and the fair value of the performance-based restricted units is being amortized over the performance period. The performance-based restricted units are not entitled to any distributions, nor do they have any voting rights, prior to the specified level of target performance being achieved. The restricted units issued to non-employee directors of our Board of Directors were issued at a fair value of $36.35 per unit. This fair value is being amortized to compensation expense over the period of service, which we have estimated to be one year.

Total unamortized deferred compensation as of June 30, 2003, was approximately $1.7 million. Deferred compensation is reflected as a reduction of partners' capital and is allocated 1% to our general partner and 99% to our limited partners.

4. EARNINGS PER COMMON UNIT

The following table sets forth the computation of basic and diluted earnings per common unit (in thousands):

QUARTER ENDED		SIX MONTHS ENDED	
JUNE 30, 2003	JUNE 30, 2002	JUNE 30, 2003	JUNE 30, 2002
Numerator:			
Numerator for basic earnings per common unit -- Income from continuing operations	$24,160	$14,256	$41,614	$16,754
Income from discontinued operations	--	60	--	4,401
Cumulative effect of accounting change	--	--	1,340	--
	$24,160	$14,316	$42,954	$21,155
Denominator:				
Denominator for basic earnings per common unit -- weighted-average shares	48,005	42,842	46,024	41,297
Effect of dilutive securities:				
Unit options	146	--	112	--
Restricted units	9	--	8	--
Series F convertible units	316	--	158	--
Denominator for diluted earnings per common unit -- adjusted for weighted-average common units	48,476	42,842	46,302	41,297
Basic earnings per common unit				
Income from continuing operations	$ 0.50	$ 0.33	$ 0.90	$ 0.40
Income from discontinued operations	--	--	0.11	
Cumulative effect of accounting change	--	--	0.03	--
	$ 0.50	$ 0.33	$ 0.93	$ 0.51
Diluted earnings per common unit				
Income from continuing operations	$ 0.50	$ 0.33	$ 0.90	$ 0.40
Income from discontinued operations	--	--	0.11	
Cumulative effect of accounting change	--	--	0.03	--
	$ 0.50	$ 0.33	$ 0.93	$ 0.51

5. PROPERTY, PLANT AND EQUIPMENT

Our property, plant and equipment consisted of the following:

JUNE 30, 2003	DECEMBER 31, 2002
(IN THOUSANDS)	
Property, plant and equipment, at cost	
Pipelines	$2,339,568	$2,317,503
Platforms and facilities	121,105	120,962
Processing plant	309,057	308,517
Oil and natural gas properties	131,100	127,975
Storage facilities	333,349	331,562
Construction work-in-progress	363,726	177,964
	3,597,905	3,384,483
Less accumulated depreciation, depletion and amortization	710,189	659,545
Property, plant and equipment, net	$2,887,716	$2,724,938

6. FINANCING TRANSACTIONS

CREDIT FACILITIES

Our credit facility consists of two parts: a $600 million revolving credit facility maturing in May 2004 and a $160 million senior secured term loan maturing in 2007. Our credit facility and the GulfTerra Holding V, L.P. (GulfTerra Holding) term credit facility are guaranteed by us and all of our subsidiaries, except for our unrestricted subsidiaries, as detailed in Note 12, and by GulfTerra Energy Finance Corporation and our general partner, and are collateralized with substantially all of our assets (excluding the assets of our unrestricted subsidiaries) and our general partner's general and administrative services agreement. The interest rates we are charged on each of these credit facilities are determined using one of two indices that include (i) a variable base rate (equal to the greater of the prime rate as determined by JPMorgan Chase Bank, the federal funds rate plus 0.5% or the Certificate of Deposit (CD) rate as determined by JPMorgan Chase Bank increased by 1.00%); or (ii) LIBOR.

Our revolving credit facility, senior secured term loan and the GulfTerra Holding term credit facility contain covenants that include restrictions on our and our subsidiaries' ability to incur additional indebtedness or liens, sell assets, make loans or investments, acquire or be acquired by other companies and amend some of our contracts, as well as requiring maintenance of certain financial ratios. Failure to comply with the provisions of any of these covenants could result in acceleration of our debt and other financial obligations and that of our subsidiaries and restrict our ability to make distributions to our unitholders.

Revolving Credit Facility

As of June 30, 2003, we had $415 million outstanding on our revolving credit facility at an average interest rate of 3.43%. The total amount available to us at June 30, 2003 under this facility was $155 million. The amounts outstanding under this facility bear interest at our option at either (i) 0.75% over the variable base rate described above; or (ii) 1.75% over LIBOR. We are currently negotiating the renewal of our revolving credit facility to extend the maturity date beyond May 2004 on terms not more restrictive than our existing facility. We intend and believe we have the ability to renew this facility and have continued to classify the facility as long-term debt in our balance sheet as of June 30, 2003.

Senior Secured Term Loan

As of June 30, 2003, we had $157.5 million outstanding under our senior secured term loan with an average interest rate of 4.75%. The amounts outstanding under this senior secured term loan bear interest at our option at either (i) 2.25% over the variable base rate described above; or (ii) 3.50% over LIBOR.

GulfTerra Holding Term Credit Facility

As of June 30, 2003, the outstanding balance under the GulfTerra Holding term credit facility was $160 million with an average interest rate of 3.60%. The balance outstanding under the GulfTerra Holding term credit facility bears interest at our option at either (i) 1.00% over the variable base rate described above; or (ii) 2.25% over LIBOR. We repaid this term credit facility in July 2003 with proceeds from our issuance of $250 million 6 1/4% senior notes due 2010.

Senior Secured Acquisition Term Loan

As part of our November 2002 San Juan assets acquisition, we entered into a $237.5 million senior secured acquisition term loan to fund a portion of the purchase price. We repaid the senior secured acquisition term loan in March 2003 with proceeds from our issuance of $300 million 8 1/2% senior subordinated notes due 2010. We recognized a loss of $3.8 million related to the write-off of unamortized debt issuance costs. From the issuance of the senior secured acquisition term loan in November 2002 to its repayment date, the interest rates on our revolving credit facility and GulfTerra Holding term credit facility were 2.25% over the variable base rate described above or LIBOR increased by 3.50%.

SENIOR NOTES

In July 2003, we issued $250 million in aggregate principal amount of 6 1/4% senior notes due June 2010, a new class of debt for us. The interest on our senior notes is payable semi-annually in June and December with the principal maturing in June 2010. Our senior notes are unsecured obligations that rank equally with all of our existing and future senior debt, senior to all our existing and future subordinated debt and junior in right of payment to all of our existing and future senior secured debt.

We may redeem some or all of our senior notes, at our option, at any time with at least 30 days notice at a price equal to the greater of (i) 100 percent of the principal amount plus accrued interest, or (ii) the sum of the present value of the remaining scheduled payments plus accrued interest. Our senior notes are subject to a registration rights agreement under which we are required to file an exchange offer registration statement with the SEC on or prior to October 6, 2003. The registration statement must then become effective on or prior to December 1, 2003 or we will be subject to additional interest until the registration statement is declared effective. We used the proceeds of approximately $245.1 million, net of issuance costs, to repay $160 million of indebtedness under the GulfTerra Holding term credit facility and to temporarily repay $85.1 million of the balance outstanding under our revolving credit facility.

SENIOR SUBORDINATED NOTES

Each issue of our senior subordinated notes is subordinated in right of payment to all existing and future senior debt including our existing credit facilities and the senior notes we issued in July 2003.

In March 2003, we issued $300 million in aggregate principal amount of 8 1/2% senior subordinated notes. The interest on these notes is payable semi-annually in June and December, and the notes mature in June 2010. We used the proceeds of approximately $293 million, net of issuance costs, to repay $237.5 million of indebtedness under our senior secured acquisition term loan and to temporarily repay $55.5 million of the balance outstanding under our revolving credit facility. In June 2003, we filed an exchange offer registration statement with the SEC which became effective July 19, 2003. We may, at our option, prior to June 1, 2006, redeem up to 33 percent of the originally issued aggregate principal amount of these notes at a redemption price of 108.50 percent of the principal amount. On or after June 1, 2007, we may redeem all or part of these notes at 104.25 percent of the principal amount.

In July 2003, to achieve a better mix of fixed rate debt and variable rate debt, we entered into an eight-year interest rate swap agreement to provide for a floating interest rate on our fixed 8 1/2% $250 million senior subordinated notes that were issued in May 2001. With this swap agreement, we will pay the counterparty a LIBOR based interest rate plus a spread of 4.20% and receive a fixed rate of 8 1/2%. We are accounting for this derivative as a fair value hedge.

RESTRICTIVE PROVISIONS OF SENIOR AND SENIOR SUBORDINATED NOTES

Our senior and senior subordinated notes include provisions that, among other things, restrict our ability and the ability of our subsidiaries (excluding our unrestricted subsidiaries) to incur additional indebtedness or liens, sell assets, make loans or investments, acquire or be acquired by other companies, and enter into sale and lease-back transactions, as well as requiring maintenance of certain financial ratios. Failure to comply with the provisions of these covenants could result in acceleration of our debt and other financial obligations and that of our subsidiaries in addition to restricting our ability to make distributions to our unitholders. Many restrictive covenants associated with our senior notes will effectively be removed following a period of 90 consecutive days during which they are rated Baa3 or higher by Moody's or BBB- or higher by S&P, and some of the more restrictive covenants associated with certain of our senior subordinated notes will be suspended should they be similarly rated.

OTHER CREDIT FACILITIES

Poseidon

Poseidon Oil Pipeline Company, L.L.C., an unconsolidated affiliate in which we have a 36 percent joint venture ownership interest, is party to a $185 million credit agreement, under which it has $125 million outstanding at June 30, 2003, that may restrict its ability to pay distributions to its owners. Beginning in April 2003, the additional interest Poseidon pays over LIBOR was reduced from 1.50% to 1.25% as a result of improvement in Poseidon's debt ratio, as defined in its credit agreement.

In January 2002, Poseidon entered into a two-year interest rate swap agreement to fix the variable portion of its LIBOR based interest rate on $75 million of the $125 million outstanding under its credit facility at 3.49% through January 2004. The effective fixed interest rate on the hedged notional amount currently is 4.74% (the variable LIBOR based rate of 3.49% plus the margin of 1.25%). As of June 30, 2003, the remaining $50 million was at an average interest rate of 2.49%.

Deepwater Gateway

As of June 30, 2003, Deepwater Gateway, an unconsolidated affiliate in which we have a 50 percent joint venture ownership interest, had $109 million outstanding under its construction loan at an average interest rate of 3.02%. This construction loan will mature in July 2004 unless construction is completed before that time and Deepwater Gateway meets other specified conditions, in which case the construction loan will convert into a term loan with a final maturity date of July 2009. Upon conversion of the construction loan to a term loan, Deepwater Gateway will be required to maintain a debt service reserve equal to or greater than the projected principal, interest and fees due on the term loan for the immediately succeeding six month period. Prior to conversion to the term loan Deepwater Gateway is prohibited from making distributions.

Cameron Highway

Cameron Highway Oil Pipeline Company (Cameron Highway), an unconsolidated affiliate in which we have a 50 percent joint venture ownership interest (See Note 10 for additional discussion relating to the formation of Cameron Highway), entered into a $325 million project loan facility, consisting of a $225 million construction loan and $100 million of senior secured notes.

The $225 million construction loan bears interest at Cameron Highway's option at each borrowing at either (i) 2.00% over the variable base rate (equal to the greater of the prime rate as determined by JPMorgan Chase Bank, the federal funds rate plus 0.5% or the Certificate of Deposit (CD) rate as determined by JPMorgan Chase Bank increased by 1.00%); or (ii) 3.00% over LIBOR. Upon completion of the construction, the construction loan will convert to a term loan maturing July 2008, subject to the terms of the loan agreement. At the end of the first quarter following the first anniversary of the conversion into a term loan, Cameron Highway will be required to make quarterly payments of $8.125 million, with the remaining unpaid principal amount payable on the maturity date. If the construction loan fails to convert into a term loan by December 31, 2006, the construction loan and senior secured notes become fully due and payable.

The interest rate on the notes will be at the 10-year U.S. Treasury security rate plus 3.25%. Principal and interest payments of $4 million will be due quarterly from September 2008 through December 2011, $6 million each from March 2012 through December 2012, and $5 million each from March 2013 through the principal maturity date of December 2013.

Under the terms of the project loan facility, Cameron Highway must pay each of the lenders and the senior secured note holders commitment fees of 0.5% per annum on any unused portion of such lender's or noteholder's committed funds. The project loan facility as a whole is collateralized by (i) substantially all of Cameron Highway's assets, including, upon conversion, a debt service reserve capital account, and (ii) all of the equity interest in Cameron Highway. Other than the pledge of our equity interest and our construction obligations under the relevant producer agreements, as discussed in Note 10, the debt is non-recourse to us. The construction loan and senior secured notes prohibit Cameron Highway from making distributions to us

until the construction loan is converted into a term loan and Cameron Highway meets certain financial requirements.

DEBT MATURITY TABLE

Aggregate maturities of the principal amounts of long-term debt and other financing obligations for the next 5 years and in total thereafter are as follows at June 30, 2003 (in thousands):

2003	$ 2,500
2004(1)	420,146
2005	165,000
2006	5,000
2007	140,000
Thereafter	1,155,000
Total long-term debt and other financing obligations, including current maturities	$1,887,646

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(1) Balance includes our revolving credit facility; however, we are negotiating the renewal to extend the maturity date beyond May 2004. We intend and believe we have the ability to renew this facility and have continued to classify the facility as long-term debt on our balance sheet as of June 30, 2003.

7. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

Grynberg. In 1997, we were named defendants in actions brought by Jack Grynberg on behalf of the U.S. Government under the False Claims Act. Generally, these complaints allege an industry-wide conspiracy to underreport the heating value as well as the volumes of the natural gas produced from federal and Native American lands, which deprived the U.S. Government of royalties. The plaintiff in this case seeks royalties that he contends the government should have received had the volume and heating value of natural gas produced from royalty properties been differently measured, analyzed, calculated and reported, together with interest, treble damages, civil penalties, expenses and future injunctive relief to require the defendants to adopt allegedly appropriate gas measurement practices. No monetary relief has been specified in this case. These matters have been consolidated for pretrial purposes (In re: Natural Gas Royalties Qui Tam Litigation, U.S. District Court for the District of Wyoming, filed June 1997). In May 2001, the court denied the defendants' motions to dismiss. Discovery is proceeding. Our costs and legal exposure related to these lawsuits and claims are not currently determinable.

Will Price (formerly Quinque). We have also been named defendants in Quinque Operating Company, et al v. Gas Pipelines and Their Predecessors, et al, filed in 1999 in the District Court of Stevens County, Kansas. Quinque has been dropped as a plaintiff and Will Price has been added. This class action complaint alleges that the defendants mismeasured natural gas volumes and heating content of natural gas on non-federal and non-Native American lands. The plaintiffs in this case seek certification of a nationwide class of natural gas working interest owners and natural gas royalty owners to recover royalties that the plaintiffs contend these owners should have received had the volume and heating value of natural gas produced from their properties been differently measured, analyzed, calculated and reported, together with prejudgment and postjudgment interest, punitive damages, treble damages, attorney's fees, costs and expenses, and future injunctive relief to require the defendants to adopt allegedly appropriate gas measurement practices. No monetary relief has been specified in this case. Plaintiffs' motion for class certification was denied in April 2003. Plaintiffs filed another amended petition to narrow the proposed class to royalty owners in Kansas, Wyoming and Colorado and their motion was granted on July 28, 2003. Our costs and legal exposure related to this lawsuit and claims are not currently determinable.

In connection with our April 2002 acquisition of the EPN Holding assets, subsidiaries of El Paso Corporation have agreed to indemnify us against all obligations related to existing legal matters at the

acquisition date, including the legal matters involving Leapartners, L.P., City of Edinburg, Houston Pipe Line Company LP, and City of Corpus Christi discussed below.

During 2000, Leapartners, L.P. filed a suit against El Paso Field Services and others in the District Court of Loving County, Texas, alleging a breach of contract to gather and process natural gas in areas of western Texas related to an asset now owned by GulfTerra Holding. In May 2001, the court ruled in favor of Leapartners and entered a judgment against El Paso Field Services of approximately $10 million. El Paso Field Services has filed an appeal with the Eighth Court of Appeals in El Paso, Texas. Briefs have been filed and oral arguments were heard in November 2002. Review by the Court of Appeals is expected in the third quarter of 2003.

Also, GulfTerra Texas Pipeline L.P., (GulfTerra Texas, formerly known as EPGT Texas Pipeline L.P.) now owned by GulfTerra Holding, is involved in litigation with the City of Edinburg concerning the City's claim that GulfTerra Texas was required to pay pipeline franchise fees under a contract the City had with Rio Grande Valley Gas Company, which was previously owned by GulfTerra Texas and is now owned by Southern Union Gas Company. An adverse judgment against Southern Union and GulfTerra Texas was rendered in Hidalgo County State District court in December 1998 and found a breach of contract, and held both GulfTerra Texas and Southern Union jointly and severally liable to the City for approximately $4.7 million. The judgment relies on the single business enterprise doctrine to impose contractual obligations on GulfTerra Texas and Southern Union's entities that were not parties to the contract with the City. GulfTerra Texas has appealed this case to the Texas Supreme Court seeking reversal of the judgment rendered against GulfTerra Texas. The City seeks a remand to the trial court of its claim of tortious interference against GulfTerra Texas. Briefs have been filed and oral arguments were held in November 2002, and we are awaiting a decision.

In December 2000, a 30-inch natural gas pipeline jointly owned by GulfTerra Intrastate, L.P. (GulfTerra Intrastate) now owned by GulfTerra Holding, and Houston Pipe Line Company LP ruptured in Mont Belvieu, Texas, near Baytown, resulting in substantial property damage and minor physical injury. GulfTerra Intrastate is the operator of the pipeline. Two lawsuits were filed in the state district court in Chambers County, Texas by eight plaintiffs, including two homeowners' insurers. The suits seek recovery for physical pain and suffering, mental anguish, physical impairment, medical expenses, and property damage. Houston Pipe Line Company has been added as an additional defendant. In accordance with the terms of the operating agreement, GulfTerra Intrastate has agreed to assume the defense of and to indemnify Houston Pipe Line Company. As of June 30, 2003, all but one claim has now been settled and these settlements had no impact on our financial statements. The remaining claim relates solely to property damages.

The City of Corpus Christi, Texas (the "City") is alleging that GulfTerra Texas and various Coastal entities owe it monies for past obligations under City ordinances that propose to tax GulfTerra Texas on its gross receipts from local natural gas sales for the use of street rights-of-way. No lawsuit has been filed to date. Some but not all of the GulfTerra Texas pipe at issue has been using the rights-of-way since the 1960's. In addition, the City demands that GulfTerra Texas agree to a going-forward consent agreement in order for the GulfTerra Texas pipe and Coastal pipe to have the right to remain in City rights-of-way.

In August 2002, we acquired the Big Thicket assets, which consist of the Vidor plant, the Silsbee compressor station and the Big Thicket gathering system located in east Texas, for approximately $11 million from BP America Production Company (BP). Pursuant to the purchase agreement, we have identified environmental conditions that we are working with BP and appropriate regulatory agencies to address. BP has agreed to indemnify us for exposure resulting from activities related to the ownership or operation of these facilities prior to our purchase (i) for a period of three years for non-environmental claims and (ii) until one year following the completion of any environmental remediation for environmental claims. Following expiration of these indemnity periods, we are obligated to indemnify BP for environmental or non-environmental claims. We, along with BP and various other defendants, have been named in the following two lawsuits for claims based on activities occuring prior to our purchase of these facilities.

Christopher Beverly and Gretchen Beverly, individually and on behalf of the estate of John Beverly v. GulfTerra GC, L.P., et, al. In June 2003, the plaintiffs in this recently filed court action sued us in state district court in Hardin County, Texas. The plaintiffs are the parents of John Christopher Beverly, a two year

old child who died on April 15, 2002, allegedly as the result of his exposure to arsenic, benzene and other harmful chemicals in the water supply. Plaintiffs allege that several defendants are responsible for that contamination, including us and BP. Our connection to the occurrences that are the basis for this suit appears to be our August 2002 purchase of certain assets from BP, including a facility in Hardin County, Texas known as the Silsbee compressor station. Under the terms of the indemnity provisions in the Purchase and Sale Agreement between GulfTerra and BP, GulfTerra requested that BP indemnify GulfTerra for any exposure. BP has thus far declined assuming the indemnity obligation. Our costs and legal exposure related to this lawsuit and claims are not currently determinable.

Melissa Duvail, et. al., v. GulfTerra GC, L.P., et. al. In June 2003, seventy-four residents of Hardin County, Texas, sued us and others in state district court in Hardin County, Texas. The plaintiffs allege that they have been exposed to hazardous chemicals, including arsenic and benzene, through their water supply, and that the defendants are responsible for that exposure. As with the Beverly case, our connection with the occurrences that are the basis of this suit appears to be our August 2002 purchase of certain assets from BP, including a facility known as the Silsbee compressor station, which is located in Hardin County, Texas. Under the terms of the indemnity provisions in the Purchase and Sale Agreement between us and BP, BP has agreed to indemnify us for this matter.

In addition to the above matters, we and our subsidiaries and affiliates are named defendants in numerous lawsuits and governmental proceedings that arise in the ordinary course of our business.

For each of our outstanding legal matters, we evaluate the merits of the case, our exposure to the matter, possible legal or settlement strategies and the likelihood of an unfavorable outcome. If we determine that an unfavorable outcome is probable and can be estimated, we will establish the necessary accruals. As of June 30, 2003, we had no reserves for our legal matters.

While the outcome of our outstanding legal matters cannot be predicted with certainty, based on information known to date, we do not expect the ultimate resolution of these matters will have a material adverse effect on our financial position, results of operations or cash flows. As new information becomes available or relevant developments occur, we will establish accruals as appropriate.

Environmental

Each of our operating segments is subject to extensive federal, state, and local laws and regulations governing environmental quality and pollution control. These laws and regulations are applicable to each segment and require us to remove or remedy the effect on the environment of the disposal or release of specified substances at current and former operating sites. As of June 30, 2003, we had a reserve of approximately $21 million for remediation costs expected to be incurred over time associated with mercury meters. We assumed this liability in connection with our April 2002 acquisition of the EPN Holding assets. As part of the November 2002 San Juan assets acquisition, El Paso Corporation has agreed to indemnify us for all the known and unknown environmental liabilities related to the assets we purchased up to the purchase price of $766 million. We will only be indemnified for unknown liabilities for up to three years from the purchase date of this acquisition. In addition, we have been indemnified by third parties for remediation costs associated with other assets we have purchased. We expect to make capital expenditures for environmental matters of approximately $10 million in the aggregate for the years 2003 through 2007, primarily to comply with clean air regulations.

While the outcome of our outstanding environmental matters cannot be predicted with certainty, based on the information known to date and our existing accruals, we do not expect the ultimate resolution of these matters will have a material adverse effect on our financial position, results of operations or cash flows. It is possible that new information or future developments could require us to reassess our potential exposure related to environmental matters. We may incur significant costs and liabilities in order to comply with existing environmental laws and regulations. It is also possible that other developments, such as increasingly strict environmental laws and regulations and claims for damages to property, employees, other persons and the environment resulting from our current or past operations, could result in substantial costs and liabilities in the future. As this information becomes available, or relevant developments occur, we will adjust our accrual

amounts accordingly. While there are still uncertainties relating to the ultimate costs we may incur, based upon our evaluation and experience to date, we believe our current reserves are adequate.

Rates and Regulatory Matters

Marketing Affiliate Notice of Proposed Rulemaking. In September 2001, the Federal Energy Regulatory Commission (FERC) issued a Notice of Proposed Rulemaking (NOPR). The NOPR proposes to apply the standards of conduct governing the relationship between interstate pipelines and marketing affiliates to all energy affiliates. Since our High Island Offshore System (HIOS) and Petal Gas Storage facility, including the 59-mile Petal gas pipeline, are interstate facilities as defined by the Natural Gas Act, the proposed regulations, if adopted by FERC, would dictate how HIOS and Petal conduct business and interact with all of our energy affiliates and El Paso Corporation's energy affiliates. In December 2001, we filed comments with the FERC addressing our concerns with the proposed rules. A public conference was held in May 2002, providing an opportunity to comment further on the NOPR. Following the conference, we filed additional comments. At this time, we cannot predict the outcome of the NOPR, but adoption of the regulations in the form proposed would, at a minimum, place additional administrative and operational burdens on us.

If the standards of conduct NOPR is adopted by the FERC, we will be required to functionally separate our HIOS and Petal interstate facilities from our other businesses. Under the proposed rule, we would be required to dedicate employees to manage and operate our interstate facilities independently from our other non-jurisdictional facilities. This employee group would be required to function independently and would be prohibited from communicating non-public transportation information to affiliates. Separate office facilities and systems would be necessary because of the requirement to restrict affiliate access to interstate transportation information. The NOPR also limits the sharing of employees and officers with non-regulated entities. Because of the loss of synergies and shared employee restrictions, a disposition of the interstate facilities may be necessary for us to effectively comply with the rule. At this time, we cannot predict the outcome of this NOPR.

Negotiated Rate Policy. In July 2002, the FERC issued a Notice of Inquiry (NOI) that sought comments regarding its 1996 policy of permitting pipelines to enter into negotiated rate transactions. On July 25, 2003, the FERC issued modifications to its negotiated rate policy applicable to interstate natural gas pipelines. The new policy has two primary changes. First, the FERC will no longer permit the pricing of negotiated rates based on natural gas commodity price indices, although it will permit current contracts negotiated on that basis to continue until the end of the applicable contract period. Second, the FERC is imposing new filing requirements on pipelines to ensure the transparency of negotiated rate transactions.

Interim Rule on Cash Management. In August 2002, the FERC issued a NOPR proposing that all cash management or money pool arrangements between a FERC-regulated subsidiary and its non-FERC regulated parent must be in writing and that, as a condition of participating in a cash management or money pool arrangement, the FERC-regulated entity maintain a minimum proprietary capital balance of 30 percent and both it and its parent maintain investment grade credit ratings. After receiving written comments and hearing industry participant's concerns at a public conference in September 2002, the FERC issued an Interim Rule on Cash Management in June 2003, which did not adopt the proposed limitations on entry into or participation in cash management programs. Instead, the Interim Rule requires natural gas companies to maintain up-to-date documentation authorizing the establishment of the cash management program in which they participate and supporting all deposits into, borrowings from, interest income from, and interest expense to such program.

The Interim Rule seeks comments on a proposed requirement that mandates FERC-regulated entities to file the cash management agreements with the FERC and changes to the agreement within ten days and notify the FERC within 5 days when its proprietary capital ratio falls below 30 percent (or conversely, its long-term debt rises above 70 percent) and when it subsequently returns to or exceeds 30 percent. We filed comments on the Interim Rule on August 7, 2003. Under these interim rules we believe that both HIOS and Petal will be able to continue to participate in our cash management program.

Emergency Reconstruction of Interstate Natural Gas Facilities Final Rule. On May 19, 2003, the FERC issued a Final Rule that amends its regulations to enable natural gas interstate pipeline companies, in

emergency situations resulting in sudden unanticipated loss of natural gas or capacity, to replace facilities when immediate action is required for the protection of life or health or for the maintenance of physical property. Specifically, the Final Rule permits a pipeline to replace mainline facilities using a route other than an existing right-of-way, to commence construction without being subject to a 45-day waiting period, and to undertake projects that exceed the existing blanket cost constraints. Lastly, the Final Rule requires that landowners be notified of potential construction but provides for a possible waiver of the 30-day waiting period.

Pipeline Safety Notice of Proposed Rulemaking. In January 2003, the U.S. Department of Transportation issued a NOPR proposing to establish a rule requiring pipeline operators to develop integrity management programs to comprehensively evaluate their pipelines, and take measures to protect pipeline segments located in what the notice refers to as "high consequence areas." The proposed rule resulted from the enactment of the Pipeline Safety Improvement Act of 2002, a new bill signed into law in December 2002. Comments on the NOPR were filed on April 30, 2003. At this time, we cannot predict the outcome of this NOPR.

Financial Reporting Notice of Proposed Rulemaking. In June 2003, the FERC issued a NOPR that proposes to establish quarterly financial reporting requirements, which are similar to the current Annual Report but will require the addition of Management's Discussion and Analysis, analysis of fourth quarter results, revised officer certifications and electronic filing of auditor's reports. The deadlines of these reports will be accelerated each year through 2006. Comments on this NOPR are due on August 22, 2003. At this time, we cannot predict the outcome of this NOPR.

Other Regulatory Matters. HIOS is subject to the jurisdiction of the FERC in accordance with the Natural Gas Act of 1938 and the Natural Gas Policy Act of 1978. HIOS operates under a FERC approved tariff that governs its operations, terms and conditions of service, and rates. We timely filed a required rate case for HIOS on December 31, 2002. The rate filing and tariff changes are based on HIOS' cost of service, which includes operating costs, a management fee and changes to depreciation rates and negative salvage amortization. We requested the rates be effective February 1, 2003, but the FERC suspended the rate increase until July 1, 2003, subject to refund. We have responded, and are continuing to respond, as new requests are received, to the FERC staff's data requests. The FERC has scheduled a hearing on this matter commencing November 17, 2003.

During the latter half of 2002, we experienced a significant variance between the fuel usage on HIOS and the fuel collected from our customers. We believe a series of events may have contributed to this variance, including two major storms that hit the Gulf Coast Region (and these assets) in late September and early October of 2002. We are taking numerous steps to determine the cause of the fuel differences, including a review of receipt and delivery measurement data. As of June 30, 2003, we had recorded fuel differences of approximately $11.3 million, which is included in other non-current assets. Depending on the outcome of our review, we expect to seek FERC approval to collect some or all of the fuel differences. At this time we are not able to determine what amount, if any, may be collectible from our customers. Any amount we are unable to resolve or collect from our customers may negatively impact our earnings.

In June 2002, Petal Gas Storage, which is also subject to the FERC's jurisdiction, filed with the FERC a certificate application to add additional gas storage capacity to Petal's storage system. The filing included a new storage cavern with a working gas capacity of 5 Bcf, the conversion and enlargement of an existing subsurface brine storage cavern to a gas storage cavern with a working capacity of 3 Bcf and related surface facilities, natural gas, water and brine transmission lines. In February 2003, the FERC approved the facilities proposed by Petal. We are currently in discussion with potential customers for the proposed new capacity.

In December 1999, GulfTerra Texas filed a petition with the FERC for approval of its rates for interstate transportation service. In June 2002, the FERC issued an order that required revisions to GulfTerra Texas' proposed maximum rates. The changes ordered by the FERC involve reductions to rate of return, depreciation rates and revisions to the proposed rate design, including a requirement to separately state rates for gathering service. FERC also ordered refunds to customers for the difference, if any, between the originally proposed levels and the revised rates ordered by the FERC. We believe the amount of any rate refund would be minimal since most transportation services are discounted from the maximum rate. GulfTerra Texas has established a

reserve for refunds. In July 2002, GulfTerra Texas requested rehearing on certain issues raised by the FERC's order, including the depreciation rates and the requirement to separately state a gathering rate. GulfTerra Texas' request for rehearing has been granted and is pending before the FERC.

In July 2002, Falcon Gas Storage also requested late intervention and rehearing of the order. Falcon asserts that GulfTerra Texas' imbalance penalties and terms of service preclude third parties from offering imbalance management services. Meanwhile in December 2002, GulfTerra Texas amended its Statement of Operating Conditions to provide shippers the option of resolving daily imbalances using a third-party imbalance service provider. Falcon objected to the changes, complaining that imbalance resolution is the lowest priority of service. GulfTerra Texas responded to Falcon's objection and untimely intervention, repeating its request that Falcon's intervention be dismissed.

In December 2002, GulfTerra Texas requested FERC approval of market-based rates for interstate gas storage services performed at its Wilson storage facility. The filing was in compliance with a requirement to rejustify its existing rates or request new rates by December 20, 2002. Falcon also intervened in this filing, complaining that market-based rates should be denied because of their complaint about access on the GulfTerra Texas pipeline for third party imbalance services. On May 15, 2003, the FERC approved Wilson's market based rate proposal and dismissed Falcon's complaint.

Falcon Gas Storage Company, Inc. and its affiliate Hill-Lake Gas Storage, L.P. ("Falcon") filed a formal complaint in March 2003 at the Railroad Commission of Texas claiming that GulfTerra Texas' imbalance penalties and terms of service preclude third parties from offering hourly imbalance management services on the GulfTerra Texas system. GulfTerra Texas filed a response specifically denying Falcon's assertions and requesting that the complaint be denied.

While the outcome of all of our rates and regulatory matters cannot be predicted with certainty, based on information known to date, we do not expect the ultimate resolution of these matters will have a material adverse effect on our financial position, results of operations or cash flows. As new information becomes available or relevant developments occur, we will establish accruals as appropriate.

Joint Ventures

We conduct a portion of our business through joint venture arrangements we form to construct, operate and finance the development of our onshore and offshore midstream energy businesses. We are obligated to make our proportionate share of additional capital contributions to our joint ventures only to the extent that they are unable to satisfy their obligations from other sources including proceeds from credit arrangements.

Other Matters

As a result of current circumstances generally surrounding the energy sector, the creditworthiness of several industry participants has been called into question. As a result of these general circumstances, we have established an internal group to monitor our exposure to and determine, as appropriate, whether we should request prepayments, letters of credit or other collateral from our counterparties.

8. ACCOUNTING FOR HEDGING ACTIVITIES

A majority of our commodity purchases and sales, which relate to sales of oil and natural gas associated with our production operations, purchases and sales of natural gas associated with pipeline operations, sales of natural gas liquids associated with our processing plants and our gathering activities are at spot market or forward market prices. We use futures, forward contracts, and swaps to limit our exposure to fluctuations in the commodity markets and allow for a fixed cash flow stream from these activities.

In August 2002, we entered into a derivative financial instrument to hedge our exposure during 2003 to changes in natural gas prices relating to gathering activities in the San Juan Basin in anticipation of our acquisition of the San Juan assets. The derivative is a financial swap on 30,000 MMBtu per day whereby we receive a fixed price of $3.525 per MMBtu and pay a floating price based on the San Juan index. Beginning with the acquisition date in November 2002, we are accounting for this derivative as a cash flow hedge under

SFAS No. 133. In February 2003, we entered into an additional derivative financial instrument to continue to hedge our exposure during 2004 to changes in natural gas prices relating to gathering activities in the San Juan Basin. The derivative is a financial swap on 15,000 MMBtu per day whereby we receive a fixed price of $3.95 per MMBtu and pay a floating price based on the San Juan index. We are accounting for this derivative as a cash flow hedge under SFAS No. 133. As of June 30, 2003, the fair value of these cash flow hedges was a liability of $10.3 million. For the six months ended June 30, 2003, we reclassified a loss of approximately $6.0 million from accumulated other comprehensive income resulting in a reduction to earnings. No ineffectiveness exists in this hedging relationship because all purchase and sale prices are based on the same index and volumes as the hedge transaction. We estimate the entire amount will be reclassified from accumulated other comprehensive income as a reduction to earnings over the next 18 months and approximately $9.7 million will be reclassified as a reduction to earnings over the next twelve months.

Prior to June 30, 2003, in connection with our GulfTerra Intrastate Alabama operations, we had fixed price contracts with specific customers for the sale of predetermined volumes of natural gas for delivery over established periods of time. We entered into cash flow hedges in 2002 and 2003 to offset the risk of increasing natural gas prices. As of June 30, 2003, these cash flow hedges expired and we reclassified a gain of approximately $0.2 million from accumulated other comprehensive income to earnings. No ineffectiveness existed in this hedging relationship because all purchase and sale prices were based on the same index and volumes as the hedge transaction.

In January 2002, Poseidon entered into a two-year interest rate swap agreement to fix the variable portion of its LIBOR based interest rate on $75 million of its $185 million variable rate revolving credit facility at 3.49% over the life of the swap. Prior to April 2003, under its credit facility, Poseidon paid an additional 1.50% over the LIBOR rate resulting in an effective interest rate of 4.99% on the hedged notional amount. Beginning in April 2003, the additional interest Poseidon pays over LIBOR was reduced resulting in an effective fixed interest rate of 4.74% on the hedged notional amount. As of June 30, 2003, the fair value of its interest rate swap was a liability of $0.9 million resulting in accumulated other comprehensive loss of $0.9 million. We included our 36 percent share of this liability of $0.3 million as a reduction of our investment in Poseidon and as a loss in accumulated other comprehensive income which we estimate will be reclassified to earnings proportionately over the next six months. Additionally, we have recognized in income our 36 percent share of Poseidon's realized loss of $0.7 million for the six months ended June 30, 2003, or $0.2 million, through our earnings from unconsolidated affiliates.

In July 2003, to achieve a better mix of fixed rate debt and variable rate debt, we entered into an eight-year interest rate swap agreement to provide for a floating interest rate on our fixed 8 1/2% $250 million senior subordinated notes that were issued in May 2001. With this swap agreement, we will pay the counterparty a LIBOR based interest rate plus a spread of 4.20% and receive a fixed rate of 8 1/2%. We are accounting for this derivative as a fair value hedge.

The counterparty for our San Juan hedging activities is J. Aron and Company, a subsidiary of Goldman Sachs. We do not require collateral and do not anticipate non-performance by this counterparty. The counterparty for Poseidon's hedging activity is Credit Lyonnais. Poseidon does not require collateral and does not anticipate non-performance by this counterparty. Wachovia Bank is our counterparty on our new interest rate swap and we do not require collateral nor anticipate non-performance by this counterparty.

9. BUSINESS SEGMENT INFORMATION

Each of our segments are business units that offer different services and products that are managed separately since each segment requires different technology and marketing strategies. We have segregated our business activities into four distinct operating segments:

- Natural gas pipelines and plants;

- Oil and NGL logistics;

- Natural gas storage; and

- Platform services.

As a result of our sale of the Prince TLP and our nine percent overriding royalty interest in the Prince Field in April 2002, the results of operations from these assets are reflected as discontinued operations in our statements of income for all periods presented. Accordingly, the segment results do not reflect the results of operations for the Prince assets.

We measure segment performance using earnings before interest, income taxes, depreciation and amortization (EBITDA), which we formerly referred to as "Performance Cash Flows," or an asset's ability to generate income. EBITDA is used in the evaluation of our businesses and should not be considered as an alternative to net income as an indicator of our operating performance. EBITDA may not be a comparable measurement among different companies.

Following are results as of and for the periods ended June 30:

	NATURAL GAS PIPELINES & PLANTS	OIL AND NGL LOGISTICS	NATURAL GAS STORAGE	PLATFORM SERVICES	OTHER(1)	TOTAL
	(IN THOUSANDS)					
QUARTER ENDED JUNE 30, 2003						
Revenue from external customers	$ 199,517	$ 89,087	$ 10,871	$ 6,101	$ 4,533	$ 310,109
Intersegment revenue	30	--	186	758	(974)	--
Depreciation, depletion and amortization	17,079	2,167	2,919	1,360	1,321	24,846
Operating income	60,222	8,208	5,149	4,917	(610)	77,886
Earnings from unconsolidated affiliates	626	2,361	--	--	--	2,987
EBITDA	78,339	12,897	8,068	6,277	N/A	N/A
Assets	2,266,522	427,447	324,482	164,120	72,098	3,254,669
QUARTER ENDED JUNE 30, 2002						
Revenue from external customers	$ 95,195	$ 9,750	$ 5,467	$ 5,165	$ 4,912	$ 120,489
Intersegment revenue	58	--	--	3,114	(3,172)	--
Depreciation, depletion and amortization	12,247	1,663	1,401	1,011	1,794	18,116
Operating income (loss)	34,857	5,725	690	6,423	(1,918)	45,777
Earnings from unconsolidated affiliates	--	4,012	--	--	--	4,012
EBITDA	47,114	12,069	2,091	7,493	N/A	N/A
Assets	1,402,890	189,574	299,556	107,012	76,974	2,076,006

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(1) Represents predominately our oil and natural gas production activities as well as intersegment eliminations.

	NATURAL GAS OIL AND NATURAL PIPELINES & NGL GAS PLATFORM PLANTS LOGISTICS STORAGE SERVICES OTHER(1) TOTAL
(IN THOUSANDS) SIX MONTHS ENDED JUNE 30, 2003	
Revenue from external customers...	$ 396,706 $149,886 $ 22,477 $ 10,483 $ 9,483 $ 589,035
Intersegment revenue.....	68 -- 278 1,404 (1,750) --
Depreciation, depletion and amortization.....	33,632 4,364 5,881 2,560 2,106 48,543
Operating income.....	120,654 13,649 9,188 7,952 1,550 152,993
Earnings from unconsolidated affiliates.....	1,255 5,048 -- -- -- 6,303
EBITDA.....	156,141 24,497 15,069 10,512 N/A N/A
Assets.....	2,266,522 427,447 324,482 164,120 72,098 3,254,669
SIX MONTHS ENDED JUNE 30, 2002	
Revenue from external customers...	$ 135,555 $ 18,576 $ 9,855 $ 9,627 $ 8,420 $ 182,033
Intersegment revenue.....	117 -- -- 6,223 (6,340) --
Depreciation, depletion and amortization.....	18,752 3,131 2,802 2,103 3,877 30,665
Operating income.....	48,527 10,472 1,998 12,516 (5,024) 68,489
Earnings from unconsolidated affiliates.....	-- 7,373 -- -- -- 7,373
EBITDA.....	67,292 22,784 4,800 20,315 N/A N/A
Assets.....	1,402,890 189,574 299,556 107,012 76,974 2,076,006

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(1) Represents predominately our oil and natural gas production activities as well as intersegment eliminations.

A reconciliation of our segment EBITDA to our net income is as follows:

QUARTER ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,		
2003	2002	2003	2002	
Natural gas pipeline & plants.....	$ 78,339	$ 47,114	$156,141	$ 67,292
Oil & NGL logistics.....	12,897	12,069	24,497	22,784
Natural gas storage.....	8,068	2,091	15,069	4,800
Platform services.....	6,277	7,493	10,512	20,315
Segment EBITDA.....	105,581	68,767	206,219	115,191
Plus: Other, nonsegment results.....	3,011	2,212	8,277	4,306
Earnings from unconsolidated affiliates.....	2,987	4,012	6,303	7,373
Income from discontinued operations.....	--	60	--	4,445
Cumulative effect of accounting change.....	--	--	1,690	--
Less: Interest and debt expense.....	31,838	21,534	66,324	33,292
Loss due to write-off of debt issuance costs.....	--	--	3,762	--
Depreciation, depletion and amortization.....	24,846	18,116	48,543	30,665
Cash distributions from unconsolidated affiliates.....				

3,520 4,680 8,230 9,180 Net cash payment received from El Paso Corporation.....
2,078 1,917 4,118 3,799 Discontinued operations of Prince facilities.....
-- 59 -- 6,508 -------- -------- -------- ------- - Net income.....
$ 49,297 $ 28,745 $ 91,512 $ 47,871 ========
======== ======== ========

10. INVESTMENTS IN UNCONSOLIDATED AFFILIATES

We hold investments in various affiliates which we account for using the equity method of accounting. Summarized financial information for these investments are as follows:

SIX MONTHS ENDED JUNE 30, 2003
(IN THOUSANDS)

	DEEPWATER	COYOTE	GATEWAY	POSEIDON	TOTAL
OWNERSHIP INTEREST	50%	50%	36%	36%	
OPERATING RESULTS DATA: Operating revenues	$3,825	$ --	$ 658,597	Crude oil purchases	--
--	(635,390)	Gross margin	3,825	--	23,207
Other income	4	23	35	Operating expenses	(242)
--	(2,160)	Depreciation	(690)	--	(4,169)
Other expenses	(387)	(5)	(2,835)	Net income	$2,510
$ 18	$ 14,078	OUR SHARE: Allocated income	$1,255	$ 9	$ 5,068
Adjustments(1)	--	(9)	(20)	Earnings from unconsolidated affiliates	$1,255
$ --	$ 5,048	$6,303	Allocated distributions	$1,750	$ --
$ 6,480	$8,230				

SIX MONTHS ENDED JUNE 30, 2002
(IN THOUSANDS)

	POSEIDON
OWNERSHIP INTEREST	36%
OPERATING RESULTS DATA: Operating revenues	$ 535,567
Crude oil purchases	(505,824)
Gross margin	29,743
Other income	45
Operating expenses	(1,704)
Depreciation	(4,137)
Other expenses	(3,468)
Net income	$ 20,479
OUR SHARE: Allocated income	$ 7,372
Adjustments(1)	1
Earnings from unconsolidated affiliate	$ 7,373
Allocated distributions	$ 9,180

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(1) We recorded adjustments primarily for differences from estimated earnings reported in our Quarterly Report on Form 10-Q and actual earnings reported in the unaudited financial statements of our unconsolidated affiliates.

In June 2003, we formed Cameron Highway Oil Pipeline Company and contributed to this newly formed company the $458 million Cameron Highway oil pipeline system construction project. Cameron Highway is responsible for building and operating the pipeline, which is scheduled for completion during the third quarter of 2004.

In connection with the construction of the Cameron Highway oil pipeline, we entered into producer agreements with three major anchor producers, BP Exploration & Production Company (BP Exploration), BHP Billiton Petroleum (Deepwater), Inc. (BHP), and Union Oil Company of California (Unocal), which agreements were assigned to and assumed by Cameron Highway. The producer agreements require construction of the 390-mile Cameron Highway oil pipeline. We are obligated to make additional capital contributions to Cameron Highway, to the extent that the construction costs for the pipeline exceed Cameron Highway's capital resources, including our initial equity contributions and proceeds from Cameron Highway's project loan facility.

In July 2003, we sold a 50 percent interest in Cameron Highway to Valero Energy Corporation for $86 million, forming a joint venture with Valero. Valero paid us approximately $70 million at closing, including $51 million representing 50 percent of the capital investment expended through that date for the pipeline project. In July 2003, we recognized $19 million as a gain from the sale of long-lived assets. In addition, Valero will pay us a total of $16 million, $5 million to be paid once the system is completed and the remaining $11 million by the end of 2006. We expect to reflect the receipts of these additional amounts in the periods received as gains from the sale of long-lived assets in our income statement. In connection with the formation of the Cameron Highway joint venture, Valero agreed to pay their proportionate share of pipeline construction costs that exceed Cameron Highways's capital resources, including the initial equity contributions and proceeds from Cameron Highway's project loan facility.

The Cameron Highway oil pipeline system project is expected to be funded with 29 percent equity through capital contributions from the Cameron Highway partners and 71 percent debt through a $325 million project loan facility, consisting of a $225 million construction loan and $100 million of senior secured notes. See Note 6 for additional discussion of the project loan facility.

11. RELATED PARTY TRANSACTIONS

Our transactions with related parties and affiliates are as follows:

	QUARTER ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2003	2002	2003	2002
	(IN THOUSANDS)			
Revenues received from related parties				
Natural gas pipelines and plants	$26,064	$47,610	$49,014	$60,464
Oil and NGL logistics	8,975	6,992	15,844	13,225
Natural gas storage	--	68	--	67
Other	--	2,673	--	4,946
	$35,039	$57,343	$64,858	$78,702
Expenses paid to related parties				
Cost of natural gas, oil and other products	$ 5,842	$ 6,133	$20,797	$14,534
Operating expenses	22,093	14,680	45,810	23,616
	$27,935	$20,813	$66,607	$38,150
Reimbursements received from related parties				
Operating expenses	$ 676	$ 525	$ 1,201	$ 1,050

There have been no changes to our related party relationships, except as described below, from those described in Note 9 of our audited financial statements filed in our 2002 Form 10-K.

Revenues received from related parties for the quarters ended June 30, 2003 and 2002, were approximately 11 percent and 48 percent of our total revenue. Revenues received from related parties for the six months ended June 30, 2003 and 2002, were approximately 11 percent and 43 percent of our total revenue. Revenues received from El Paso Field Services increased $8.5 million from the first quarter of 2003 primarily as a result of higher natural gas and NGL volumes sold to El Paso Field Services from our Big Thicket assets

and from higher volumes on the Texas NGL assets that were reactivated in 2003. Also, we have undertaken efforts to reduce our transactions with El Paso Merchant Energy North America Company (Merchant Energy) and as of June 30, 2003, we have replaced all our month-to-month arrangements with similar arrangements with third parties.

The following table provides summary data categorized by our related parties:

QUARTER ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
2003	2002	2003	2002
(IN THOUSANDS)			
Revenues received from related parties			
El Paso Corporation			
El Paso Merchant Energy North America Company	$ 7,791	$30,212	$18,603
El Paso Production Company			
	2,074	2,472	4,432
Tennessee Gas Pipeline Company			
	38	--	93
El Paso Field Services			
	25,136	24,659	41,730
	38,973		
	$35,039	$57,343	$64,858
	$78,702		
Cost of natural gas, oil and other products purchased from related parties			
El Paso Corporation			
El Paso Merchant Energy North America Company	$ 5,427	$ 3,548	$15,705
	$10,758		
El Paso Production Company			
	--	1,137	--
	2,251		
Tennessee Gas Pipeline Company			
	--	249	--
	249		
El Paso Field Services			
	346	--	5,023
	--		
El Paso Natural Gas Company			
	17	1,159	17
	1,159		
Southern Natural Gas			
	52	40	52
	117		
	$ 5,842	$ 6,133	$20,797
	$14,534		
Operating expenses paid to related parties			
El Paso Corporation			
El Paso Field Services			
	$21,979	$14,545	$45,603
	$23,371		
Unconsolidated Subsidiaries			
Poseidon Oil Pipeline Company			
	114	135	207
	245		
	$22,093	$14,680	$45,810
	$23,616		
Reimbursements received from related parties			
Unconsolidated Subsidiaries			
Poseidon Oil Pipeline Company		$ 676	$ 525
	$ 1,201	$ 1,050	

At June 30, 2003, and December 31, 2002, our accounts receivable due from related parties was $61.3 million and $83.8 million. At June 30, 2003 and December 31, 2002, our accounts payable due to related parties was $80.8 million and $86.1 million.

Our accounts receivable due from related parties consisted of the following as of:

JUNE 30,	DECEMBER 31,
2003	2002
(IN THOUSANDS)	
El Paso Corporation	
El Paso Production Company	$ 1,342	$ 4,346
El Paso Merchant Energy North America Company	31,288	30,512
Tennessee Gas Pipeline Company	2,921	930
El Paso Field Services	18,970	36,071
El Paso Natural Gas Company	2,637	1,033
Other	1,111	1,298
	58,269	74,190
Unconsolidated Subsidiaries		
Deepwater Gateway	3,052	9,636
Other	18	--
	3,070	9,636
Total	$61,339	$83,826

Our accounts payable due to related parties consisted of the following as of:

JUNE 30,	DECEMBER 31,
2003	2002
(IN THOUSANDS)	
El Paso Corporation	
El Paso Merchant Energy North America Company	$ 7,243	$ 8,871
El Paso Production Company	17,345	14,518
El Paso Field Services	43,290	55,648
Tennessee Gas Pipeline Company	651	1,319
El Paso Natural gas Company	1,994	1,475
El Paso Corporation	3,604	4,181
Other	882	132
	75,009	86,144
Unconsolidated Subsidiaries		
Deepwater Gateway	2,242	--
Copper Eagle	3,525	--
	5,767	--
Total	$80,776	$86,144

Other Matters

In connection with the sale of some of our Gulf of Mexico assets in January 2001, El Paso Corporation agreed to make quarterly payments to us of $2.25 million for three years beginning March 2001 and $2 million in the first quarter of 2004. The present value of the amounts due from El Paso Corporation were classified as follows:

JUNE 30,	DECEMBER 31,
2003	2002
(IN THOUSANDS)	
Accounts receivable, net	$6,244	$ 8,403
Other noncurrent assets	--	1,960
	$6,244	$10,363

In addition to the related party transactions discussed above, pursuant to the terms of many of the purchase and sale agreements we have entered into with various entities controlled directly or indirectly by El Paso Corporation, we have been indemnified for potential future liabilities, expenses and capital requirements above a negotiated threshold. Specifically, an indirect subsidiary of El Paso Corporation has indemnified us for specific litigation matters to the extent the ultimate resolutions of these matters result in judgments against us. For a further discussion of these matters see Note 7, Commitments and Contingencies, Legal Proceedings. Some of our agreements obligate certain indirect subsidiaries of El Paso Corporation to pay for capital costs related to maintaining assets which were acquired by us, if such costs exceed negotiated thresholds. We have made no such claims for reimbursement to date but may make claims based on our 2002 expenditures and on our expected 2003 expenditure requirements.

We have also entered into capital contribution arrangements with entities owned by El Paso Corporation, including its regulated pipelines, in the past, and will most likely do so in the future, as part of our normal commercial activities in the Gulf of Mexico. We have agreements to receive from subsidiaries of El Paso Corporation the following: $2 million from Tennessee Gas Pipeline for our Medusa project, $7.0 million from El Paso Field Services for the Marco Polo pipeline and $6.1 million from ANR Pipeline Company for our Phoenix project. Regulated pipelines often contribute capital toward the construction costs of gathering facilities owned by others which are, or will be, connected to their pipelines. El Paso Field Services' contribution is in anticipation of additional natural gas that will flow through to its onshore natural gas processing facilities.

12. GUARANTOR FINANCIAL INFORMATION

As of June 30, 2003, our revolving credit facility, GulfTerra Holding term credit facility and senior secured term loan are guaranteed by each of our subsidiaries, excluding our unrestricted subsidiaries (Matagorda Island Area Gathering System, Arizona Gas Storage, L.L.C. and GulfTerra Arizona Gas, L.L.C., Cameron Highway Pipeline GPI, L.L.C. (CHOPS GPI), Cameron Highway Pipeline II, L.P. (CHOPS II), Cameron Highway Pipeline III, L.P. (CHOPS III), and Cameron Highway Oil Pipeline Company (Cameron Highway), and our general partner, and are collateralized by our general partner's general and administrative services agreement and substantially all of our assets. In addition, all of our senior subordinated notes are jointly, severably, fully and unconditionally guaranteed by us and all of our subsidiaries, excluding our unrestricted subsidiaries. As part of our Cameron Highway transaction, in July 2003 we sold CHOPS GPI, CHOPS II and CHOPS III and, as a result, Cameron Highway became an unconsolidated affiliate in which we have a 50 percent joint venture ownership interest. The consolidating eliminations column on our condensed consolidating balance sheets below eliminates our investment in consolidated subsidiaries, intercompany payables and receivables and other transactions between subsidiaries. The consolidating eliminations column in our condensed consolidating statements of income and cash flows eliminates earnings from our consolidated affiliates.

Non-guarantor subsidiaries as of and for the quarter and six months ended June 30, 2003, consisted of our unrestricted subsidiaries. Non-guarantor subsidiaries as of and for the quarter ended June 30, 2002, consisted of our GulfTerra Holding Subsidiaries, which own the EPN Holding assets and equity interests in GulfTerra Holding. Non-guarantor subsidiaries for the quarter ended March 31, 2002 consisted of Argo and Argo I which owned the Prince TLP. As a result of our disposal of the Prince TLP and our related overriding royalty interest in April 2002, the results of operations and net book value of these assets are reflected as discontinued operations in our statements of income and assets held for sale in our balance sheets and Argo and Argo I became guarantor subsidiaries.

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
FOR THE QUARTER ENDED JUNE 30, 2003

	NON-GUARANTOR SUBSIDIARIES	GUARANTOR SUBSIDIARIES	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTAL
		(IN THOUSANDS)		
Operating revenues	$ --	$229	$309,880	$ --	$310,109
Operating expenses Cost of natural gas, oil and other products	--	--	158,463	--	158,463
Operation and maintenance	2,737	68	45,746	--	48,551
Depreciation, depletion and amortization	37	10	24,799	--	24,846
Loss on sale of long-lived assets	--	--	363	--	363
	2,774	78	229,371	--	232,223
Operating income (loss)	(2,774)	151	80,509	--	77,886
Other income (loss) Earnings from consolidated affiliates	62,892	--	--	(62,892)	--
Earnings from unconsolidated affiliates	--	--	2,987	--	2,987
Minority interest expense	--	(47)	--	--	(47)
Other income	203	--	106	--	309
Interest and debt expense	11,024	--	20,814	--	31,838
Net income (loss)	$49,297	$104	$ 62,788	$(62,892)	$ 49,297

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
FOR THE QUARTER ENDED JUNE 30, 2002

	NON-GUARANTOR SUBSIDIARIES	GUARANTOR SUBSIDIARIES	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTAL
		(IN THOUSANDS)		
Operating revenues	$ --	$61,456	$59,033	$ --	$120,489
Operating expenses Cost of natural gas, oil and other products	--	18,940	8,403	--	27,343
Operation and maintenance	797	13,046	15,410	--	29,253
Depreciation, depletion and amortization	38	5,414	12,664	--	18,116
	835	37,400	36,477	--	74,712
Operating income (loss)	(835)	24,056	22,556	--	45,777
Other income (loss) Earnings from consolidated affiliates					

17,209 -- 11,613 (28,822) -- Earnings from unconsolidated affiliates..... - - -- 4,012 4,012 Minority interest expense..... -- (5) -- -- (5) Other income (loss)..... 426 (6) 15 -- 435 Interest and debt expense..... (11,945) 12,432 21,047 -- 21,534 ------- ------- ------- -------- ------- - Income from continuing operations..... 28,745 11,613 17,149 (28,822) 28,685 Income from discontinued operations..... -- -- 60 -- 60 ------- ------- - ------ -------- -------- Net income..... $28,745 $11,613 $17,209 $(28,822) $ 28,745 ======= ======= ======== ======= ======== ========

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2003

	NON-GUARANTOR SUBSIDIARIES	GUARANTOR SUBSIDIARIES	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTAL
	(IN THOUSANDS)			
Operating revenues	$ --	$506	$588,529	$ --	$589,035
Operating expenses					
Cost of natural gas, oil and other products	--	--	298,047	--	298,047
Operation and maintenance, net	3,204	142	85,849	--	89,195
Depreciation, depletion and amortization	74	21	48,448	--	48,543
Loss on sale of long-lived assets	--	--	257	--	257
	3,278	163	432,601	--	436,042
Operating income (loss)	(3,278)	343	155,928	--	152,993
Other income (loss)					
Earnings from consolidated affiliates	124,397	--	--	(124,397)	--
Earnings from unconsolidated affiliates	--	--	6,303	--	6,303
Minority interest expense	--	(80)	--	--	(80)
Other income	451	--	241	--	692
Interest and debt expense	26,296	--	40,028	--	66,324
Loss due to write-off of debt issuance costs	3,762	--	--	--	3,762
Income from continuing operations	91,512	263	122,444	(124,397)	89,822
Cumulative effect of accounting change	--	--	1,690	--	1,690
Net income	$ 91,512	$263	$124,134	$(124,397)	$ 91,512

CONDENSED CONSOLIDATING STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2002

	NON-GUARANTOR SUBSIDIARIES	GUARANTOR SUBSIDIARIES	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTAL
(IN THOUSANDS)				
Operating revenues	$ --	$61,456	$120,577	$ --	$182,033
Operating expenses				
Cost of natural gas, oil and other products	--	18,940	20,561	--	39,501
Operations and maintenance, net	4,069	13,046	26,578	--	43,693
Depreciation, depletion and amortization	199	5,414	25,052	--	30,665
Gain on sale of long-lived assets	--	--	(315)	--	(315)
	-	4,268	37,400	71,876	--	113,544
Operating income (loss)	(4,268)	24,056	48,701	--	68,489
Other income (loss)				
Earnings from consolidated affiliates	28,893	--	15,617	(44,510)	--
Earnings from unconsolidated affiliates	--	--	7,373	--	7,373
Minority interest expense	--	(5)	--	--	(5)
Other income	862	(6)	5	--	861
Interest and debt expense	(22,384)	12,432	43,244	--	33,292
Income from continuing operations	47,871	11,613	28,452	(44,510)	43,426
Income from discontinued operations	--	4,004	441	--	4,445
Net income	$47,871	$ 15,617	$ 28,893	$(44,510)	$ 47,871

CONDENSED CONSOLIDATING BALANCE SHEETS
JUNE 30, 2003

	NON-GUARANTOR	GUARANTOR	CONSOLIDATING	CONSOLIDATED
	ISSUER	SUBSIDIARIES	SUBSIDIARIES	ELIMINATIONS	TOTAL
	(IN THOUSANDS)				
Current assets					
Cash and cash equivalents	$ 8,888	$ --	$ 8,765	$ --	$ 17,653
Accounts receivable, net					
Trade	--	3,659	135,893	--	139,552
Affiliates	751,650	157	62,060	(752,528)	61,339
Affiliated note receivable	--	--	17,100	--	17,100
Other current assets	2,280	--	3,244	--	5,524
Total current assets	762,818	3,816	227,062	(752,528)	241,168
Property, plant and equipment, net	7,226	452	2,880,038	--	2,887,716
Intangible assets	--	--	3,489	--	3,489
Investment in unconsolidated affiliates	--	5,394	71,896	--	77,290
Investment in consolidated affiliates	1,909,049	--	634	(1,909,683)	--
Other noncurrent assets	201,737	--	13,268	(169,999)	45,006
Total assets	$2,880,830	$9,662	$3,196,387	$(2,832,210)	$3,254,669
Current liabilities					
Accounts payable					
Trade	$ --	$ 37	$ 113,969	$ --	$ 114,006
Affiliates	22,218	3,555	807,531	(752,528)	80,776
Accrued interest	12,266	--	1,324	--	13,590
Current maturities of senior secured term loan	5,000	--	--	--	5,000
Other current liabilities	4,204	1	9,652	--	13,857
Total current liabilities	43,688	3,593	932,476	(752,528)	227,229
Revolving credit facility	415,146	--	--	--	415,146
Senior secured term loans, less current maturities	152,500	--	160,000	--	312,500
Long-term debt	1,157,606	--	--	--	1,157,606
Other noncurrent liabilities	--	--	198,045	(169,999)	28,046
Minority interest	--	2,252	--	--	2,252
Partners' capital	1,111,890	3,817	1,905,866	(1,909,683)	1,111,890

Total liabilities and partners' capital	$2,880,830	$9,662	$3,196,387	$(2,832,210)	$3,254,669

CONDENSED CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2002

	NON-GUARANTOR	GUARANTOR	CONSOLIDATING	CONSOLIDATED
	ISSUER	SUBSIDIARIES	SUBSIDIARIES	ELIMINATIONS	TOTAL
	(IN THOUSANDS)				
Current assets					
Cash and cash equivalents	$ 20,777	$ --	$ 15,322	$ --	$ 36,099
Accounts receivable, net					
Trade	--	74	139,445	--	139,519
Affiliates	709,230	3,055	67,513	(695,972)	83,826
Affiliated note receivable	--	--	17,100	--	17,100
Other current assets	1,118	--	2,333	--	3,451
Total current assets	731,125	3,129	241,713	(695,972)	279,995
Property, plant and equipment, net	6,716	454	2,717,768	--	2,724,938
Intangible assets	--	--	3,970	--	3,970
Investment in unconsolidated affiliates	--	5,197	73,654	--	78,851
Investment in consolidated affiliates	1,787,767	--	693	(1,788,460)	--
Other noncurrent assets	205,262	--	7,879	(169,999)	43,142
Total assets	$2,730,870	$8,780	$3,045,677	$(2,654,431)	$3,130,896
Current liabilities					
Accounts payable					
Trade	$ --	$ 302	$ 126,422	$ --	$ 126,724
Affiliates	18,867	2,982	760,267	(695,972)	86,144
Accrued interest	14,221	--	807	--	15,028
Current maturities of senior secured term loan	5,000	--	--	--	5,000
Other current liabilities	1,645	5	19,545	--	21,195
Total current liabilities	39,733	3,289	907,041	(695,972)	254,091
Revolving credit facility	491,000	--	--	--	491,000
Senior secured term loans, less current maturities	392,500	--	160,000	--	552,500
Long-term debt	857,786	--	--	--	857,786
Other noncurrent liabilities	(1)	--	193,725	(169,999)	23,725
Minority interest	--	1,942	--	--	1,942
Partners' capital	949,852	3,549	1,784,911	(1,788,460)	949,852

```
-- ------ ---------- -------
    ---- ---------- Total
  liabilities and partners'
     capital.....
$2,730,870 $8,780 $3,045,677
   $(2,654,431) $3,130,896
========== ====== ==========
   ========== ==========
```

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2003

	NON-GUARANTOR SUBSIDIARIES	GUARANTOR SUBSIDIARIES	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTAL
				(IN THOUSANDS)
Cash flows from operating activities				
Net income	$ 91,512	$ 263	$ 124,134	$(124,397) $ 91,512
Less cumulative effect of accounting change	--	--	1,690	-- 1,690
Income from continuing operations	91,512	263	122,444	(124,397) 89,822
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation, depletion and amortization	74	21	48,448	-- 48,543
Distributed earnings of unconsolidated affiliates				
Earnings from unconsolidated affiliates	--	--	(6,303)	-- (6,303)
Distributions from unconsolidated affiliates	--	--	8,230	-- 8,230
Loss on sale of long-lived assets	--	--	257	-- 257
Write-off of debt issuance costs	3,762	--	--	-- 3,762
Other noncash items	4,286	310	(76)	-- 4,520
Working capital changes, net of effects of acquisitions and noncash transactions	15,333	(546)	(29,452)	-- (14,665)
Net cash provided by operating activities	114,967	48	143,548	(124,397) 134,166
Cash flows from investing activities				
Additions to property, plant and equipment	(584)	(19)	(206,408)	-- (207,011)
Proceeds from sale of assets	--	--	3,215	-- 3,215
Additions to investments in unconsolidated affiliates	--	(197)	--	-- (197)
Net cash used in investing activities	(584)	(216)	(203,193)	-- (203,993)
Cash flows from financing activities				
Net proceeds from revolving credit facility	223,000	--	--	223,000
Repayments of revolving credit facility	(298,854)	--	--	-- (298,854)
Repayment of senior secured acquisition term loan	(237,500)	--	--	-- (237,500)
Repayment of senior secured term loan	(2,500)	--	--	-- (2,500)
Net proceeds from issuance of long-term debt	292,479	--	--	-- 292,479
Net proceeds from issuance of common units and Series F convertible units	182,182	--	--	-- 182,182
Advances with affiliates	(177,653)	168	53,088	124,397 --
Distributions to partners	(107,427)	--	--	-- (107,427)
Contribution from General Partner	1	--	--	-- 1
Net cash provided by (used in) financing activities				

(126,272) 168 53,088 124,397 51,381 -
-------- ----- --------- --------- --
------- Increase (decrease) in cash
and cash
equivalents.....
$ (11,889) $ -- $ (6,557) $ --
(18,446) ========= ===== =========
========= Cash and cash equivalents
Beginning of
period..... 36,099 ----
----- End of
period..... $
17,653 ========= Schedule of noncash
financing activities: Contribution
from General Partner and Redemption
of Series B units..... $ 1,788 $ -
- $ -- $ -- $ 1,788 ========= =====
========= ========= =========

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2002

	NON-GUARANTOR SUBSIDIARIES	GUARANTOR SUBSIDIARIES	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTAL
		(IN THOUSANDS)		
Cash flows from operating activities Net income	$ 47,871	$ 15,617	$ 28,893	$(44,510) $ 47,871
Less income from discontinued operations	--	4,004	441	-- 4,445
Income from continuing operations	47,871	11,613	28,452	(44,510) 43,426
Adjustments to reconcile net income to net cash provided by operating activities Depreciation, depletion and amortization	199	5,414	25,052	-- 30,665
Distributed earnings of unconsolidated affiliates				
Earnings from unconsolidated affiliates	--	--	(7,373)	-- (7,373)
Distributions from unconsolidated affiliates	--	--	9,180	-- 9,180
Gain on sale of long-lived assets	--	--	(315)	-- (315)
Other noncash items	2,229	(2,376)	1,642	-- 1,495
Working capital changes, net of effects of acquisitions and noncash transactions	(23,334)	(19,523)	22,343	-- (20,514)
Net cash provided by (used in) continuing operations	26,965	(4,872)	78,981	(44,510) 56,564
Net cash provided by discontinued operations	--	4,631	406	-- 5,037
Net cash provided by (used in) operating activities	26,965	(241)	79,387	(44,510) 61,601
Cash flows from investing activities				
Additions to property, plant and equipment	(1,700)	(2,090)	(87,528)	-- (91,318)
Proceeds from sale of assets	--	--	5,460	-- 5,460
Additions to investments in unconsolidated affiliates	--	--	(14,144)	-- (14,144)
Cash paid for acquisitions, net cash acquired	--	(730,166)	--	-- (730,166)
Net cash used in investing activities of continuing operations	(1,700)	(732,256)	(96,212)	-- (830,168)
Net cash provided by (used in) investing activities of discontinued operations	--	(3,523)	190,000	-- 186,477
Net cash provided by (used in) investing activities	(1,700)	(735,779)	93,788	-- (643,691)
Cash flows from financing activities Net proceeds from revolving credit facility	223,884	--	--	-- 223,884
Repayments of revolving credit facility	(10,000)	--	--	-- (10,000)
Net proceeds from GulfTerra Holding term credit facility	--	7,000	--	-- 7,000
Net proceeds from GulfTerra Holding term loan	--	530,529	--	-- 530,529
Repayment of senior secured term loan	--			

(375,000) -- -- (375,000) Repayment of Argo term loan..... -- -- (95,000) -- (95,000) Net proceeds from issuance of long-term debt..... 229,757 -- -- -- 229,757 Net proceeds from issuance of common units..... 149,309 -- -- -- 149,309 Advances with affiliates..... (543,739) 590,212 (90,983) 44,510 -- Distributions to partners..... (73,214) -- -- -- (73,214) Contribution from General Partner..... 560 -- -- -- 560 ---------- --------- --------- -------- -------- - Net cash provided by (used in) financing activities of continuing operations.... (23,443) 752,741 (185,983) 44,510 587,825 Net cash used in financing activities of discontinued operations..... -- (3) (1) -- (4) ---------- --------- --------- -------- -- ---------- Net cash provided by (used in) financing activities..... (23,443) 752,738 (185,984) 44,510 587,821 ---------- --------- --------- -------- ------ ---------- Increase (decrease) in cash and cash equivalents..... $ 1,822 $ 16,718 $ (12,809) $ -- 5,731 ========= ========= ========= ======== Cash and cash equivalents Beginning of period..... 13,084 ---- ----- End of period..... $ 18,815 =========

13. NEW ACCOUNTING PRONOUNCEMENTS

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. This statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. The statement is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003, except for provisions that relate to SFAS No. 133 implementation issues that have been effective for the fiscal quarter that began prior to June 15, 2003, which are applicable on their respective effective dates. We are required to adopt the provisions of this statement prospectively, unless otherwise prescribed. We have adopted this pronouncement on a prospective basis as of July 1, 2003.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. This statement provides guidance on the classification of financial instruments, as equity, as liabilities, or as both liabilities and equity. The provisions of SFAS No. 150 are effective for all financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning July 1, 2003. We adopted the provisions of SFAS No. 150 on July 1, 2003, and our adoption had no material impact on our financial statements.

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

The information contained in Item 2 updates, and you should read it in conjunction with, information disclosed in Part II, Items 7, 7A and 8, in our Annual Report on Form 10-K for the year ended December 31, 2002, in addition to the interim financial statements and notes presented in Item 1 of this Quarterly Report on Form 10-Q.

GENERAL PARTNER RELATIONSHIP

Our corporate governance structure and independence initiatives

This year we have continued to improve our corporate governance model, which currently meets the standards established by the SEC and the NYSE. During the first quarter of 2003, we identified and evaluated a number of changes that could be made to our corporate structure to better address potential conflicts of interest and to better balance the risks and rewards of significant relationships with our affiliates, which we refer to as Independence Initiatives. Through July 2003, we have implemented the following:

- added an additional independent director to our board of directors, bringing the number of independent directors to four of the six-member board;

- established a governance and compensation committee of our board of directors consisting solely of independent directors which is responsible for establishing performance measures and making recommendations to El Paso Corporation concerning total compensation of its employees performing duties for us;

- changed our name to GulfTerra Energy Partners, L.P.;

- received a letter of credit from El Paso Merchant Energy North America totaling $5.1 million regarding our existing customer/contractual relationships with them;

- modified our partnership agreement to: (1) eliminate El Paso Corporation's right to vote its common units with respect to the removal of the general partner; (2) effectively reduce the third party common unit vote required to remove the general partner from 72 percent to 67 percent; and (3) require the unanimous vote of the general partner's board of directors before the general partner or we can voluntarily initiate bankruptcy proceedings;

- completed a resource support agreement with El Paso Corporation; and

- reorganized our structure, further reducing our interrelationships with El Paso Corporation, resulting in our general partner being a Delaware limited liability company that is not permitted to have:

  - material assets other than its interests in us;

  - material operations other than those relating to our operations;

  - material debt or other obligations other than those owed to us or our creditors;

  - material liens other than those securing obligations owed to us or our creditors; or

  - employees.

We are in the process of implementing the following Independence Initiatives:

- adding one more independent director to the board of directors, and

- negotiating a master netting agreement that could partially mitigate our risks associated with our ongoing contractual arrangements with El Paso Corporation or any of its subsidiaries. Approval must be received from our general partner's board of directors and from El Paso Corporation prior to executing the master netting agreement.

Under the partnership agreement, our general partner has the responsibility to, among other things, manage and operate our assets. In addition, our general partner had agreed not to voluntarily withdraw as

general partner prior to December 31, 2002. Now that this obligation of the general partner has expired, our general partner can withdraw with 90 days notice. We have no employees today, a condition that is common among MLPs. Although this arrangement has worked well for us in the past and continues to work well for us, we are evaluating the direct employment of the personnel who manage the day-to-day operations of our assets.

Our relationship with El Paso Corporation

El Paso Corporation, a NYSE-listed company, is a leading provider of natural gas services and the largest pipeline company in North America. Through its subsidiaries, El Paso Corporation:

- owns 100 percent of our general partner, which means that, historically, El Paso Corporation and its affiliates have employed the personnel who operate our businesses. We reimburse our general partner and its affiliates for the costs they incur on our behalf, and we pay our general partner its proportionate share of distributions --relating to its one percent general partnership interest and the related incentive distributions --we make to our partners each calendar quarter. Furthering our Independence Initiatives efforts, El Paso Corporation has announced its intention to sell between 5 and 10 percent of its ownership interest in our general partner to a third party. El Paso Corporation has the sole responsibility to determine the ultimate ownership status of the general partner interest.

- is a significant stake-holder in us -- it owns approximately 23.4 percent, or 11,674,245, of our common units (decreased from 26.5 percent as a result of our common unit offerings during the second quarter 2003), all 10,937,500 of our Series C units, which we issued in November 2002 for $350 million, all 124,014 of our outstanding Series B preference units, with a liquidation value of approximately $163.6 million at June 30, 2003 and our one percent general partner interest. As holders of some of our common units and all of our Series C units, subsidiaries of El Paso Corporation receive their proportionate share of distributions we make to our partners each calendar quarter. In July 2003, we filed a registration statement on Form S-3 to register for resale 2,000,000 of the common units owned by affiliates of El Paso Corporation.

- is a customer of ours. As with other large energy companies, we have entered into a number of contracts with El Paso Corporation and its affiliates.

As discussed previously, we have implemented, and are in the process of implementing, a number of Independence Initiatives that are designed to help us better manage the rewards and risks relating to our relationship with El Paso Corporation. However, even in the light of these Independence Initiatives or any other arrangements, we may still be adversely affected if El Paso Corporation continues to suffer financial stress.

RELATED PARTY TRANSACTIONS

In our normal course of business we enter into transactions with various entities controlled directly or indirectly by El Paso Corporation.

Revenues received from El Paso Field Services increased by $8.5 million from the first quarter of 2003 primarily as a result of higher natural gas and NGL volumes sold to El Paso Field Services from our Big Thicket assets and from higher volumes on the Texas NGL assets that were reactivated in 2003.

For the quarter ended June 30, 2003, $7.8 million of our related party revenue came from Merchant Energy. In November 2002, El Paso Corporation announced its intention to exit the energy trading business. As of June 30, 2003, we have replaced all our month-to-month, market priced sales of natural gas to Merchant Energy with similar arrangements with third parties. In the quarter ended June 30, 2003, these natural gas transportation and storage agreements represented revenue of approximately $7.7 million. Currently, we have a $5.1 million letter of credit from Merchant Energy representing two months of transportation revenues. As of July 2003, Merchant Energy continues to fully utilize these agreements; however, Merchant Energy has agreed to transfer the natural gas transportation and storage agreements they have with us to El Paso Field Services. This transfer is expected to be completed by year end.

In connection with our San Juan assets acquisition, we entered into a 10-year transportation agreement with El Paso Field Services beginning January 1, 2003. Under this agreement, we receive a fee of $1.5 million per year for transportation on one of our NGL pipelines.

See Part I, Financial Information, Note 11 for a further discussion of our related party transactions.

LIQUIDITY AND CAPITAL RESOURCES

The ability to execute our growth strategy and complete our projects is dependent upon our access to the capital necessary to fund the projects and acquisitions. Our success with capital raising efforts, including the formation of joint ventures to share costs and risks, continues to be the critical factor which determines how much we actually spend. We believe our access to capital resources is sufficient to meet the demands of our current and future operating growth needs and, although we currently intend to make the forecasted expenditures discussed below, we may adjust the timing and amounts of projected expenditures as necessary to adapt to changes in the capital markets.

CAPITAL RESOURCES

As part of our previously announced strategy for 2003 to raise approximately $300 million through the issuance of common units and other equity, we have received net proceeds totaling $181.7 million through the issuance of approximately 5,718,881 common units since January 1, 2003 from the following offerings:

COMMON UNITS ISSUED	PUBLIC OFFERING PRICE	NET OFFERING PROCEEDS	OFFERING DATE
	(PER UNIT)	(IN MILLIONS)	
1,150,000	$36.50	$ 40.3	May 2003
1,118,881	$35.75	$ 38.3	April 2003
3,450,000	$31.35	$103.1	June 2003

We used the net proceeds from our common unit offerings to temporarily reduce amounts outstanding under our $600 million revolving credit facility and for general partnership purposes.

SERIES B PREFERENCE UNITS

In connection with our second quarter 2003 public offerings of common units, our general partner, in lieu of a cash contribution, contributed to us, and we retired, 1,378 Series B preference units with liquidation value of approximately $1.8 million, including accrued distributions of approximately $0.4 million, to maintain its one percent general partner interest.

SERIES F CONVERTIBLE UNITS

In connection with our public offering of 1,118,881 common units in May 2003, we issued 80 Series F convertible units. Each Series F convertible unit is comprised of two separate detachable units -- a Series F1 convertible unit and a Series F2 convertible unit -- that have identical terms except for vesting and termination times and the number of underlying common units into which they may be converted. The Series F1 units are convertible into up to $80 million of common units anytime after August 12, 2003, and until March 29, 2004 (subject to defined extension rights). The Series F2 units are convertible into up to $40 million of common units provided at least $40 million of Series F1 convertible units are converted prior to their termination. The Series F2 units terminate on March 30, 2005 (subject to defined extension rights). The price at which the Series F convertible units may be converted to common units is equal to the lesser of the prevailing price (as defined below), if the prevailing price is equal to or greater than $35.75 or the prevailing price minus the product of 50 percent of the positive difference, if any, of $35.75 minus the prevailing price. The prevailing price is equal to the lesser of (i) the average closing price of our common units for the 60 business days ending on and including the fourth business day prior to our receiving notice from the holder of the Series F convertible units of their intent to convert them into common units; (ii) the average closing price of our common units for the first seven business days of the 60 day period included in (i); or (iii) the

average closing price of our common units for the last seven days of the 60 day period included in (i). If they had been eligible for conversion, the price at which the Series F convertible units could have been converted to common units, based on the previous 60 business days at June 30, 2003 and August 7, 2003, was $29.67 and $36.15. The Series F units may be converted into a maximum of 8,329,679 common units and are not entitled to any dividends or distributions, nor do they have any voting rights prior to conversion. The value associated with the Series F convertible units is included in partners' capital as a component of common units.

The Series F convertible units have a feature which allows us to establish a minimum conversion unit price. Should the actual conversion unit price be below the minimum conversion unit price, we would be required to settle the conversion in cash in lieu of issuing common units. Currently, no minimum conversion unit price has been established; however, if a minimum conversion unit price is established, we may have to change our accounting treatment for the Series F convertible units to account for them as a derivative under the provisions of SFAS No. 133 and record an asset or liability for the fair value of the Series F convertible units and the changes in fair value would impact our earnings.

FORECASTED EXPENDITURES

We estimate our forecasted expenditures based upon our strategic operating and growth plans, which are also dependent upon our ability to produce or otherwise obtain the capital necessary to accomplish our operating and growth objectives. These estimates may change due to factors beyond our control, such as weather related issues, changes in supplier prices or poor economic conditions. Further, estimates may change as a result of decisions made at a later date, which may include acquisitions, scope changes or decisions to take on additional partners. Our projection of expenditures for the quarters ended June 30 and March 31, 2003 as presented in our 2002 Annual Report on Form 10-K, were $92 and $120 million; however, our actual expenditures were approximately $125 and $80 million.

The table below depicts our estimate of projects and capital maintenance expenditures through June 30, 2004 (in millions). These expenditures are net of anticipated project financings, contributions in aid of construction and contributions from joint venture partners, including the recently announced joint venture with Valero for the development of our Cameron Highway oil pipeline project and related project financing to fund a portion of the construction costs. We expect to be able to fund these forecasted expenditures from the combination of operating cash flow and funds available under our revolving credit facility and other financing arrangements. Actual results may vary from these projections.

(IN MILLIONS) NET FORECASTED CAPITAL PROJECT EXPENDITURES...	QUARTERS ENDING SEPTEMBER 30, 2003	QUARTERS ENDING DECEMBER 31, 2003	QUARTERS ENDING MARCH 31, 2004	QUARTERS ENDING JUNE 30, 2004	NET TOTAL FORECASTED EXPENDITURES
	$65	$70	$13	14	$162
OTHER FORECASTED CAPITAL EXPENDITURES.....	12	8	18	13	51
TOTAL FORECASTED EXPENDITURES.....	$77	$78	$31	$27	$213

DEBT REPAYMENT AND OTHER OBLIGATIONS

See Part I, Financial Information, Note 6, for a detailed discussion of our debt obligations.

The following table presents the timing and amounts of our debt repayment and other obligations for the years following June 30, 2003, that we believe could affect our liquidity (in millions):

LESS THAN 1 YEAR	AFTER 1-3 YEARS	DEBT REPAYMENT AND OTHER OBLIGATIONS 3-5 YEARS	5 YEARS	TOTAL
Revolving credit facility(1)	$ --	$ --	$415	$ --
GulfTerra Holding term credit facility	$ --	$ 415	$ --	$ 415
Senior secured term loan	160	--	--	160
10 3/8% senior subordinated notes issued May 1999, due June 2009	5	10	143	158
8 1/2% senior subordinated notes issued March 2003, due June 2010	--	--	175	175
8 1/2% senior subordinated notes issued May 2001, due June 2011	--	--	300	300
8 1/2% senior subordinated notes issued May 2002, due June 2011	--	--	250	250
10 5/8% senior subordinated notes issued November 2002, due December 2012	--	--	230	230
Wilson natural gas storage facility operating lease	5	10	11	26
Total debt repayment and other obligations	$ 10	$180	$569	$1,155
		$1,914		

- ---

(1) Assumes the new maturity date for our revolving credit agreement is in 2006.

In March 2003, we issued $300 million in aggregate principal amount of 8 1/2% senior subordinated notes due June 2010. We used the proceeds of approximately $293 million, net of issuance costs, to repay $237.5 million of indebtedness under our senior secured acquisition term loan and to temporarily repay $55.5 million of the balance outstanding under our revolving credit facility.

Following our March 2003 repayment of the senior secured acquisition term loan, the amounts outstanding under our revolving credit facility bear interest, at our option, at either (i) 0.75% over the variable base rate (equal to the greater of the prime rate as determined by JPMorgan Chase Bank, the federal funds rate plus 0.5% or the Certificate of Deposit (CD) rate as determined by JPMorgan Chase Bank plus 1.00%); or (ii) 1.75% over LIBOR. For the GulfTerra Holding term credit facility, the amounts outstanding bear interest at 1% over the variable rate described above or LIBOR increased by 2.25%. Prior to our repayment of the senior secured acquisition term loan, the revolving credit facility and the GulfTerra Holding term credit facility both bore interest at 2.25% over the variable rate described above or LIBOR increased by 3.50%.

In July 2003, we issued $250 million in aggregate principal amount of our 6 1/4% senior notes due 2010. We used the proceeds of approximately $245.1 million, net of issuance costs, to repay the $160 million of indebtedness under the GulfTerra Holding term credit facility and the remaining $85.1 million to temporarily reduce amounts outstanding under our revolving credit facility.

In July 2003, Cameron Highway Oil Pipeline Company, our 50 percent owned joint venture that is constructing the 390-mile Cameron Highway Oil Pipeline, entered into a $325 million project loan facility consisting of a $225 million construction loan and $100 million of senior secured notes. See Part I, Financial Information, Note 6 for further discussion.

In July 2003, to achieve a better mix of fixed rate debt and variable rate debt, we entered into an eight-year interest rate swap agreement to provide for a floating interest rate on our fixed 8 1/2% $250 million senior subordinated notes that were issued in May 2001. With this swap agreement, we will pay the counterparty a LIBOR based interest rate plus a spread of 4.20% and receive a fixed rate of 8 1/2%. We are accounting for this derivative as a fair value hedge.

We are currently negotiating the renewal of our revolving credit facility to extend the maturity date beyond May 2004 on terms not more restrictive than our existing facility. We intend, and believe we have the ability, to renew this facility and have therefore reflected the outstanding balance as long term.

We expect to use the proceeds we receive from any additional capital we raise through the issuance of additional common units to reduce amounts outstanding under our credit facilities, to finance growth opportunities and for general partnership purposes. Our ability to raise additional capital may be negatively affected by many factors, including our relationship with El Paso Corporation.

CASH FROM OPERATING ACTIVITIES

Net cash provided by operating activities was $134.2 million for the six months ended June 30, 2003, compared to $61.6 million for the same period in 2002. The increase was attributable to operating cash flows generated by our acquisitions of the EPN Holding assets in April 2002 and the San Juan assets in November 2002.

CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities was approximately $204.0 million for the six months ended June 30, 2003. Our investing activities include capital expenditures related to the construction of the Marco Polo pipelines, the Cameron Highway oil pipeline, and the Falcon Nest fixed-leg platform.

CASH FROM FINANCING ACTIVITIES

Net cash provided by financing activities was approximately $51.4 million for the six months ended June 30, 2003. During 2003, our cash provided by financing activities included issuances of long-term debt and offerings of common units and convertible units. Cash used in our financing activities included repayments on our senior secured acquisition term loan, our revolving credit facility and other financing obligations, as well as distributions to our partners.

ACQUISITION

During the six months ended June 30, 2003, the total purchase price and net assets acquired for the April 2002 EPN Holding asset acquisition increased $17.5 million due to post-closing purchase price adjustments related primarily to natural gas imbalances assumed in the transaction. The following table summarizes our allocation of the fair values of the assets acquired and liabilities assumed. Our allocation among the assets acquired is based on the results of an independent third-party appraisal.

AT APRIL 8, 2002	(IN THOUSANDS)
Current assets	$ 4,690
Property, plant and equipment	780,648
Intangible assets	3,500
Total assets acquired	788,838
Current liabilities	15,229
Environmental liabilities	21,136
Total liabilities assumed	36,365
Net assets acquired	$752,473

CONSTRUCTION PROJECTS

We are currently constructing, among others, the following projects:

CAPITAL EXPENDITURES - ---------- ---------- ---- AS OF CAPACITY FORECASTED JUNE 30, 2003 ---------- --- ---------- ----- ---------- ------- NATURAL EXPECTED TOTAL(1) GULFTERRA(2) TOTAL(1) GULFTERRA(2) OIL GAS COMPLETION -------- -- ---------- -------- -- ---------- --------- - ------- ---------- (IN MILLIONS)	(MBBLS/D)	(MMCF/D)	Medusa Natural Gas Pipeline.....
$ 28	$ 26	$ 22	$ 22 -- 160 Fourth Quarter 2003
Marco Polo Tension Leg Platform(3).....			
224	33	161	33 120 300 Fourth Quarter 2003
Natural Gas and Oil Pipelines.....			
101	84	33	33 120 400 First Quarter 2004
Phoenix Gathering System.....			
66	60	2	2 -- 450 Second Quarter 2004
Cameron Highway Oil Pipeline(4).....			
458	85	99	99 500 -- Third Quarter 2004

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(1) Includes 100% of costs and is not reduced for anticipated contributions in aid of construction, project financings and contributions from joint venture partners. We expect to receive from subsidiaries of El Paso Corporation the following: $2 million from Tennessee Gas Pipeline for our Medusa project, $7.0 million from El Paso Field Services for the Marco Polo pipeline and $6.1 million from ANR Pipeline Company for our Phoenix project. We have received $10.5 million from ANR Pipeline Company for the Marco Polo pipeline.

(2) GulfTerra expenditures are net of anticipated or received contributions in aid of construction, project financings and contributions from joint venture partners to the extent applicable.

(3) Forecasted expenditures increased during the first quarter of 2003 due to increases in gas processing capacity (from 250 to 300 MMcf/d) and oil processing capacity (from 100 to 120 MBbls/d) and a higher builder's risk insurance cost.

(4) In July 2003, we announced the completion of agreements to form a 50/50 joint venture with Valero Energy Corporation. Valero paid us approximately $51 million at closing representing 50 percent of the capital investment expended through that date.

PROJECTS ANNOUNCED IN 2003

San Juan Optimization Project. In May 2003, we announced the approval of a $43 million project relating to our San Juan Basin assets. The project is expected to be completed in stages through 2006. The project is expected to result in a 130 MMcf/d increase in capacity, added compression to the Chaco processing facility and increased market opportunities through a new interconnect at the tailgate of the Chaco processing facility. As of June 30, 2003, we have spent approximately $0.6 million related to this project.

OTHER MATTERS

As a result of current circumstances generally surrounding the energy sector, the creditworthiness of several industry participants has been called into question, including El Paso Corporation, the indirect parent of our general partner. As a result of these general circumstances, we have established an internal group to monitor our exposure to, and determine, as appropriate, whether we should request prepayments, letters of credit or other collateral

from our counterparties. During the second quarter of 2003, we received a letter of credit from Merchant Energy totaling $5.1 million regarding our existing customer/contractual relationships with them. If these general conditions worsen and, as a result, several industry participants file for Chapter 11 bankruptcy protection, it could have a material adverse effect on our financial position, results of operations or cash flows. While some industry participants have filed for Chapter 11 bankruptcy protection during the past six months, our exposure to these participants has not been significant. However, based upon our review of the collectibility of accounts receivable, we increased our allowance by $2.0 million during the second quarter of 2003. As of June 30, 2003 and December 31, 2002, our allowance was $4.5 million and $2.5 million.

RESULTS OF OPERATIONS

Our business activities are segregated into four distinct operating segments:

- Natural gas pipelines and plants;
- Oil and NGL logistics;
- Natural gas storage; and
- Platform services.

As a result of our sale of the Prince TLP and our nine percent overriding interest in the Prince Field in April 2002, the results of operations from these assets are reflected as discontinued operations in our statements of income for all periods presented and are not reflected in our segment results below.

To the extent possible, results of operations have been reclassified to conform to the current business segment presentation, although these results may not be indicative of the results which would have been achieved had the revised business segment structure been in effect during those periods. Operating revenues and expenses by segment include intersegment revenues and expenses which are eliminated in consolidation. For a further discussion of the individual segments, see Part I, Financial Information, Note 9.

We use earnings before interest, income taxes, depreciation and amortization (EBITDA) to assess our consolidated and segment results. EBITDA is our liquidity measure as our lenders are interested in whether we generate sufficient cash to meet our debt obligations as they become due. Accordingly, our revolving credit agreement and indentures utilize EBITDA to represent a measure of the cash flows from current operations. Our equity investors generally focus on our capacity to pay distributions or to grow the business, or both. As a result, our ability to generate cash from operations of the business to cover distributions, debt service, as well as to pursue growth opportunities, is an important measure of our liquidity. A reconciliation of this measure to cash flows from operations for our consolidated results is as follows:

	QUARTER ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2003	2002	2003	2002
Cash Flow from Operations	$ 62,722	$18,394	$134,166	$ 61,601
Plus: Interest expense	31,838	21,534	66,324	33,292
Working capital changes, net of effects of acquisitions and noncash transactions	10,592	28,913	14,665	20,514
Gain (loss) on sale of long-lived assets	(363)	--	(257)	315
Net cash payment received from El Paso Corporation	2,078	1,917	4,118	3,799
Discontinued operations of Prince facilities	--	59	--	6,508
Less: Net cash provided by discontinued operations	--	(392)	--	5,037
Noncash items on cash flow statement	(1,725)	230	4,520	1,495
EBITDA	$108,592	$70,979	$214,496	$119,497

SEGMENT RESULTS

The following table presents EBITDA by segment and in total.

	QUARTER ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
(IN THOUSANDS)	2003	2002	2003	2002
Natural gas pipelines and plants	$ 78,339	$47,114	$156,141	$ 67,292
Oil and NGL logistics	12,897	12,069	24,497	22,784
Natural gas storage	8,068	2,091	15,069	4,800
Platform services	6,277	7,493	10,512	20,315
Segment EBITDA	105,581	68,767	206,219	115,191
Other, net	3,011	2,212	8,277	4,306
Consolidated EBITDA	$108,592	$70,979	$214,496	$119,497

See Item 1, Financial Information, Note 9 for a reconciliation of segment EBITDA to net income.

NATURAL GAS PIPELINES AND PLANTS

	QUARTER ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
(IN THOUSANDS, EXCEPT FOR VOLUMES)	2003	2002	2003	2002
Natural gas pipelines and plants revenue	$199,547	$ 95,253	$ 396,774	$135,672
Cost of natural gas	(86,123)	(27,343)	(175,919)	(39,501)
Natural gas pipelines and plants margin	113,424	67,910	220,855	96,171
Operating expenses excluding depreciation, depletion, and amortization	(36,123)	(20,806)	(66,569)	(28,892)
Other income	664	10	1,360	13
Cash distributions from unconsolidated affiliates in excess of earnings(1)	374	--	495	--
EBITDA	$ 78,339	$ 47,114	$ 156,141	$ 67,292

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(1) Earnings from unconsolidated affiliates for the quarter and six months ended June 30, 2003, was $626 thousand and $1,255 thousand.

	QUARTER ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
(IN THOUSANDS, EXCEPT FOR VOLUMES)	2003	2002	2003	2002
Volumes (MDth/d)				
Texas Intrastate	3,407	3,440	3,380	1,730
San Juan gathering	1,241	-	-	1,186
Permian gathering	349	351	334	195
HIOS	707	724	729	777
Viosca Knoll gathering	672	591	680	562
Other natural gas pipelines	667	361	607	385
Processing plants	781	787	796	703
Total volumes	7,824			

6,254 7,712 4,352 ======== ========
========= ========

Transportation agreements with some of our customers require that we purchase natural gas from producers at the wellhead for an index price less an amount that compensates us for gathering services. We then sell the natural gas into the open market at points on our system at the same index price. Accordingly, our operating revenues and costs of natural gas are impacted by changes in energy commodity prices, while our margin is unaffected by these contracts. For these reasons, we believe that gross margin (revenue less cost

of natural gas) provides a more accurate and meaningful basis than operating revenue or cost of natural gas for analyzing operating results for this segment.

Second Quarter Ended June 30, 2003 Compared With Second Quarter Ended June 30, 2002

Natural gas pipelines and plants margin for the quarter ended June 30, 2003, was $45.5 million higher than in the same period in 2002. Our San Juan Basin assets, acquired in November 2002, accounted for approximately $42.5 million of the increase. Margin also increased by approximately $2.3 million due to an increase in volumes attributable to a full quarter of results from our Falcon Nest Pipeline, which was placed in service in March 2003 and additional volumes on our Viosca Knoll system from the Canyon Express pipeline system. Additionally, margin increased by $2.0 million due to higher NGL prices in 2003, which favorably impacted our processing margins in the Permian Basin region. Partially offsetting these increases was a $3.2 million decrease in margin for our Texas intrastate pipeline attributable to the impact that higher natural gas prices in 2003 had on our fuel costs and the revaluation of our natural gas imbalances.

Operating expenses excluding depreciation, depletion, and amortization for the quarter ended June 30, 2003, were $15.3 million higher than the same period in 2002 primarily due to the acquisition of the San Juan Basin assets. Excluding the operating costs of these acquired assets, operating expenses increased by $9.5 million primarily due to an increase in our allowance for doubtful accounts of $2.0 million, higher repair and maintenance expenses of $3.1 million on our Texas intrastate pipeline, which were unusually low in the prior year quarter due to timing of expenditures, and a $3.6 million increase associated with our general and administrative services agreement with subsidiaries of El Paso Corporation. This increase is a result of our acquisitions in 2002.

Six Months Ended June 30, 2003 Compared With Six Months Ended June 30, 2002

Natural gas pipelines and plants margin for the six months ended June 30, 2003, was $124.7 million higher than in the same period in 2002. Our San Juan Basin assets, acquired in November 2002, and our EPN Holding assets, acquired in April 2002, accounted for approximately $85.4 million and $36.6 million of the increase. Additionally, margin increased by $1.7 million due to a full quarter of results from our Falcon Nest Pipeline which was placed in service in March 2003. Margin also increased by $2.0 million due to higher NGL prices in 2003, which favorably impacted our processing margins in the Permian Basin region and by approximately $2.5 million due to increased volumes on our Viosca Knoll system from the Canyon Express pipeline system, which was placed into service in September 2002. Offsetting these increases were a $3.2 million decrease in margin for our Texas intrastate pipeline system attributable to the impact that higher natural gas prices in 2003 had on our fuel costs and the revaluation of our natural gas imbalances and $2.2 million of decreased production on HIOS due to natural decline in the offshore region.

Operating expenses excluding depreciation, depletion, and amortization for the six months ended June 30, 2003, were $37.7 million higher than the same period in 2002 primarily due to the acquisitions of the San Juan Basin and EPN Holding assets. Excluding the operating costs of these acquired assets, operating expenses increased by $18.0 million primarily due to an increase in our allowance for doubtful accounts of $2.0 million, higher repair and maintenance expenses of $3.1 million on our Texas intrastate pipeline, which were unusually low in 2002 due to timing of expenditures, and a $10.2 million increase associated with our general and administrative services agreement with subsidiaries of El Paso Corporation. This increase is a result of our acquisitions in 2002.

OIL AND NGL LOGISTICS

	QUARTER ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2003	2002	2003	2002
(IN THOUSANDS, EXCEPT FOR VOLUMES)				
Oil and NGL logistics revenues	$ 89,087	$ 9,750	$ 149,886	$ 18,576
Cost of oil	(73,181)	--	(122,012)	--
Oil and NGL logistics margin	15,906	9,750	27,874	18,576
Operating expenses excluding depreciation, depletion, and amortization	(5,531)	(2,361)	(9,861)	(4,972)
Other income	2,363	4,012	5,052	7,373
Cash distributions from unconsolidated affiliates in excess of earnings(1)	159	668	1,432	1,807
EBITDA	$ 12,897	$ 12,069	$ 24,497	$ 22,784
Volume (Bbl/d)				
Texas NGL System	58,770	76,067	62,880	73,466
Allegheny Oil Pipeline	14,053	17,096	15,763	17,658
Typhoon Oil Pipeline	31,238	--	24,913	--
Unconsolidated affiliate Poseidon Oil Pipeline(2)	134,751	147,021	144,222	144,861
Total volumes	238,812	240,184	247,778	235,985

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(1) Earnings from unconsolidated affiliates for the quarter and six months ended June 30, 2003, was $2,361 thousand and $5,048 thousand. Earnings from unconsolidated affiliates for the quarter and six months ended June 30, 2002, was $4,012 thousand and $7,373 thousand.

(2) Represents 100% of the volumes flowing through the pipeline.

Transportation agreements with some of our customers require that we purchase the oil produced at the inlet of our pipeline for an index price less an amount that compensates us for transportation services. At the outlet of our pipeline, we resell this oil back to these producers at the same index price. We reflect these sales in gathering and processing revenues and the related purchases as cost of oil. For these reasons, we believe that gross margin (revenue less cost of oil) provides a more accurate and meaningful basis than operating revenue or cost of oil for analyzing operating results for this segment.

Second Quarter Ended June 30, 2003 Compared With Second Quarter Ended June 30, 2002

For the quarter ended June 30, 2003, margin was $6.2 million higher than the same period in 2002. Our Texas NGL assets and Typhoon Oil Pipeline, acquired in November 2002, contributed approximately $8.2 million to the increase. Partially offsetting this increase was a $1.7 million decline in margin for our transportation and fractionation assets. Our fractionation volumes decreased due to weak demand for NGLs and poor processing economics that reduced the amount of NGLs that were recovered at the natural gas processing plants connected to our NGL fractionation assets. The poor processing economics are largely driven by higher natural gas prices relative to NGL prices in 2003.

Operating expenses excluding depreciation, depletion, and amortization for the quarter ended June 30, 2003, were $3.2 million higher than the same period in 2002 primarily due to our November 2002 acquisition of the Typhoon Oil Pipeline and the Texas NGL assets.

Other income for the quarter ended June 30, 2003, was $1.6 million lower than the same period in 2002 due to a decrease in cash distributions from our unconsolidated affiliate Poseidon Oil Pipeline Company. Poseidon Oil Pipeline Company experienced lower earnings due to natural production declines on some of the older deepwater fields, as well as production downtime at several new fields.

Six Months Ended June 30, 2003 Compared With Six Months Ended June 30, 2002

For the six months ended June 30, 2003, margin was $9.3 million higher than the same period in 2002. Our Texas NGL assets and Typhoon Oil Pipeline, acquired in November 2002, contributed approximately $11.1 million to the increase. Partially offsetting this increase was a $1.9 million decline in margin for our transportation and fractionation assets. Our fractionation volumes decreased due to weak demand for NGL and poor processing economics that reduced the amount of NGL that were recovered at the natural gas processing plants connected to our NGL fractionation assets. The poor processing economics are largely driven by higher natural gas prices relative to NGL prices in 2003.

Operating expenses excluding depreciation, depletion, and amortization for the six months ended June 30, 2003 were $4.9 million higher than the same period in 2002, primarily due to our November 2002 acquisition of the Typhoon Oil Pipeline and the Texas NGL assets.

Other income for the six months ended June 30, 2003, was $2.3 million lower than the same period in 2002 due to a decrease in cash distributions from our unconsolidated affiliate Poseidon Oil Pipeline Company. Poseidon Oil Pipeline Company experienced lower earnings due to natural production declines on some of the older deepwater fields, as well as production downtime at several new fields.

NATURAL GAS STORAGE

QUARTER ENDED SIX MONTHS ENDED JUNE 30, JUNE 30, ----- ------------ ----------------- 2003 2002 2003 2002 --- ---- ------- ------- ------- (IN THOUSANDS, EXCEPT FOR VOLUMES) Natural gas storage revenue..... $11,057 $ 5,467 $22,755 $ 9,855 Cost of natural gas..... 132 -- (1,429) -- ------- ------- ------- ------- Natural gas storage margin..... 11,189 5,467 21,326 9,855 Operating expenses excluding depreciation, depletion, and amortization..... (3,121) (3,376) (6,257) (5,055) ------- ------- ------ - ------- EBITDA..... $ 8,068 $ 2,091 $15,069 $ 4,800 ======= ======= ======= ======= Firm storage Average working gas capacity available (Bcf)..... 13.5 7.2 13.5 7.2 Average firm subscription (Bcf)..... 12.7 6.7 12.7 7.2 Commodity volumes(1) (Bcf)..... 4.7 3.5 4.8 3.5 Interruptible storage Contracted volumes (Bcf)..... 0.4 0.4 0.2 0.3 Commodity volumes(1) (Bcf)..... 0.2 0.4 0.2 0.1

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(1) Combined injections and withdrawals volumes.

We collect fixed and variable fees for providing storage services, some of which is generated from customers with cashout provisions, at a tariff-based index calculation. We incur expenses as we maintain these volumetric imbalance receivables and payables which are valued at current gas prices. For these reasons, we believe that gross margin (storage revenues less storage expenses) provides a more accurate and meaningful basis for analyzing operating results for the natural gas storage segment. Cost of natural gas reflects the initial loss of base gas in our storage facilities or the encroachment on our base gas by third parties at the market price in the period of the loss or encroachment and the monthly revaluation of these amounts based on the monthly change in natural gas prices.

Second Quarter Ended June 30, 2003 Compared With Second Quarter Ended June 30, 2002

For the quarter ended June 30, 2003, margin was $5.7 million higher than the same period in 2002 primarily due to an increase in subscribed firm storage capacity attributable to the expansion of the Petal storage facility, which was completed in June 2002.

Six Months Ended June 30, 2003 Compared With Six Months Ended June 30, 2002

For the six months ended June 30, 2003, margin was $11.5 million higher than the same period in 2002 primarily due to an increase in subscribed firm storage capacity attributable to the expansion of the Petal storage facility, which was completed in June 2002, and our acquisition of the Wilson storage facility lease in April 2002.

Operating expenses excluding, depreciation, depletion, and amortization for the six months ended June 30, 2003 were $1.2 million higher than the same period in 2002 primarily due to the acquisition of the Wilson storage facility lease in April 2002.

PLATFORM SERVICES

QUARTER ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
2003	2002	2003	2002
(IN THOUSANDS, EXCEPT FOR VOLUMES)			
Platform services revenue from external customers	$ 6,101	$5,165	$10,483	$ 9,627
Platform services intersegment revenue	758	3,114	1,404	6,223
Operating expenses excluding depreciation, depletion, and amortization	(582)	(845)	(1,375)	(1,231)
Discontinued operations of Prince facilities	--	59	--	5,696
EBITDA	$ 6,277	$7,493	$10,512	$20,315
Natural gas platform volumes (Mdth/d)				
East Cameron 373 platform	104	134	112	142
Garden Banks 72 platform	20	22	23	14
Viosca Knoll 817 platform	5	9	6	9
Falcon Nest platform	190	--	110	--
Total natural gas platform volumes	319	165	251	165
Oil platform volumes (Bbl/d)				
East Cameron 373 platform	920	1,989	871	1,859
Garden Banks 72 platform	1,102	1,295	1,067	1,179
Viosca Knoll 817 platform	2,020	2,072	2,005	2,073
Falcon Nest platform	720	--	422	--
Total oil platform volumes	4,762	5,356	4,365	5,111

Second Quarter Ended June 30, 2003 Compared With Second Quarter Ended June 30, 2002

For the quarter ended June 30, 2003, revenues from external customers were $0.9 million higher than in the same period in 2002, of which $3.2 million is attributable to the Falcon Nest fixed leg platform that went into operation in March 2003. This increase is partially offset by lower revenues of $2.2 million from East Cameron 373 resulting from lower demand fees and lower production. Intersegment revenues were $2.4 million lower due to a decline in the fixed portion of our platform access fees on the Viosca Knoll 817 and Garden Banks 72 platforms associated with contracts with one of our wholly owned subsidiaries, which terms expired in June 2002 and December 2002. Operating expenses for the same periods were $0.3 million lower due to lower operating and allocation expense.

Six Months Ended June 30, 2003 Compared With Six Months Ended June 30, 2002

For the six months ended June 30, 2003, revenues from external customers were $0.9 million higher than in the same period in 2002, of which $3.8 million is attributable to the Falcon Nest fixed leg platform that went into operation in March 2003. This increase is partially offset by lower revenues of $2.8 million from East Cameron 373 resulting from one time billing adjustments in 2002 for fixed monthly platform access fees, a gas dehydration fee, decreased demand fees and lower production. Intersegment revenues were $4.8 million lower due to a decline in the fixed portion of our platform access fees on the Viosca Knoll 817 and Garden Banks 72 platforms associated with contracts with one of our wholly owned subsidiaries, which terms expired in June 2002 and December 2002.

OTHER, NET

Second Quarter Ended June 30, 2003 Compared With Second Quarter Ended June 30, 2002

EBITDA related to non-segment activity for the quarter ended June 30, 2003, was $0.8 million higher than the same period in 2002 due to lower platform access fee expense as a result of the expiration in June 2002 of the fixed fee portion of the Viosca Knoll 817 platform access fee contract and the Garden Banks 72 platform access fee contract in December 2002. Partially offsetting this increase was higher operating expenses associated with an increase in professional services.

Six Months Ended June 30, 2003 Compared With Six Months Ended June 30, 2002

EBITDA related to non-segment activity for the six months ended June 30, 2003, was $4.0 million higher than in the same period in 2002 due to lower platform access fee expense as a result of the expiration of the fixed fee portion of the Viosca Knoll 817 platform access fee contract in June 2002 and the Garden Banks 72 platform access fee contract in December 2002. Partially offsetting this increase was higher operating expenses associated with an increase in professional services.

DEPRECIATION, DEPLETION, AND AMORTIZATION

Depreciation, depletion, and amortization for the quarter and six months ended June 30, 2003, was $6.7 million and $17.9 million higher than the same periods in 2002. This increase is primarily due to our November 2002 acquisition of the San Juan assets and our April 2002 acquisition of the EPN Holding assets. Further contributing to the increase was the completion of the Falcon Nest platform in March 2003 and the Petal expansion in June 2002.

INTEREST AND DEBT EXPENSE

Interest and debt expense, net of capitalized interest, for the quarter and six months ended June 30, 2003, was approximately $10.3 million and $33.0 million higher than the same periods in 2002. This increase for the six month period is primarily due to a higher weighted average interest rate, increase in capitalized interest, a higher outstanding balance on our revolving credit facility and increased interest incurred on the following indebtedness:

- the GulfTerra Holding term credit facility which we entered in connection with our acquisition of the EPN Holding assets in April 2002;

- our $230 million 8 1/2% senior subordinated notes which we issued in May 2002 and used to repay a portion of the GulfTerra Holding term credit facility;

- our $160 million senior secured term loan which we entered in October 2002;

- our $200 million 10 5/8% senior subordinated notes we issued and our $237.5 million senior secured acquisition term loan we entered in November 2002 in connection with our acquisition of the San Juan assets; and

- our $300 million 8 1/2% senior subordinated notes which we issued in March 2003 and used to repay our $237.5 million senior secured acquisition term loan.

The increase in interest expense for the quarter ended June 30, 2003 compared to the same period in 2002 is attributable to the interest incurred on the additional indebtedness discussed above, partially offset by lower weighted average interest rates and lower outstanding balances on our revolving credit facility and the GulfTerra Holding term credit facility and an increase in capitalized interest.

Capitalized interest for the quarter and six months ended June 30, 2003 was $2.6 million and $4.5 million, representing increases of $0.6 million and $0.9 million over the comparable prior periods. The increases are the result of an increase in construction work-in-process as a result of increased expenditures related to our construction projects.

LOSS DUE TO WRITE-OFF OF DEBT ISSUANCE COST

In March 2003, we repaid our $237.5 million senior secured term loan which was due in May 2004 and recognized a loss of $3.8 million related to the write-off of the unamortized debt issuance costs related to this loan.

COMMITMENTS AND CONTINGENCIES

See Item 1, Financial Information, Note 7, which is incorporated herein by reference.

NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

See Item 1, Financial Information, Note 13, which is incorporated by reference.

CAUTIONARY STATEMENT REGARDING
FORWARD-LOOKING STATEMENTS

We have made statements in this document that constitute forward-looking statements. These statements are subject to risks and uncertainties. Forward-looking statements include information concerning possible or assumed future results of operations. These statements may relate to information or assumptions about:

- earnings per unit;
- capital and other expenditures;
- cash distributions;
- financing plans;
- capital structure;
- liquidity and cash flow;
- pending legal proceedings and claims, including environmental matters;
- future economic performance;
- operating income;
- cost savings;
- management's plans; and
- goals and objectives for future operations.

Important factors that could cause actual results to differ materially from estimates or projections contained in forward-looking statements are described in our Annual Report on Form 10-K for the year ended December 31, 2002, and our other filings with the Securities and Exchange Commission. Where any forward-looking statement includes a statement of the assumptions or bases underlying the forward-looking statement, we caution that, while we believe these assumptions or bases to be reasonable and made in good faith, assumed facts or bases almost always vary from the actual results, and the differences between assumed facts or bases and actual results can be material, depending upon the circumstances. Where, in any

forward-looking statement, we express an expectation or belief as to future results, such expectation or belief is expressed in good faith and is believed to have a reasonable basis. We cannot assure you, however, that the statement of expectation or belief will result or be achieved or accomplished. These statements relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will," and similar terms and phrases, including references to assumptions. These forward-looking statements involve risks and uncertainties that may cause our actual future activities and results of operations to be materially different from those suggested or described.

These risks may also be specifically described in our Current Reports on Form 8-K and other documents filed with the Securities and Exchange Commission. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or otherwise. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This information updates, and you should read it in conjunction with, our quantitative and qualitative disclosures about market risks reported in our Annual Report on Form 10-K for the year ended December 31, 2002, in addition to information presented in Items 1 and 2 of this Quarterly Report on Form 10-Q.

In August 2002, we entered into a derivative financial instrument to hedge our exposure during 2003 to changes in natural gas prices relating to gathering activities in the San Juan Basin in anticipation of our acquisition of the San Juan assets. The derivative is a financial swap on 30,000 MMBtu per day whereby we receive a fixed price of $3.525 per MMBtu and pay a floating price based on the San Juan index. Beginning with the acquisition date in November 2002, we are accounting for this derivative as a cash flow hedge under SFAS No. 133. In February 2003, we entered into an additional derivative financial instrument to continue to hedge our exposure during 2004 to changes in natural gas prices relating to gathering activities in the San Juan Basin. The derivative is a financial swap on 15,000 MMBtu per day whereby we receive a fixed price of $3.95 per MMBtu and pay a floating price based on the San Juan index. We are accounting for this derivative as a cash flow hedge under SFAS No. 133. As of June 30, 2003, the fair value of these cash flow hedges was a liability of $10.3 million. For the six months ended June 30, 2003, we reclassified a loss of $6.0 million from accumulated other comprehensive income resulting in a reduction to earnings. No ineffectiveness exists in this hedging relationship because all purchase and sale prices are based on the same index and volumes as the hedge transaction. We estimate the entire amount will be classified from accumulated other comprehensive income as a reduction to earnings over the next 18 months and approximately $9.7 million will be reclassed as a reduction to earnings over the next twelve months.

Prior to June 30, 2003, in connection with our GulfTerra Intrastate Alabama operations, we had fixed price contracts with specific customers for the sale of predetermined volumes of natural gas for delivery over established periods of time. We entered into cash flow hedges in 2002 and 2003 to offset the risk of increasing natural gas prices. As of June 30, 2003, these cash flow hedges expired and we reclassified a gain of $0.2 million from accumulated other comprehensive income to earnings. No ineffectiveness existed in this hedging relationship because all purchase and sale prices were based on the same index and volumes as the hedge transaction.

In January 2002, Poseidon entered into a two-year interest rate swap agreement to fix the variable portion of its LIBOR based interest rate on $75 million of its $185 million variable rate revolving credit facility at 3.49% over the life of the swap. Prior to April 2003, under its credit facility, Poseidon paid an additional 1.50% over the LIBOR rate resulting in an effective interest rate of 4.99% on the hedged notional amount. Beginning in April 2003, the additional interest Poseidon pays over LIBOR was reduced to 1.25% resulting in an effective fixed interest rate of 4.74% on the hedged notional amount. As of June 30, 2003, the fair value of its interest rate swap was a liability of $0.9 million resulting in accumulated other comprehensive loss of $0.9 million. We

included our 36 percent share of this liability of $0.3 million as a reduction of our investment in Poseidon and as loss in accumulated other comprehensive income which we estimate will be reclassified to earnings proportionately over the next six months. Additionally, we have recognized in income our 36 percent share of Poseidon's realized loss of $0.7 million for the six months ended June 30, 2003, or $0.2 million, through our earnings from unconsolidated affiliates.

In July 2003, to achieve a better mix of fixed rate debt and variable rate debt, we entered into an eight-year interest rate swap agreement to provide for a floating interest rate on our fixed 8 1/2% $250 million senior subordinated notes that were issued in May 2001. With this swap agreement, we will pay the counterparty a LIBOR based interest rate plus a spread of 4.20% and receive a fixed rate of 8 1/2%. We are accounting for this derivative as a fair value hedge.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Controls and Procedures. Under the supervision and with the participation of management, including our principal executive officer and principal financial officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (Disclosure Controls) and internal controls over financial reporting (Internal Controls) as of the end of the period covered by this Quarterly Report pursuant to Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934 (Exchange Act).

Definition of Disclosure Controls and Internal Controls. Disclosure Controls are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified under the Exchange Act. Disclosure Controls include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Internal Controls are procedures which are designed with the objective of providing reasonable assurance that (1) our transactions are properly authorized; (2) our assets are safeguarded against unauthorized or improper use; and (3) our transactions are properly recorded and reported, all to permit the preparation of our financial statements in conformity with generally accepted accounting principles.

Limitations on the Effectiveness of Controls. Our management, including the principal executive officer and principal financial officer, does not expect that our Disclosure Controls and Internal Controls will prevent all errors and all fraud. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events. Therefore, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our Disclosure Controls and Internal Controls are designed to provide such reasonable assurances of achieving our desired control objectives, and our principal executive officer and principal financial officer have concluded that our Disclosure Controls and Internal Controls are effective in achieving that level of reasonable assurance.

No Significant Changes in Internal Controls. We have sought to determine whether there were any "significant deficiencies" or "material weaknesses" in GulfTerra Energy Partners' Internal Controls, or whether GulfTerra Energy Partners had identified any acts of fraud involving personnel who have a significant role in GulfTerra Energy Partners' Internal Controls. This information was important both for the controls evaluation generally and because the principal executive officer and principal financial officer are required to disclose that information to our Board's Audit Committee and our independent auditors and to report on

related matters in this section of the Quarterly Report. The principal executive officer and principal financial officer note that there have not been any significant changes in Internal Controls or in other factors that could significantly affect Internal Controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

Effectiveness of Disclosure Controls. Based on the controls evaluation, our principal executive officer and principal financial officer have concluded that the Disclosure Controls are effective to ensure that material information relating to GulfTerra Energy Partners and its consolidated subsidiaries is made known to management, including the principal executive officer and principal financial officer, on a timely basis.

Officer Certifications. The certifications from the principal executive officer and principal financial officer required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 have been included as Exhibits to this Quarterly Report.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Part I, Financial Information, Note 7, which is incorporated herein by reference.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

We have amended our partnership agreement, and issued a new series of convertible units, both of which affect our common units. See Part I, Item 2, Management's Discussion and Analysis, "General Partner Relationship" and "Liquidity and Capital Resource" for discussions of how these changes affect our common units, which is incorporated herein by reference.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

In May 2003, we announced that effective May 6, 2003, W. Matt Ralls, senior vice president and chief financial officer of GlobalSantaFe Corporation, was elected to join our board of directors.

Mr. Ralls, 54, is senior vice president and chief financial officer of GlobalSantaFe, one of the largest international drilling contractors, providing offshore and land drilling services to the world's leading oil and gas companies. From 1997 to 2001, he was Global Marine's vice president, chief financial officer and treasurer. Previously, he served as executive vice president, chief financial officer and a director of Kelley Oil and Gas Corporation and as vice president of Capital Markets and Corporate Development for The Meridian Resource Corporation before joining Global Marine. He spent the first 17 years of this career in commercial banking at the senior loan management level. Mr. Ralls received an MBA from the University of Texas at Austin.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Each exhibit identified below is filed as part of this document. Exhibits not incorporated by reference to a prior filing are designated by a "*"; all exhibits not so designated are incorporated herein by reference to a prior filing as indicated. Exhibits designated with a "+" represent a management contract or compensatory plan or arrangement.

EXHIBIT NUMBER	DESCRIPTION
3.A	Amended and Restated Certificate of Limited Partnership dated February 14, 2002; Amendment dated April 30, 2003, to Certificate of Limited Partnership.
*3.A.1	Amendment 2 dated July 25, 2003, to the Amended and Restated Certificate of Limited Partnership.
3.B	Second Amended and Restated Agreement of Limited

Partnership effective as of August 31, 2000 (Exhibit 3.B to our Current Report on Form 8-K dated March 6, 2001); First Amendment dated November 27, 2002 (Exhibit 3.B.1 to our Current Report on Form 8-K dated December 11, 2002); Second Amendment dated May 5, 2003 (Exhibit 3.B.2 to our Current Report on Form 8-K dated May 13, 2003); Third Amendment dated May 16, 2003 (Exhibit 3.B.3 to our Current Report 8-K dated May 16, 2003).

EXHIBIT NUMBER	DESCRIPTION
*3.B.1	Fourth Amendment dated July 23, 2003, to the Second Amended and Restated Agreement of Limited Partnership.
4.D	Indenture dated as of May 27, 1999 among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors and Chase Bank of Texas, as Trustee (Exhibit 4.1 to our Registration Statement on Form S-4, filed on June 24, 1999, File Nos. 333-81143 through 333-81143-17); First Supplemental Indenture dated as of June 30, 1999 (Exhibit 4.2 to our Amendment No. 1 to Registration Statement on Form S-4, filed August 27, 1999 File Nos. 333-81143 through 333-81143-17); Second Supplemental Indenture dated as of July 27, 1999 (Exhibit 4.3 to our Amendment No. 1 to Registration Statement on Form S-4, filed August 27, 1999, File Nos. 333-81143 through

333-81143-17); Third Supplemental Indenture dated as of March 21, 2000, to the Indenture dated as of May 27, 1999, (Exhibit 4.7.1 to our 2000 Second Quarter Form 10-Q); Fourth Supplemental Indenture dated as of July 11, 2000 (Exhibit 4.2.1 to our 2001 Third Quarter Form 10-Q); Fifth Supplemental Indenture dated as of August 30, 2000 (Exhibit 4.2.2 to our 2001 Third Quarter Form 10-Q); Sixth Supplemental Indenture dated as of April 18, 2002 (Exhibit 4.D.1 to our 2002 First Quarter Form 10-Q); Seventh Supplemental Indenture dated as of April 18, 2002 (Exhibit 4.D.2 to our 2002 First Quarter Form 10-Q); Eighth Supplemental Indenture dated as of October 10, 2002 (Exhibit 4.D.3 to our 2002 Third Quarter Form 10-Q); Ninth Supplemental Indenture dated as of November 27, 2002 (Exhibit 4.D.1 to our Current Report on Form 8-K dated March 19, 2003);

Tenth Supplemental Indenture dated as of January 1, 2003 (Exhibit 4.D.2 to our Current Report on Form 8-K dated March 19, 2003). *4.D.1 -- Eleventh Supplemental Indenture dated as of June 20, 2003, to the Indenture dated as of May 27, 1999 among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein and JPMorgan Chase Bank, as Trustee. 4.E -- Indenture dated as of May 17, 2001 among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, The Subsidiary Guarantors named therein and the Chase Manhattan Bank, as Trustee (Exhibit 4.1 to our Registration Statement on Form S-4 filed June 25, 2001, Registration Nos. 333-63800 through 333-63800-20); First Supplemental Indenture dated as of April 18, 2002 (Exhibit 4.E.1 to our 2002 First Quarter Form 10-Q), Second Supplemental Indenture dated as of

April 18, 2002 (Exhibit 4.E.2 to our 2002 First Quarter Form 10-Q); Third Supplemental Indenture dated as of October 10, 2002 (Exhibit 4.E.3 to our 2002 Third Quarter Form 10-Q); Fourth Supplemental Indenture dated as of November 27, 2002 (Exhibit 4.E.1 to our Current Report on Form 8-K dated March 19, 2003); Fifth Supplemental Indenture dated as of January 1, 2003 (Exhibit 4.E.2 to our Current Report on Form 8-K dated March 19, 2003).

*4.E.1 -- Sixth Supplemental Indenture dated as of June 20, 2003, to the Indenture dated as of May 17, 2001 among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein and JPMorgan Chase Bank, as Trustee.

4.F -- Letter agreement dated March 5, 2002, between Crystal Gas Storage, Inc. and GulfTerra Energy Partners, L.P. (Exhibit 4.F of our 2001 Form 10-K).

EXHIBIT NUMBER	DESCRIPTION
4.G	Registration Rights Agreement by and between El Paso Corporation and GulfTerra Energy Partners, L.P. dated as of November 27, 2002 (Exhibit 4.G to our Current Report on Form 8-K dated December 11, 2002).
4.I	Indenture dated as of November 27, 2002 by and among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein and JPMorgan Chase Bank, as Trustee (Exhibit 4.I to our Current Report on Form 8-K dated December 11, 2002); First Supplemental Indenture dated as of January 1, 2003 (Exhibit 4.I.1 to our Current Report on Form 8-K dated March 19, 2003).
*4.I.1	Second Supplemental Indenture dated as of June 20, 2003, to the Indenture dated as of November 27, 2002 by and among GulfTerra Energy Partners, L.P., GulfTerra Finance Corporation, the Subsidiary Guarantors named therein and JPMorgan

Chase Bank, as Trustee. 4.J -- A/B Exchange Registration Rights Agreement by and among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors party thereto, J.P. Morgan Securities, Inc., Goldman Sachs & Co., UBS Warburg LLC and Wachovia Securities, Inc. dated as of March 24, 2003 (Exhibit 4.J to our Quarterly Report on Form 10Q, dated May 15, 2003). 4.K -- Indenture dated as of March 24, 2003 by and among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein and JPMorgan Chase Bank, as Trustee dated as of March 24, 2003 (Exhibit 4.K to our Quarterly Report on Form 10Q dated May 15, 2003). *4.K.1 -- First Supplemental Indenture dated as of June 20, 2003, to the Indenture dated March 24, 2003 by and among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein and JPMorgan Chase Bank as

Trustee. *4.L -- Indenture dated as of July 3, 2003, by and among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein and Wells Fargo Bank, National Association, as Trustee. *4.M -- A/B Exchange Registration Rights Agreement dated as of July 3, 2003, by and among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein, J.P. Morgan Securities Inc., Banc One Capital Markets, Inc., BNP Paribas Securities Corp., Credit Lyonnais Securities (USA) Inc., Credit Suisse First Boston LLC, Fortis Investment Services LLC, The Royal Bank of Scotland plc, Scotia Capital (USA) Inc., SunTrust Capital Markets, Inc. and Wachovia Securities, LLC. 10.A -- General and Administrative Services Agreement dated May 5, 2003 by and among DeepTech International Inc., GulfTerra Energy Company, L.L.C. and El Paso Field Services, L.P. (Exhibit 10.A to our Current

Report on Form 8-K dated May 14, 2003. 10.L+ -- 1998 Unit Option Plan for Non-Employee Directors Amended and Restated effective as of April 18, 2001. (Exhibit 10.1 to our 2001 Second Quarter 10-Q). *10.L.1+ -- Amendment No. 1 to the 1998 Unit Option Plan for Non-Employee Directors effective as of May 15, 2003. 10.M+ -- 1998 Omnibus Compensation Plan, Amended and Restated, effective as of January 1, 1999 (Exhibit 10.9 to our 1998 Form 10-K); Amendment No. 1 dated as of December 1, 1999 (Exhibit 10.8.1 to our 2000 Second Quarter Form 10-Q).

EXHIBIT NUMBER	DESCRIPTION
*10.M.1+	Amendment No. 2 to the 1998 Omnibus Compensation Plan dated as of May 15, 2003.
*31.A	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.B	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.A	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.B	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

UNDERTAKING

We hereby undertake, pursuant to Regulation S-K Items 601(b), paragraph (4)(iii), to furnish to the U.S. Securities and Exchange Commission, upon request, all constituent instruments defining the rights of holders of our long-term debt not filed herewith for the reason that the total amount of securities authorized under any such instruments does not exceed 10 percent of our total consolidated assets.

(b) Reports on Form 8-K

We filed a current report on Form 8-K dated May 16, 2003 to file exhibits to the Registration Statement on Form S-3 (Registration No. 333-81772), relating to the issuance of 1,118,881 Common Units and 80 Series F convertible units.

We filed a current report on Form 8-K dated June 6, 2003 to file exhibits to the Registration Statement on Form S-3 (Registration No. 333-81772) relating to our public offering of 1,150,000 Common Units (including the Underwriters' over-allotment option to purchase 150,000 Common Units).

We filed a current report on Form 8-K dated July 1, 2003 to report the pricing of our $250 million Senior Unsecured Notes.

We filed a current report on Form 8-K dated July 14, 2003 to announce the completion of agreements to form a 50/50 joint venture with Valero Energy Corporation in the Cameron Highway Oil Pipeline System project and to announce the completion of a non-recourse financing for the project.

We also furnished information to the SEC on Current Reports on Form 8-K under Item 9 and Item 12. Current Reports on Form 8-K under Item 9 and Item 12 are not considered to be "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934 and are not subject to the liabilities of that section.

SIGNATURES

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

GULFTERRA ENERGY PARTNERS, L.P.

By: GULFTERRA ENERGY COMPANY, L.L.C.,
its General Partner

Date: August 12, 2003

By: /s/ KEITH B. FORMAN

Keith B. Forman
Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: August 12, 2003

By: /s/ KATHY A. WELCH

Kathy A. Welch
Vice President and Controller
(Principal Accounting Officer)

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
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*3.A.1	Amendment 2 dated July 25, 2003, to Amended and Restated Certificate of Limited Partnership.
3.B	Second Amended and Restated Agreement of Limited Partnership effective as of August 31, 2000 (Exhibit 3.B to our Current Report on Form 8-K dated March 6, 2001); First Amendment dated November 27, 2002 (Exhibit 3.B.1 to our Current Report 8-K dated December 11, 2002); Second Amendment dated May 5, 2003 (Exhibit 3.B.2 to our Current Report on Form 8-K dated May 13, 2003); Third Amendment dated May 16, 2003 (Exhibit 3.B.3 to our Current Report 8-K dated May 16, 2003).
*3.B.1	Fourth Amendment dated July

23, 2003, to the Second Amended and Restated Agreement of Limited Partnership. 4.C -- Registration Rights Agreement dated as of August 28, 2000 by and between Crystal Gas Storage, Inc. and GulfTerra Energy Partners, L.P. (Exhibit 4.3 to our 2000 Form 10-K). 4.D -- Indenture dated as of May 27, 1999 among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors and Chase Bank of Texas, as Trustee (Exhibit 4.1 to our Registration Statement on Form S-4, filed on June 24, 1999, File Nos. 333-81143 through 333-81143-17); First Supplemental Indenture dated as of June 30, 1999 (Exhibit 4.2 to our Amendment No. 1 to Registration Statement on Form S-4, filed August 27, 1999 File Nos. 333-81143 through 333-81143-17); Second Supplemental Indenture dated as of July 27, 1999 (Exhibit 4.3 to our Amendment No. 1 to Registration Statement

on Form S-4, filed August 27, 1999, File Nos. 333-81143 through 333-81143-17); Third Supplemental Indenture dated as of March 21, 2000, to the Indenture dated as of May 27, 1999, (Exhibit 4.7.1 to our 2000 Second Quarter Form 10-Q); Fourth Supplemental Indenture dated as of July 11, 2000 (Exhibit 4.2.1 to our 2001 Third Quarter Form 10-Q); Fifth Supplemental Indenture dated as of August 30, 2000 (Exhibit 4.2.2 to our 2001 Third Quarter Form 10-Q); Sixth Supplemental Indenture dated as of April 18, 2002 (Exhibit 4.D.1 to our 2002 First Quarter Form 10-Q); Seventh Supplemental Indenture dated as of April 18, 2002 (Exhibit 4.D.2 to our 2002 First Quarter Form 10-Q); Eighth Supplemental Indenture dated as of October 10, 2002 (Exhibit 4.D.3 to our 2002 Third Quarter Form 10-Q); Ninth Supplemental Indenture dated as of November 27, 2002

(Exhibit 4.D.1 to our Current Report on Form 8-K dated March 19, 2003); Tenth Supplemental Indenture dated as of January 1, 2003 (Exhibit 4.D.2 to our Current Report on Form 8-K dated March 19, 2003). *4.D.1 -- Eleventh Supplemental Indenture dated as of June 20, 2003, to the Indenture dated as of May 27, 1999 among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein and JPMorgan Chase Bank, as Trustee.

EXHIBIT NUMBER	DESCRIPTION
4.E	-- Indenture dated as of May 17, 2001 among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, The Subsidiary Guarantors named therein and the Chase Manhattan Bank, as Trustee (Exhibit 4.1 to our Registration Statement on Form S-4 filed June 25, 2001, Registration Nos. 333-63800 through 333-63800-20); First Supplemental Indenture dated as of April 18, 2002 (Exhibit 4.E.1 to our 2002 First Quarter Form 10-Q), Second Supplemental Indenture dated as of April 18, 2002 (Exhibit 4.E.2 to our 2002 First Quarter Form 10-Q); Third Supplemental Indenture dated as of October 10, 2002 (Exhibit 4.E.3 to our 2002 Third Quarter Form 10-Q); Fourth Supplemental Indenture dated as of November 27, 2002 (Exhibit 4.E.1 to our Current Report on Form 8-K dated March 19, 2003);

Fifth Supplemental Indenture dated as of January 1, 2003 (Exhibit 4.E.2 to our Current Report on Form 8-K dated March 19, 2003). *4.E.1 -- Sixth Supplemental Indenture dated as of June 20, 2003, to the Indenture dated as of May 17, 2001 among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein and JPMorgan Chase Bank, as Trustee. 4.F -- Letter agreement dated March 5, 2002, between Crystal Gas Storage, Inc. and GulfTerra Energy Partners, L.P. (Exhibit 4.F of our 2001 Form 10-K). 4.G -- Registration Rights Agreement by and between El Paso Corporation and GulfTerra Energy Partners, L.P. dated as of November 27, 2002 (Exhibit 4.G to our Current Report on Form 8-K dated December 11, 2002). 4.I -- Indenture dated as of November 27, 2002 by and among GulfTerra Energy Partners,

L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein and JPMorgan Chase Bank, as Trustee (Exhibit 4.I to our Current Report on Form 8-K dated December 11, 2002); First Supplemental Indenture dated as of January 1, 2003 (Exhibit 4.I.1 to our Current Report on Form 8-K dated March 19, 2003). *4.I.1 -- Second Supplemental Indenture dated as of June 20, 2003, to the Indenture dated as of November 27, 2002 by and among GulfTerra Energy Partners, L.P., GulfTerra Finance Corporation, the Subsidiary Guarantors named therein and JPMorgan Chase Bank, as Trustee. 4.J -- A/B Exchange Registration Rights Agreement by and among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors party thereto, J.P. Morgan Securities, Inc., Goldman Sachs & Co., UBS Warburg LLC and Wachovia

Securities, Inc. dated as of March 24, 2003 (Exhibit 4.J to our Quarterly Report on Form 10Q, dated May 15, 2003).

4.K -- Indenture dated as of March 24, 2003 by and among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein and JPMorgan Chase Bank, as Trustee dated as of March 24, 2003 (Exhibit 4.K to our Quarterly Report on Form 10Q dated May 15, 2003).

*4.K.1 -- First Supplemental Indenture dated as of June 20, 2003, to the Indenture dated March 24, 2003 by and among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein and JPMorgan Chase Bank as Trustee.

*4.L -- Indenture dated as of July 3, 2003, by and among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein and Wells Fargo

Bank,
National
Association,
as Trustee.

EXHIBIT NUMBER	DESCRIPTION
*4.M	A/B Exchange Registration Rights Agreement dated as of July 3, 2003, by and among GulfTerra Energy Partners, L.P., GulfTerra Energy Finance Corporation, the Subsidiary Guarantors named therein, J.P. Morgan Securities Inc., Banc One Capital Markets, Inc., BNP Paribas Securities Corp., Credit Lyonnais Securities (USA) Inc., Credit Suisse First Boston LLC, Fortis Investment Services LLC, The Royal Bank of Scotland plc, Scotia Capital (USA) Inc., SunTrust Capital Markets, Inc. and Wachovia Securities, LLC.
10.A	General and Administrative Services Agreement dated May 5, 2003 by and among DeepTech International Inc., GulfTerra Energy Company, L.L.C. and El Paso Field Services, L.P. (Exhibit 10.A to our Current Report on Form 8-K dated May 14, 2003.
10.L+	1998 Unit Option Plan for Non-Employee Directors Amended and Restated effective as of April 18, 2001. (Exhibit 10.1

to our 2001 Second Quarter 10-Q). *10.L.1+ -- Amendment No. 1 to the 1998 Unit Option Plan for Non-Employee Directors effective as of May 15, 2003. 10.M+ -- 1998 Omnibus Compensation Plan, Amended and Restated, effective as of January 1, 1999 (Exhibit 10.9 to our 1998 Form 10-K); Amendment No. 1 dated as of December 1, 1999 (Exhibit 10.8.1 to our 2000 Second Quarter Form 10-Q). *10.M.1+ -- Amendment No. 2 to the 1998 Omnibus Compensation Plan dated as of May 15, 2003. *31.A -- Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *31.B -- Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *32.A -- Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *32.B -- Certification of Chief Financial Officer,

pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 3.A.1

CERTIFICATE OF AMENDMENT

TO THE

AMENDED AND RESTATED CERTIFICATE OF LIMITED PARTNERSHIP

OF

GULFTERRA ENERGY PARTNERS, L.P.

The undersigned, desiring to further amend the Amended and Restated Certificate of Limited Partnership of GULFTERRA ENERGY PARTNERS, L.P., pursuant to the provisions of Section 17-202 of the Revised Uniform Limited Partnership Act of the State of Delaware, does hereby certify as follows:

FIRST: The name of the Limited Partnership is GulfTerra Energy Partners, L.P.

SECOND: Article IV of the Amended and Restated Certificate of Limited Partnership shall be amended as follows:

"ARTICLE IV
GENERAL PARTNER

The name and mailing address of each party who is to serve as the general partner is as follows:

GulfTerra Energy Company, L.L.C.
1001 Louisiana Street
Houston, TX 77002"

THIRD: This amendment to the Amended and Restated Certificate of Limited Partnership shall be effective as of July 25, 2003.

IN WITNESS WHEREOF, the undersigned has executed this Amendment to the Amended and Restated Certificate of Limited Partnership on this 25th day of July 2003.

GULFTERRA ENERGY COMPANY, L.L.C.
its General Partner

By: /s/ Margaret E. Roark

Margaret E. Roark
Assistant Secretary

EXHIBIT 3.B.1

FOURTH AMENDMENT
TO THE
SECOND AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
GULFTERRA ENERGY PARTNERS, L.P.

This Fourth Amendment (this "AMENDMENT") dated and effective July 23, 2003 (the "AMENDMENT DATE"), to the Second Amended and Restated Agreement of Limited Partnership of GulfTerra Energy Partners, L.P., amended and restated effective as of August 31, 2000 (as in effect on this Amendment Date, including any exhibits thereto, the "PARTNERSHIP AGREEMENT"), is entered into by and among GulfTerra Energy Company, L.L.C., a Delaware limited liability company, as the General Partner, and the Limited Partners.

INTRODUCTION

A. The Partnership desires to continue in existence until the termination of the Partnership in accordance with the provisions of Article XIV of the Partnership Agreement.

B. As a result, it is necessary or desirable to amend the Partnership Agreement.

AGREEMENT

In consideration of the covenants, conditions and agreements contained herein, pursuant to Section 15.1 of the Partnership Agreement, the Partnership Agreement is hereby amended as set forth herein.

1. CAPITALIZED TERMS. Any capitalized term that is not defined in this Amendment shall have the meaning ascribed to that term by the Partnership Agreement.

2. AMENDMENTS.

A. Section 1.5 of the Partnership Agreement is hereby deleted in its entirety and replaced with the following:

> "1.5 Term. The Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until the termination of the Partnership in accordance with the provisions of Article XIV."

3. MISCELLANEOUS.

A. PRONOUNS AND PLURALS. Whenever the context may require, any pronoun used in this Amendment shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice-versa.

B. BINDING EFFECT. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

C. INTEGRATION. This Amendment constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

D. COUNTERPARTS. This Amendment may be executed in counterparts, all of which together shall constitute an agreement binding on all of the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Amendment immediately upon affixing its signature hereto or, in the case of a Person acquiring a Unit, upon executing and delivering a Transfer Application as described in the Partnership Agreement, independently of the signature of any other party.

E. APPLICABLE LAW. This Amendment shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

F. INVALIDITY OF PROVISIONS. If any provision of this Amendment is or becomes invalid, illegal or unenforceable in any respect the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the Amendment Date.

GENERAL PARTNER

GULFTERRA ENERGY COMPANY, L.L.C.

By: /s/ D. Mark Leland

D. Mark Leland
Senior Vice President and
Chief Operating Officer

LIMITED PARTNERS

All Limited Partners now and hereafter admitted as limited partners of the Partnership, pursuant to Powers of Attorney now and hereafter executed in favor of, and granted and delivered to, the General Partner.

By: GULFTERRA ENERGY COMPANY, L.L.C., as attorney-in-fact for all Limited Partners pursuant to Powers of Attorney granted pursuant to Section 1.4 of the Partnership Agreement.

By: /s/ D. Mark Leland

D. Mark Leland
Senior Vice President and
Chief Operating Officer

[Signature Page]

EXHIBIT 4.D.1

GULFTERRA ENERGY PARTNERS, L.P.
GULFTERRA ENERGY FINANCE CORPORATION, AS THE ISSUERS,

AND

THE SUBSIDIARIES PARTY HERETO, AS SUBSIDIARY GUARANTORS

AND

JPMORGAN CHASE BANK, A NEW YORK STATE BANKING CORPORATION,
AS SUCCESSOR TRUSTEE TO
CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, AS TRUSTEE

ELEVENTH SUPPLEMENTAL INDENTURE

DATED AS OF JUNE 20, 2003

TO

INDENTURE

DATED AS OF MAY 27, 1999

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10 3/8% SENIOR SUBORDINATED NOTES DUE 2009, SERIES A
10 3/8% SENIOR SUBORDINATED NOTES DUE 2009, SERIES B

ELEVENTH SUPPLEMENTAL INDENTURE

THIS ELEVENTH SUPPLEMENTAL INDENTURE (this "SUPPLEMENTAL INDENTURE"), dated as of June 20, 2003 is by and among GulfTerra Energy Partners, L.P., a Delaware limited partnership (formerly Leviathan Gas Pipeline Partners, L.P.) (the "PARTNERSHIP"), GulfTerra Energy Finance Corporation, a Delaware corporation (formerly Leviathan Finance Corporation), the guarantor parties hereto, and JPMorgan Chase Bank, a New York state banking corporation, as successor trustee to the Chase Bank of Texas, National Association, as Trustee.

W I T N E S S E T H:

WHEREAS, the Issuers, the Subsidiary Guarantors and the Trustee entered into an Indenture, dated as of May 27, 1999 (as in effect on the date hereof, the "INDENTURE"), relating to the 10 3/8% Senior Subordinated Notes due 2009, Series A and the 10 3/8% Senior Subordinated Notes due 2009, Series B;

WHEREAS, the Partnership desires to designate Cameron Highway Pipeline GP, L.L.C., a Delaware limited liability company, and Cameron Highway Pipeline I, L.P., a Delaware limited partnership (each a "NEW GUARANTOR" and collectively, the "NEW GUARANTORS"), as a Restricted Subsidiary and, accordingly, cause such subsidiary to become a Subsidiary Guarantor under the Indenture pursuant to the terms of this Supplemental Indenture;

WHEREAS, this Supplemental Indenture is executed and delivered pursuant to Sections 4.14 and 11.01 of the Indenture;

WHEREAS, the Issuers, the Subsidiary Guarantors (which term includes the New Guarantor) and the Trustee desire to enter into this Supplemental Indenture to provide for the New Guarantor's guarantee of payment on the same terms and conditions as the Guarantees by the other Subsidiary Guarantors; and

WHEREAS, all conditions precedent provided for in the Indenture relating to this Supplemental Indenture have been complied with.

NOW, THEREFORE, in consideration of the premises herein contained, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Issuers, the Subsidiary Guarantors and the Trustee mutually covenant and agree for the equal and proportionate benefit of all Holders of the Notes as follows:

SECTION 1. INCORPORATION OF INDENTURE; DEFINITIONS

1.1 INCORPORATION OF INDENTURE. This Supplemental Indenture constitutes a supplement to the Indenture, and the Indenture and this Supplemental Indenture shall be read together and shall have effect so far as practicable as though all of the provisions thereof and hereof are contained in one instrument.

1.2 DEFINITIONS. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in the Indenture.

SECTION 2. SUPPLEMENTAL PROVISIONS

2.1 UNCONDITIONAL GUARANTEE. Subject to the provisions of Article 11 of the Indenture, the New Guarantor shall be a Subsidiary Guarantor under the terms of the Indenture and hereby, jointly and severally with the other Subsidiary Guarantors, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Notes or the Obligations of the Issuers under the Indenture or the Notes, that: (a) the principal of, premium, interest and Liquidated Damages, if any, on the Notes shall be promptly paid in full when due, whether at the maturity or interest payment or mandatory redemption date, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, interest and Liquidated Damages, if any, on the Notes, if any, if lawful, and all other Obligations of the Issuers to the Holders or the Trustee under the Indenture and the Notes shall be promptly paid in full or performed, all in accordance with the terms of the Indenture and the Notes; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Subsidiary Guarantors shall be jointly and severally obligated to pay the same immediately. The New Guarantor hereby agrees that its obligations under the Indenture shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions of the Indenture and the Notes, the recovery of any judgment against the Issuers, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Subsidiary Guarantor. The New Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuers, any right to require a proceeding first against the Issuers, protest, notice and all demands whatsoever and covenants that the Guarantees shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture.

If any Holder or the Trustee is required by any court or otherwise to return to the Issuers or Subsidiary Guarantors, or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuers or Subsidiary Guarantors, any amount paid by either to the Trustee or such Holder, these Guarantees, to the extent theretofore discharged, shall be reinstated in full force and effect. The New Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed by the Indenture until payment in full of all obligations guaranteed by the Indenture.

The New Guarantor further agrees that, as between the Subsidiary Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Obligations guaranteed by the Indenture may be accelerated as provided in Article 6 of the Indenture for the purposes of these Guarantees, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed by the Indenture, and (y) in the event of any declaration of acceleration of such Obligations as provided in Article 6 of the Indenture, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Subsidiary Guarantors for the purpose of these Guarantees. The New Guarantor

agrees that the Subsidiary Guarantors shall have the right to seek contribution from any non-paying Subsidiary Guarantor so long as the exercise of such right does not impair the rights of the Holders under these Guarantees.

2.2 OTHER GUARANTEE TERMS. The New Guarantor hereby confirms, adopts and acknowledges each of the provisions of the Indenture relating to the Subsidiary Guarantors and the Guarantees, including, but not limited to, Articles 4 and 11 thereof. In addition, the Guarantee of the New Guarantor contained herein that was incurred pursuant to Section 4.14 of the Indenture shall be automatically and unconditionally released upon the release or discharge of the guarantee which resulted in the creation of such Guarantee, except a discharge or release by, or as a result of payment under, such guarantee.

SECTION 3. MISCELLANEOUS

3.1 COUNTERPARTS. This Supplemental Indenture may be signed in counterparts and by the different parties hereto in separate counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

3.2 SEVERABILITY. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

3.3 HEADINGS. The headings of the sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

3.4 SUCCESSORS. All agreements of the Issuers and the Subsidiary Guarantors in this Supplemental Indenture shall bind their respective successors. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

3.5 GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

3.6 FULL FORCE AND EFFECT. The Indenture, as supplemented by this Supplemental Indenture, remains in full force and effect and is hereby ratified and confirmed as the valid and binding obligation of the parties hereto.

3.7 TRUSTEE. The Trustee accepts the modifications of trusts referenced in the Indenture and effected by this Supplemental Indenture. Without limiting the generality of the foregoing, the Trustee assumes no responsibility for the correctness of the recitals herein contained, which shall be taken as the statements of the Issuers and the Subsidiary Guarantors, and the Trustee shall not be responsible or accountable in any way whatsoever for or with respect to the validity or execution or sufficiency of this Supplemental Indenture, and the Trustee makes no representation with respect thereto.

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IN WITNESS WHEREOF, the parties hereto have executed this Supplemental Indenture as of the date first above written.

GULFTERRA ENERGY PARTNERS, L.P.

GULFTERRA ENERGY FINANCE CORPORATION

By: /s/ James H. Lytal

Name: James H. Lytal
Title: President of each entity

JP MORGAN CHASE BANK, as successor trustee

By: /s/ Cary W. Gilliam

Name: Cary W. Gilliam
Title: Vice President

NEW GUARANTORS:

CAMERON HIGHWAY PIPELINE GP, L.L.C.

CAMERON HIGHWAY PIPELINE I, L.P.

By: /s/ James H. Lytal

Name: James H. Lytal
Title: President of each such entity

Each of the undersigned hereby ratifies and confirms its respective obligations under the Indenture, as supplemented by this Supplemental Indenture:

CHACO LIQUIDS PLANT TRUST
By: GULFTERRA ENERGY PARTNERS OPERATING COMPANY, L.L.C., in its capacity as trustee of the Chaco Liquids Plant Trust
CRYSTAL HOLDING, L.L.C.
EL PASO ENERGY WARWINK I COMPANY, L.P.
EL PASO ENERGY WARWINK II COMPANY, L.P.
EL PASO OFFSHORE GATHERING & TRANSMISSION, L.P.
EPN GATHERING AND TREATING COMPANY, L.P.
EPN GATHERING AND TREATING GP HOLDING, L.L.C.
FIRST RESERVE GAS, L.L.C.
FLEXTREND DEVELOPMENT COMPANY, L.L.C.
GULFTERRA ALABAMA INTRASTATE, L.L.C. (formerly EPN ALABAMA INTRASTATE, L.L.C.)
GULFTERRA FIELD SERVICES, L.L.C. (formerly EPN FIELD SERVICES, L.L.C.)
GULFTERRA GULF COAST, L.P. (formerly EPN GULF COAST, L.P.)
GULFTERRA HOLDING I, L.L.C. (formerly EPN GP HOLDING I, L.L.C.)
GULFTERRA HOLDING II, L.L.C. (formerly EPN GP HOLDING, L.L.C.)
GULFTERRA HOLDING III, L.L.C. (formerly EPN PIPELINE GP HOLDING, L.L.C.
GULFTERRA HOLDING IV, L.L.C. (formerly EPN HOLDING COMPANY I, L.P.)
GULFTERRA HOLDING V, L.L.C. (formerly EPN HOLDING COMPANY, L.P.)
GULFTERRA NGL STORAGE, L.L.C. (formerly EPN NGL STORAGE, L.L.C.)
GULFTERRA INTRASTATE (formerly EL PASO ENERGY INTRASTATE, L.P.)*
GULFTERRA OIL TRANSPORT, L.L.C. (formerly EL PASO ENERGY PARTNERS OIL TRANSPORT, L.L.C.)
GULFTERRA OPERATING COMPANY, L.L.C. (formerly EL PASO ENERGY PARTNERS OPERATING COMPANY, L.L.C.)
GULFTERRA SOUTH TEXAS, L.P. (formerly EL PASO SOUTH TEXAS, L.P.)
GULFTERRA TEXAS PIPELINE, L.P.(formerly EPGT TEXAS PIPELINE, L .P.)
HATTIESBURG GAS STORAGE COMPANY
By: FIRST RESERVE GAS, L.L.C., in its capacity as 50% general partner of Hattiesburg Gas Storage Company,
By: HATTIESBURG INDUSTRIAL GAS SALES, L.L.C., in its capacity as 50% general partner of Hattiesburg Gas Storage Company
HATTIESBURG INDUSTRIAL GAS SALES, L.L.C.
HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
By: GULFTERRA ENERGY PARTNERS, L.P., its sole member
MANTA RAY GATHERING COMPANY, L.L.C.
PETAL GAS STORAGE, L.L.C.
POSEIDON PIPELINE COMPANY, L.L.C.
WARWICK GATHERING AND TREATING COMPANY
By: EL PASO ENERGY WARWINK I COMPANY, L.P., in its capacity as 99% general partner of Warwink Gathering and Treating Company,
By: EL PASO ENERGY WARWINK II COMPANY, L.P., in its capacity as 1% general partner of Warwink Gathering and Treating Company

By: /s/ James H. Lytal

Name: James H. Lytal
Title: President of each such entity

EXHIBIT 4.E.1

GULFTERRA ENERGY PARTNERS, L.P.
GULFTERRA ENERGY FINANCE CORPORATION, AS THE ISSUERS,

AND

THE SUBSIDIARIES PARTY HERETO, AS SUBSIDIARY GUARANTORS

AND

JPMORGAN CHASE BANK, A NEW YORK STATE BANKING CORPORATION,
AS SUCCESSOR TRUSTEE TO
THE CHASE MANHATTAN BANK, A NEW YORK STATE BANKING CORPORATION, AS TRUSTEE

SIXTH SUPPLEMENTAL INDENTURE

DATED AS OF JUNE 20, 2003

TO

INDENTURE

DATED AS OF MAY 17, 2001

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8 1/2% SERIES A SENIOR SUBORDINATED NOTES DUE 2011
8 1/2% SERIES B SENIOR SUBORDINATED NOTES DUE 2011

SIXTH SUPPLEMENTAL INDENTURE

THIS SIXTH SUPPLEMENTAL INDENTURE (this "SUPPLEMENTAL INDENTURE"), dated as of June 20, 2003 is by and among GulfTerra Energy Partners, L.P, a Delaware limited partnership (formerly El Paso Energy Partners, L.P.) (the "PARTNERSHIP"), GulfTerra Energy Finance Corporation, a Delaware corporation (formerly El Paso Energy Partners Financing Corporation), the guarantor parties hereto, and JPMorgan Chase Bank, a New York state banking corporation, as successor trustee to The Chase Manhattan Bank, a New York state banking corporation, as Trustee.

W I T N E S S E T H:

WHEREAS, the Issuers, the Subsidiary Guarantors and the Trustee entered into an Indenture, dated as of May 17, 2001 (as in effect on the date hereof, the "INDENTURE"), relating to the 8 1/2% Series A Senior Subordinated Notes due 2011 and the 8 1/2% Series B Senior Subordinated Notes due 2011;

WHEREAS, the Partnership desires to designate Cameron Highway Pipeline GP, L.L.C., a Delaware limited liability company, and Cameron Highway Pipeline I, L.P., a Delaware limited partnership (each a "NEW GUARANTOR" and collectively, the "NEW GUARANTORS"), as a Restricted Subsidiary and, accordingly, cause such subsidiary to become a Subsidiary Guarantor under the Indenture pursuant to the terms of this Supplemental Indenture;

WHEREAS, this Supplemental Indenture is executed and delivered pursuant to Sections 4.14 and 11.01 of the Indenture;

WHEREAS, the Issuers, the Subsidiary Guarantors (which term includes the New Guarantor) and the Trustee desire to enter into this Supplemental Indenture to provide for the New Guarantor's guarantee of payment on the same terms and conditions as the Guarantees by the other Subsidiary Guarantors; and

WHEREAS, all conditions precedent provided for in the Indenture relating to this Supplemental Indenture have been complied with.

NOW, THEREFORE, in consideration of the premises herein contained, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Issuers, the Subsidiary Guarantors and the Trustee mutually covenant and agree for the equal and proportionate benefit of all Holders of the Notes as follows:

SECTION 1. INCORPORATION OF INDENTURE; DEFINITIONS

1.1 INCORPORATION OF INDENTURE. This Supplemental Indenture constitutes a supplement to the Indenture, and the Indenture and this Supplemental Indenture shall be read together and shall have effect so far as practicable as though all of the provisions thereof and hereof are contained in one instrument.

1.2 DEFINITIONS. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in the Indenture.

SECTION 2. SUPPLEMENTAL PROVISIONS

2.1 UNCONDITIONAL GUARANTEE. Subject to the provisions of Article 11 of the Indenture, the New Guarantor shall be a Subsidiary Guarantor under the terms of the Indenture and hereby, jointly and severally with the other Subsidiary Guarantors, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Notes or the Obligations of the Issuers under the Indenture or the Notes, that: (a) the principal of, premium, interest and Liquidated Damages, if any, on the Notes shall be promptly paid in full when due, whether at the maturity or interest payment or mandatory redemption date, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, interest and Liquidated Damages, if any, on the Notes, if any, if lawful, and all other Obligations of the Issuers to the Holders or the Trustee under the Indenture and the Notes shall be promptly paid in full or performed, all in accordance with the terms of the Indenture and the Notes; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Subsidiary Guarantors shall be jointly and severally obligated to pay the same immediately. The New Guarantor hereby agrees that to the fullest extent permitted by applicable law, its obligations under the Indenture shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions of the Indenture and the Notes, the recovery of any judgment against the Issuers, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Subsidiary Guarantor. To the fullest extent permitted by applicable law, the New Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuers, any right to require a proceeding first against the Issuers, protest, notice and all demands whatsoever and covenants that the Guarantees shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture.

If any Holder or the Trustee is required by any court or otherwise to return to the Issuers or Subsidiary Guarantors, or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuers or Subsidiary Guarantors, any amount paid by either to the Trustee or such Holder, these Guarantees, to the extent theretofore discharged, shall be reinstated in full force and effect. The New Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any Obligations guaranteed by the Indenture until payment in full of all Obligations guaranteed by the Indenture.

The New Guarantor further agrees that, as between the Subsidiary Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Obligations guaranteed by the Indenture may be accelerated as provided in Article 6 of the Indenture for the purposes of these Guarantees, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed by the Indenture, and (y) in the event of any declaration of acceleration of such Obligations as provided in Article 6 of the Indenture, such Obligations (whether or not due and payable) shall forthwith become due and

payable by the Subsidiary Guarantors for the purpose of these Guarantees. The New Guarantor agrees that the Subsidiary Guarantors shall have the right to seek contribution from any non-paying Subsidiary Guarantor so long as the exercise of such right does not impair the rights of the Holders under these Guarantees.

2.2 OTHER GUARANTEE TERMS. The New Guarantor hereby confirms, adopts and acknowledges each of the provisions of the Indenture relating to the Subsidiary Guarantors and the Guarantees, including, but not limited to, Articles 4 and 11 thereof. In addition, the Guarantee of the New Guarantor contained herein that was incurred pursuant to Section 4.14 of the Indenture shall be automatically and unconditionally released upon the release or discharge of the guarantee which resulted in the creation of such Guarantee, except a discharge or release by, or as a result of payment under, such guarantee.

SECTION 3. MISCELLANEOUS

3.1 COUNTERPARTS. This Supplemental Indenture may be signed in counterparts and by the different parties hereto in separate counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

3.2 SEVERABILITY. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

3.3 HEADINGS. The headings of the sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

3.4 SUCCESSORS. All agreements of the Issuers and the Subsidiary Guarantors in this Supplemental Indenture shall bind their respective successors. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

3.5 GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

3.6 FULL FORCE AND EFFECT. The Indenture, as supplemented by this Supplemental Indenture, remains in full force and effect and is hereby ratified and confirmed as the valid and binding obligation of the parties hereto.

3.7 TRUSTEE. The Trustee accepts the modifications of trusts referenced in the Indenture and effected by this Supplemental Indenture. Without limiting the generality of the foregoing, the Trustee assumes no responsibility for the correctness of the recitals herein contained, which shall be taken as the statements of the Issuers and the Subsidiary Guarantors, and the Trustee shall not be responsible or accountable in any way whatsoever for or with respect to the validity

or execution or sufficiency of this Supplemental Indenture, and the Trustee makes no representation with respect thereto.

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IN WITNESS WHEREOF, the parties hereto have executed this Supplemental Indenture as of the date first above written.

GULFTERRA ENERGY PARTNERS, L.P.

GULFTERRA ENERGY FINANCE CORPORATION

By: /s/ James H. Lytal

Name: James H. Lytal
Title: President of each entity

JP MORGAN CHASE BANK, as successor trustee

By: /s/ Cary W. Gilliam

Name: Cary W. Gilliam
Title: Vice President

NEW GUARANTORS:

CAMERON HIGHWAY PIPELINE GP, L.L.C.

CAMERON HIGHWAY PIPELINE I, L.P.

By: /s/ James H. Lytal

Name: James H. Lytal
Title: President of each such entity

Each of the undersigned hereby ratifies and confirms its respective obligations under the Indenture, as supplemented by this Supplemental Indenture:

CHACO LIQUIDS PLANT TRUST
By: GULFTERRA ENERGY PARTNERS OPERATING COMPANY, L.L.C., in its capacity as trustee of the Chaco Liquids Plant Trust
CRYSTAL HOLDING, L.L.C.
EL PASO ENERGY WARWINK I COMPANY, L.P.
EL PASO ENERGY WARWINK II COMPANY, L.P.
EL PASO OFFSHORE GATHERING & TRANSMISSION, L.P.
EPN GATHERING AND TREATING COMPANY, L.P.
EPN GATHERING AND TREATING GP HOLDING, L.L.C.
FIRST RESERVE GAS, L.L.C.
FLEXTREND DEVELOPMENT COMPANY, L.L.C.
GULFTERRA ALABAMA INTRASTATE, L.L.C. (formerly EPN ALABAMA INTRASTATE, L.L.C.)
GULFTERRA FIELD SERVICES, L.L.C. (formerly EPN FIELD SERVICES, L.L.C.)
GULFTERRA GULF COAST, L.P. (formerly EPN GULF COAST, L.P.)
GULFTERRA HOLDING I, L.L.C. (formerly EPN GP HOLDING I, L.L.C.)
GULFTERRA HOLDING II, L.L.C. (formerly EPN GP HOLDING, L.L.C.)
GULFTERRA HOLDING III, L.L.C. (formerly EPN PIPELINE GP HOLDING, L.L.C.
GULFTERRA HOLDING IV, L.L.C. (formerly EPN HOLDING COMPANY I, L. P.)
GULFTERRA HOLDING V, L.L.C. (formerly EPN HOLDING COMPANY, L.P.)
GULFTERRA NGL STORAGE, L.L.C. (formerly EPN NGL STORAGE, L.L.C.)
GULFTERRA INTRASTATE (formerly EL PASO ENERGY INTRASTATE, L.P.)
GULFTERRA OIL TRANSPORT, L.L.C. (formerly EL PASO ENERGY PARTNERS OIL TRANSPORT, L.L.C.)
GULFTERRA OPERATING COMPANY, L.L.C. (formerly EL PASO ENERGY PARTNERS OPERATING COMPANY, L.L.C.)
GULFTERRA SOUTH TEXAS, L.P. (formerly EL PASO SOUTH TEXAS, L.P.)
GULFTERRA TEXAS PIPELINE, L.P.(formerly EPGT TEXAS PIPELINE, L. P.)
HATTIESBURG GAS STORAGE COMPANY
By: FIRST RESERVE GAS, L.L.C., in its capacity as 50% general partner of Hattiesburg
Gas Storage Company,
By: HATTIESBURG INDUSTRIAL GAS SALES, L.L.C., in its capacity as 50% general partner
of Hattiesburg Gas Storage Company
HATTIESBURG INDUSTRIAL GAS SALES, L.L.C.
HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
By: GULFTERRA ENERGY PARTNERS, L.P.,
its sole member
MANTA RAY GATHERING COMPANY, L.L.C.
PETAL GAS STORAGE, L.L.C.
POSEIDON PIPELINE COMPANY, L.L.C.
WARWICK GATHERING AND TREATING COMPANY
By: EL PASO ENERGY WARWINK I COMPANY, L.P., in its capacity as 99% general partner
of Warwink Gathering and Treating Company,
By: EL PASO ENERGY WARWINK II COMPANY, L.P., in its capacity as 1% general partner of Warwink Gathering and Treating Company

By: /s/ James H. Lytal

Name: James H. Lytal
Title: President of each such entity

EXHIBIT 4.I.1

==========

GULFTERRA ENERGY PARTNERS, L.P.
GULFTERRA ENERGY FINANCE CORPORATION, AS THE ISSUERS,

AND

THE SUBSIDIARIES PARTY HERETO, AS SUBSIDIARY GUARANTORS

AND

JPMORGAN CHASE BANK, A NEW YORK STATE BANKING CORPORATION,
AS TRUSTEE

SECOND SUPPLEMENTAL INDENTURE

DATED AS OF JUNE 20, 2003

TO

INDENTURE

DATED AS OF NOVEMBER 27, 2002

---

10 3/8% SENIOR SUBORDINATED NOTES DUE 2012, SERIES A
10 3/8% SENIOR SUBORDINATED NOTES DUE 2012, SERIES B

==========

SECOND SUPPLEMENTAL INDENTURE

THIS SECOND SUPPLEMENTAL INDENTURE (this "SUPPLEMENTAL INDENTURE"), dated as of June 20, 2003 is by and among GulfTerra Energy Partners, L.P, a Delaware limited partnership (formerly El Paso Energy Partners, L.P.) (the "PARTNERSHIP"), GulfTerra Energy Finance Corporation, a Delaware corporation (formerly El Paso Energy Partners Finance Corporation), the guarantor parties hereto, and JPMorgan Chase Bank, a New York state banking corporation, as Trustee.

W I T N E S S E T H:

WHEREAS, the Issuers, the Subsidiary Guarantors and the Trustee entered into an Indenture, dated as of November 27, 2002 (as in effect on the date hereof, the "INDENTURE"), relating to the 10?% Senior Subordinated Notes due 2012, Series A and the 10?% Senior Subordinated Notes due 2012, Series B;

WHEREAS, the Partnership desires to designate Cameron Highway Pipeline GP, L.L.C., a Delaware limited liability company, and Cameron Highway Pipeline I, L.P., a Delaware limited partnership (each a "NEW GUARANTOR" and collectively, the "NEW GUARANTORS"), as a Restricted Subsidiary and, accordingly, cause such subsidiary to become a Subsidiary Guarantor under the Indenture pursuant to the terms of this Supplemental Indenture;

WHEREAS, this Supplemental Indenture is executed and delivered pursuant to Sections 4.14 and 11.01 of the Indenture;

WHEREAS, the Issuers, the Subsidiary Guarantors (which term includes the New Guarantor) and the Trustee desire to enter into this Supplemental Indenture to provide for the New Guarantor's guarantee of payment on the same terms and conditions as the Guarantees by the other Subsidiary Guarantors; and

WHEREAS, all conditions precedent provided for in the Indenture relating to this Supplemental Indenture have been complied with.

NOW, THEREFORE, in consideration of the premises herein contained, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Issuers, the Subsidiary Guarantors and the Trustee mutually covenant and agree for the equal and proportionate benefit of all Holders of the Notes as follows:

SECTION 1. INCORPORATION OF INDENTURE; DEFINITIONS

1.1 INCORPORATION OF INDENTURE. This Supplemental Indenture constitutes a supplement to the Indenture, and the Indenture and this Supplemental Indenture shall be read together and shall have effect so far as practicable as though all of the provisions thereof and hereof are contained in one instrument.

1.2 DEFINITIONS. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in the Indenture.

SECTION 2. SUPPLEMENTAL PROVISIONS

2.1 UNCONDITIONAL GUARANTEE. Subject to the provisions of Article 11 of the Indenture, the New Guarantor shall be a Subsidiary Guarantor under the terms of the Indenture and hereby, jointly and severally with the other Subsidiary Guarantors, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Notes or the Obligations of the Issuers under the Indenture or the Notes, that: (a) the principal of, premium, interest and Liquidated Damages, if any, on the Notes shall be promptly paid in full when due, whether at the maturity or interest payment or mandatory redemption date, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, interest and Liquidated Damages, if any, on the Notes, if any, if lawful, and all other Obligations of the Issuers to the Holders or the Trustee under the Indenture and the Notes; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Subsidiary Guarantors shall be jointly and severally obligated to pay the same immediately. The New Guarantor hereby agrees that to the fullest extent permitted by applicable law, its obligations under the Indenture shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions of the Indenture and the Notes, the recovery of any judgment against the Issuers, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Subsidiary Guarantor. To the fullest extent permitted by applicable law, the New Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuers, any right to require a proceeding first against the Issuers, protest, notice and all demands whatsoever and covenants that the Guarantees shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture.

If any Holder or the Trustee is required by any court or otherwise to return to the Issuers or Subsidiary Guarantors, or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuers or Subsidiary Guarantors, any amount paid by either to the Trustee or such Holder, these Guarantees, to the extent theretofore discharged, shall be reinstated in full force and effect. The New Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any Obligations guaranteed under the Indenture until payment in full of all Obligations guaranteed by the Indenture.

The New Guarantor further agrees that, as between the Subsidiary Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Obligations guaranteed by the Indenture may be accelerated as provided in Article 6 of the Indenture for the purposes of these Guarantees, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed by the Indenture, and (y) in the event of any declaration of acceleration of such Obligations as provided in Article 6 of the Indenture, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Subsidiary Guarantors for the purpose of these Guarantees. The New Guarantor

agrees that the Subsidiary Guarantors shall have the right to seek contribution from any non-paying Subsidiary Guarantor so long as the exercise of such right does not impair the rights of the Holders under these Guarantees.

2.2 OTHER GUARANTEE TERMS. The New Guarantor hereby confirms, adopts and acknowledges each of the provisions of the Indenture relating to the Subsidiary Guarantors and the Guarantees, including, but not limited to, Articles 4 and 11 thereof. In addition, the Guarantee of the New Guarantor contained herein that was incurred pursuant to Section 4.11 of the Indenture shall be automatically and unconditionally released upon the release or discharge of the guarantee which resulted in the creation of such Guarantee, except a discharge or release by, or as a result of payment under, such guarantee.

SECTION 3. MISCELLANEOUS

3.1 COUNTERPARTS. This Supplemental Indenture may be signed in counterparts and by the different parties hereto in separate counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

3.2 SEVERABILITY. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

3.3 HEADINGS. The headings of the sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

3.4 SUCCESSORS. All agreements of the Issuers and the Subsidiary Guarantors in this Supplemental Indenture shall bind their respective successors. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

3.5 GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

3.6 FULL FORCE AND EFFECT. The Indenture, as supplemented by this Supplemental Indenture, remains in full force and effect and is hereby ratified and confirmed as the valid and binding obligation of the parties hereto.

3.7 TRUSTEE. The Trustee accepts the modifications of trusts referenced in the Indenture and effected by this Supplemental Indenture. Without limiting the generality of the foregoing, the Trustee assumes no responsibility for the correctness of the recitals herein contained, which shall be taken as the statements of the Issuers and the Subsidiary Guarantors, and the Trustee shall not be responsible or accountable in any way whatsoever for or with respect to the validity or execution or sufficiency of this Supplemental Indenture, and the Trustee makes no representation with respect thereto.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Supplemental Indenture as of the date first above written.

GULFTERRA ENERGY PARTNERS, L.P.

GULFTERRA ENERGY FINANCE CORPORATION

By: /s/ James H. Lytal

Name: James H. Lytal
Title: President of each entity

JP MORGAN CHASE BANK, as successor trustee

By: /s/ Cary W. Gilliam

Name: Cary W. Gilliam
Title: Vice President

NEW GUARANTORS:

CAMERON HIGHWAY PIPELINE GP, L.L.C.

CAMERON HIGHWAY PIPELINE I, L.P.

By: /s/ James H. Lytal

Name: James H. Lytal
Title: President of each such entity

Each of the undersigned hereby ratifies and confirms its respective obligations under the Indenture, as supplemented by this Supplemental Indenture:

CHACO LIQUIDS PLANT TRUST
By: GULFTERRA ENERGY PARTNERS OPERATING COMPANY, L.L.C., in its capacity as trustee of the Chaco Liquids Plant Trust
CRYSTAL HOLDING, L.L.C.
EL PASO ENERGY WARWINK I COMPANY, L.P.
EL PASO ENERGY WARWINK II COMPANY, L.P.
EL PASO OFFSHORE GATHERING & TRANSMISSION, L.P.
EPN GATHERING AND TREATING COMPANY, L.P.
EPN GATHERING AND TREATING GP HOLDING, L.L.C.
FIRST RESERVE GAS, L.L.C.
FLEXTREND DEVELOPMENT COMPANY, L.L.C.
GULFTERRA ALABAMA INTRASTATE, L.L.C. (formerly EPN ALABAMA INTRASTATE, L.L.C.)
GULFTERRA FIELD SERVICES, L.L.C. (formerly EPN FIELD SERVICES, L.L.C.)
GULFTERRA GULF COAST, L.P. (formerly EPN GULF COAST, L.P.)
GULFTERRA HOLDING I, L.L.C. (formerly EPN GP HOLDING I, L.L.C.)
GULFTERRA HOLDING II, L.L.C. (formerly EPN GP HOLDING, L.L.C.)
GULFTERRA HOLDING III, L.L.C. (formerly EPN PIPELINE GP HOLDING, L.L.C.
GULFTERRA HOLDING IV, L.L.C. (formerly EPN HOLDING COMPANY I, L. P.)
GULFTERRA HOLDING V, L.L.C. (formerly EPN HOLDING COMPANY, L.P.)
GULFTERRA NGL STORAGE, L.L.C. (formerly EPN NGL Storage, L.L.C.)
GULFTERRA INTRASTATE (formerly EL PASO ENERGY INTRASTATE, L.P.)
GULFTERRA OIL TRANSPORT, L.L.C. (formerly EL PASO ENERGY PARTNERS OIL TRANSPORT, L.L.C.)
GULFTERRA OPERATING COMPANY, L.L.C. (formerly EL PASO ENERGY PARTNERS OPERATING COMPANY, L.L.C.)
GULFTERRA SOUTH TEXAS, L.P. (formerly EL PASO SOUTH TEXAS, L.P.)
GULFTERRA TEXAS PIPELINE, L.P.(formerly EPGT TEXAS PIPELINE, L. P.)
HATTIESBURG GAS STORAGE COMPANY
By: FIRST RESERVE GAS, L.L.C., in its capacity as 50% general partner of Hattiesburg Gas Storage Company,
By: HATTIESBURG INDUSTRIAL GAS SALES, L.L.C., in its capacity as 50% general partner of Hattiesburg Gas Storage Company
HATTIESBURG INDUSTRIAL GAS SALES, L.L.C.
HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
By: GULFTERRA ENERGY PARTNERS, L.P., its sole member
MANTA RAY GATHERING COMPANY, L.L.C.
PETAL GAS STORAGE, L.L.C.
POSEIDON PIPELINE COMPANY, L.L.C.
WARWICK GATHERING AND TREATING COMPANY
By: EL PASO ENERGY WARWINK I COMPANY, L.P., in its capacity as 99% general partner of Warwink Gathering and Treating Company,
By: EL PASO ENERGY WARWINK II COMPANY, L.P., in its capacity as 1% general partner of Warwink Gathering and Treating Company

By: /s/ James H. Lytal

Name: James H. Lytal
Title: President of each such entity

EXHIBIT 4.K.1

==========

GULFTERRA ENERGY PARTNERS, L.P.
GULFTERRA ENERGY FINANCE CORPORATION, AS THE ISSUERS,

AND

THE SUBSIDIARIES PARTY HERETO, AS SUBSIDIARY GUARANTORS

AND

JPMORGAN CHASE BANK, A NEW YORK STATE BANKING CORPORATION,
AS TRUSTEE

FIRST SUPPLEMENTAL INDENTURE

DATED AS OF JUNE 20, 2003

TO

INDENTURE

DATED AS OF MARCH 24, 2003

---

8 1/2% SENIOR SUBORDINATED NOTES DUE 2010, SERIES A
8 1/2% SENIOR SUBORDINATED NOTES DUE 2010, SERIES B

==========

FIRST SUPPLEMENTAL INDENTURE

THIS FIRST SUPPLEMENTAL INDENTURE (this "SUPPLEMENTAL INDENTURE"), dated as of June 20, 2003 is by and among GulfTerra Energy Partners, L.P., a Delaware limited partnership (formerly El Paso Energy Partners, L.P.) (the "PARTNERSHIP"), GulfTerra Energy Finance Corporation, a Delaware corporation (formerly El Paso Energy Partners Finance Corporation), the guarantor parties hereto, and JPMorgan Chase Bank, a New York state banking corporation, as Trustee.

W I T N E S S E T H:

WHEREAS, the Issuers, the Subsidiary Guarantors and the Trustee entered into an Indenture, dated as of March 24, 2003 (as in effect on the date hereof, the "INDENTURE"), relating to the 8 1/2% Senior Subordinated Notes due 2010, Series A and the 8 1/2% Senior Subordinated Notes due 2010, Series B;

WHEREAS, the Partnership desires to designate Cameron Highway Pipeline GP, L.L.C., a Delaware limited liability company, and Cameron Highway Pipeline I, L.P., a Delaware limited partnership (each a "NEW GUARANTOR" and collectively, the "NEW GUARANTORS"), as a Restricted Subsidiary and, accordingly, cause such subsidiary to become a Subsidiary Guarantor under the Indenture pursuant to the terms of this Supplemental Indenture;

WHEREAS, this Supplemental Indenture is executed and delivered pursuant to Sections 4.14 and 11.01 of the Indenture;

WHEREAS, the Issuers, the Subsidiary Guarantors (which term includes the New Guarantor) and the Trustee desire to enter into this Supplemental Indenture to provide for the New Guarantor's guarantee of payment on the same terms and conditions as the Guarantees by the other Subsidiary Guarantors; and

WHEREAS, all conditions precedent provided for in the Indenture relating to this Supplemental Indenture have been complied with.

NOW, THEREFORE, in consideration of the premises herein contained, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Issuers, the Subsidiary Guarantors and the Trustee mutually covenant and agree for the equal and proportionate benefit of all Holders of the Notes as follows:

SECTION 1. INCORPORATION OF INDENTURE; DEFINITIONS

1.1 INCORPORATION OF INDENTURE. This Supplemental Indenture constitutes a supplement to the Indenture, and the Indenture and this Supplemental Indenture shall be read together and shall have effect so far as practicable as though all of the provisions thereof and hereof are contained in one instrument.

1.2 DEFINITIONS. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings assigned to such terms in the Indenture.

SECTION 2. SUPPLEMENTAL PROVISIONS

2.1 UNCONDITIONAL GUARANTEE. Subject to the provisions of Article 11 of the Indenture, the New Guarantor shall be a Subsidiary Guarantor under the terms of the Indenture and hereby, jointly and severally with the other Subsidiary Guarantors, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Notes or the Obligations of the Issuers under the Indenture or the Notes, that: (a) the principal of, premium, interest and Liquidated Damages, if any, on the Notes shall be promptly paid in full when due, whether at the maturity or interest payment or mandatory redemption date, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, interest and Liquidated Damages, if any, on the Notes, if any, if lawful, and all other Obligations of the Issuers to the Holders or the Trustee under the Indenture and the Notes; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Subsidiary Guarantors shall be jointly and severally obligated to pay the same immediately. The New Guarantor hereby agrees that to the fullest extent permitted by applicable law, its obligations under the Indenture shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions of the Indenture and the Notes, the recovery of any judgment against the Issuers, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Subsidiary Guarantor. To the fullest extent permitted by applicable law, the New Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuers, any right to require a proceeding first against the Issuers, protest, notice and all demands whatsoever and covenants that the Guarantees shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture.

If any Holder or the Trustee is required by any court or otherwise to return to the Issuers or Subsidiary Guarantors, or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuers or Subsidiary Guarantors, any amount paid by either to the Trustee or such Holder, these Guarantees, to the extent theretofore discharged, shall be reinstated in full force and effect. The New Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any Obligations guaranteed under the Indenture until payment in full of all Obligations guaranteed by the Indenture.

The New Guarantor further agrees that, as between the Subsidiary Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Obligations guaranteed by the Indenture may be accelerated as provided in Article 6 of the Indenture for the purposes of these Guarantees, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed by the Indenture, and (y) in the event of any declaration of acceleration of such Obligations as provided in Article 6 of the Indenture, such Obligations (whether or not due and payable) shall forthwith become due and

payable by the Subsidiary Guarantors for the purpose of these Guarantees. The New Guarantor agrees that the Subsidiary Guarantors shall have the right to seek contribution from any non-paying Subsidiary Guarantor so long as the exercise of such right does not impair the rights of the Holders under these Guarantees.

2.2 OTHER GUARANTEE TERMS. The New Guarantor hereby confirms, adopts and acknowledges each of the provisions of the Indenture relating to the Subsidiary Guarantors and the Guarantees, including, but not limited to, Articles 4 and 11 thereof. In addition, the Guarantee of the New Guarantor contained herein that was incurred pursuant to Section 4.11 of the Indenture shall be automatically and unconditionally released upon the release or discharge of the guarantee which resulted in the creation of such Guarantee, except a discharge or release by, or as a result of payment under, such guarantee.

SECTION 3. MISCELLANEOUS

3.1 COUNTERPARTS. This Supplemental Indenture may be signed in counterparts and by the different parties hereto in separate counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

3.2 SEVERABILITY. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

3.3 HEADINGS. The headings of the sections of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

3.4 SUCCESSORS. All agreements of the Issuers and the Subsidiary Guarantors in this Supplemental Indenture shall bind their respective successors. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

3.5 GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

3.6 FULL FORCE AND EFFECT. The Indenture, as supplemented by this Supplemental Indenture, remains in full force and effect and is hereby ratified and confirmed as the valid and binding obligation of the parties hereto.

3.7 TRUSTEE. The Trustee accepts the modifications of trusts referenced in the Indenture and effected by this Supplemental Indenture. Without limiting the generality of the foregoing, the Trustee assumes no responsibility for the correctness of the recitals herein contained, which shall be taken as the statements of the Issuers and the Subsidiary Guarantors, and the Trustee shall not be responsible or accountable in any way whatsoever for or with respect to the validity

or execution or sufficiency of this Supplemental Indenture, and the Trustee makes no representation with respect thereto.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Supplemental Indenture as of the date first above written.

GULFTERRA ENERGY PARTNERS, L.P.

GULFTERRA ENERGY FINANCE CORPORATION

By: /s/ James H. Lytal

Name: James H. Lytal
Title: President of each entity

JP MORGAN CHASE BANK, as successor trustee

By: /s/ Cary W. Gilliam

Name: Cary W. Gilliam
Title: Vice President

NEW GUARANTORS:

CAMERON HIGHWAY PIPELINE GP, L.L.C.

CAMERON HIGHWAY PIPELINE I, L.P.

By: /s/ James H. Lytal

Name: James H. Lytal
Title: President of each entity

Each of the undersigned hereby ratifies and confirms its respective obligations under the Indenture, as supplemented by this Supplemental Indenture:

CHACO LIQUIDS PLANT TRUST
By: GULFTERRA ENERGY PARTNERS OPERATING COMPANY, L.L.C., in its capacity as trustee of the Chaco Liquids Plant Trust
CRYSTAL HOLDING, L.L.C.
EL PASO ENERGY WARWINK I COMPANY, L.P.
EL PASO ENERGY WARWINK II COMPANY, L.P.
EL PASO OFFSHORE GATHERING & TRANSMISSION, L.P.
EPN GATHERING AND TREATING COMPANY, L.P.
EPN GATHERING AND TREATING GP HOLDING, L.L.C.
FIRST RESERVE GAS, L.L.C.
FLEXTREND DEVELOPMENT COMPANY, L.L.C.
GULFTERRA ALABAMA INTRASTATE, L.L.C. (formerly EPN ALABAMA INTRASTATE, L.L.C.)
GULFTERRA FIELD SERVICES, L.L.C. (formerly EPN FIELD SERVICES, L.L.C.)
GULFTERRA GULF COAST, L.P. (formerly EPN GULF COAST, L.P.)
GULFTERRA HOLDING I, L.L.C. (formerly EPN GP HOLDING I, L.L.C.)
GULFTERRA HOLDING II, L.L.C. (formerly EPN GP HOLDING, L.L.C.)
GULFTERRA HOLDING III, L.L.C. (formerly EPN PIPELINE GP HOLDING, L.L.C.
GULFTERRA HOLDING IV, L.L.C. (formerly EPN HOLDING COMPANY I, L. P.)
GULFTERRA HOLDING V, L.L.C. (formerly EPN HOLDING COMPANY, L.P.)
GULFTERRA NGL STORAGE, L.L.C. (formerly EPN NGL STORAGE, L.L.C.)
GULFTERRA INTRASTATE (formerly EL PASO ENERGY INTRASTATE, L.P.)
GULFTERRA OIL TRANSPORT, L.L.C. (formerly EL PASO ENERGY PARTNERS OIL TRANSPORT, L.L.C.)
GULFTERRA OPERATING COMPANY, L.L.C. (formerly EL PASO ENERGY PARTNERS OPERATING COMPANY, L.L.C.)
GULFTERRA SOUTH TEXAS, L.P. (formerly EL PASO SOUTH TEXAS, L.P.)
GULFTERRA TEXAS PIPELINE, L.P.(formerly EPGT TEXAS PIPELINE, L. P.)
HATTIESBURG GAS STORAGE COMPANY
By: FIRST RESERVE GAS, L.L.C., in its capacity as 50% general partner of Hattiesburg Gas Storage Company,
By: HATTIESBURG INDUSTRIAL GAS SALES, L.L.C., in its capacity as 50% general partner of Hattiesburg Gas Storage Company
HATTIESBURG INDUSTRIAL GAS SALES, L.L.C.
HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
By: GULFTERRA ENERGY PARTNERS, L.P.,
its sole member
MANTA RAY GATHERING COMPANY, L.L.C.
PETAL GAS STORAGE, L.L.C.
POSEIDON PIPELINE COMPANY, L.L.C.
WARWICK GATHERING AND TREATING COMPANY
By: EL PASO ENERGY WARWINK I COMPANY, L.P., in its capacity as 99% general partner of Warwink Gathering and Treating Company,
By: EL PASO ENERGY WARWINK II COMPANY, L.P., in its capacity as 1% general partner of Warwink Gathering and Treating Company

By: /s/ James H. Lytal

Name: James H. Lytal
Title: President of each such entity

EXHIBIT 4.L

GULFTERRA ENERGY PARTNERS, L.P.,
GULFTERRA ENERGY FINANCE CORPORATION, as Issuers,

THE SUBSIDIARIES NAMED HEREIN, as Subsidiary Guarantors

And

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

6 1/4% Series A Senior Notes due 2010
6 1/4% Series B Senior Notes due 2010

INDENTURE

Dated as of July 3, 2003

CROSS-REFERENCE TABLE*

TRUST INDENTURE

ACT SECTION		INDENTURE SECTION
310	(a)(1)	7.10
	(a)(2)	7.10
	(a)(3)	N.A.
	(a)(4)	N.A.
	(a)(5)	7.10
	(b)	7.10
	(c)	N.A.
311	(a)	7.11
	(b)	7.11
	(c)	N.A.
312	(a)	2.05
	(b)	12.03
	(c)	12.03
313	(a)	7.06
	(b)(1)	N.A.
	(b)(2)	7.06
	(c)	7.06; 12.02
	(d)	7.6
314	(a)	4.03; 4.18; 12.02
	(b)	N.A.
	(c)(1)	12.04
	(c)(2)	12.04
	(c)(3)	N.A.
	(d)	N.A.
	(e)	12.05
	(f)	N.A.
315	(a)	7.01
	(b)	7.05, 12.02
	(c)	7.01
	(d)	7.01; 6.05
	(e)	6.11
316	(a)(last sentence)	2.09
	(a)(1)(A)	6.05
	(a)(1)(B)	6.04
	(a)(2)	N.A.
	(b)	6.07
	(c)	2.12
317	(a)(1)	6.08
	(a)(2)	6.09
	(b)	2.04

318	(a).....	12.01
	(b).....	N.A.
	(c).....	12.01

- ----------
N.A. means not applicable.

*This Cross-Reference Table is not part of the Indenture.

TABLE OF CONTENTS

Schedule A - Schedule of Subsidiary Guarantors

EXHIBITS

Exhibit A	FORM OF NOTE
Exhibit B	FORM OF CERTIFICATE OF TRANSFER
Exhibit C	FORM OF CERTIFICATE OF EXCHANGE
Exhibit D	FORM OF GUARANTEE NOTATION
Exhibit E .	FORM OF CERTIFICATE FROM ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

INDENTURE dated as of July 3, 2003 among GulfTerra Energy Partners, L.P., a Delaware limited partnership (the "Partnership"), GulfTerra Energy Finance Corporation, a Delaware corporation ("GulfTerra Finance," and collectively with the Partnership, the "Issuers"), the Subsidiary Guarantors (as defined herein) listed on Schedule A hereto, and Wells Fargo Bank, National Association, a national banking association, as trustee (the "Trustee").

The Issuers, the Subsidiary Guarantors, and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the 6 1/4% Series A Senior Notes due 2010 (the "Series A Notes") and the 6 1/4% Series B Senior Notes due 2010 (the "Exchange Notes" and, together with the Series A Notes, the "Notes"):

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. DEFINITIONS.

"144A Global Note" means the Global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and that has the "Schedule of Exchange of Interests in the Global Note" attached thereto and deposited with and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A, subject to adjustment as provided in Section 2.06 hereof.

"Acquired Debt" means, with respect to any specified Person: (i) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person, but excluding Indebtedness that is extinguished, retired or repaid in connection with such Person merging with or becoming a Subsidiary of such specified Person; and (ii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Additional Interest" means all additional interest then owing pursuant to Section 5 of the Registration Rights Agreement.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a specified Person shall be deemed to be control by the other Person; provided, further, that any third Person which also beneficially owns 10% or more of the Voting Stock of a specified Person shall not be deemed to be an Affiliate of either the specified Person or the other Person merely because of such common ownership in such specified Person. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings. Notwithstanding the

foregoing, the term "Affiliate" shall not include a Restricted Subsidiary of any specified Person.

"Agent" means any Registrar, Paying Agent or co-registrar.

"Applicable Procedures" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Clearstream that apply to such transfer or exchange.

"Asset Sale" means, (i) the sale, lease, conveyance or other disposition of any assets or rights, other than sales of inventory in the ordinary course of business consistent with past practices; provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Partnership or the Partnership and its Restricted Subsidiaries taken as a whole will be governed by the provisions of Section 4.06 and/or the provisions of Article 5 hereof and not by the provisions of Section 4.07; and (ii) the issuance of Equity Interests by any of the Partnership's Restricted Subsidiaries or the sale by the Partnership or any of its Restricted Subsidiaries of Equity Interests in any of its Restricted Subsidiaries. Notwithstanding the preceding, the following items shall not be deemed to be Asset Sales: (i) any single transaction or series of related transactions that: (a) involves assets having a fair market value of less than $5.0 million; or (b) results in net proceeds to the Partnership and its Restricted Subsidiaries of less than $5.0 million; (ii) a transfer of assets between or among the Partnership and its Restricted Subsidiaries; (iii) an issuance of Equity Interests by a Restricted Subsidiary to the Partnership or to another Restricted Subsidiary of the Partnership; (iv) a Restricted Payment that is permitted under Section 4.08 hereof; and (v) a transaction of the type described in Section 4.07(d).

"Attributable Debt" in respect of a sale and lease-back transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and lease-back transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"Available Cash" has the meaning assigned to such term in the Partnership Agreement, as in effect on the Issue Date.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Board of Directors" means, with respect to the Partnership, the Board of Directors of the General Partner, or any authorized committee of such Board of Directors, and with respect to GulfTerra Finance or any other Subsidiary of the Partnership, the Board of Directors or managing members of such Person.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the General Partner or GulfTerra Finance, as applicable, to have been duly adopted by the Board of Directors of the General Partner or GulfTerra Finance, as applicable, and to be in full force and effect on the date of such certification.

"Business Day" means any day other than a Legal Holiday.

"Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized on a balance sheet in accordance with GAAP.

"Cash Equivalent" means:

(i) United States dollars or, in an amount up to the amount necessary or appropriate to fund local operating expenses, other currencies;

(ii) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than one year from the date of acquisition;

(iii) certificates of deposit, time deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding 365 days, demand and overnight bank deposits and other similar types of investments routinely offered by commercial banks, in each case with any domestic commercial bank having a combined capital and surplus of not less than $500.0 million and a Thompson Bank Watch Rating of "B" or better or any commercial bank of any other country that is a member of the Organization for Economic Cooperation and Development ("OECD") and has total assets in excess of $500.0 million;

(iv) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (ii) and (iii) above entered into with any financial institution meeting the qualifications specified in clause (iii) above;

(v) commercial paper having one of the two highest ratings obtainable from Moody's Investors Service, Inc. or Standard & Poor's Ratings Group and in each case maturing within six months after the date of acquisition; and

(vi) investments in money market funds at least 95% of whose assets consist of investments of the types described in clauses (i) through (v) above.

"Cash from Operations" shall have the meaning assigned to such term in the Partnership Agreement, as in effect on the Issue Date.

"Certificated Note" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, in the form of Exhibit A, hereto except that such Note shall not bear the Global Note Legend, shall not have the phrase identified by footnote 1 thereto and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Change of Control" means the occurrence of any of the following:

(i) the sale, transfer, lease, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Partnership and its Restricted Subsidiaries taken as a whole to any "person" (as such term is used in Section 13(d)(3) of the Exchange Act) other than the El Paso Group;

(ii) the adoption of a plan relating to the liquidation or dissolution of the Partnership or the General Partner; and

(iii) such time as the El Paso Group ceases to own, directly or indirectly, the general partner interests of the Partnership, or members of the El Paso Group cease to serve as the only general partners of the Partnership.

Notwithstanding the foregoing, a conversion of the Partnership from a limited partnership to a corporation, limited liability company or other form of entity or an exchange of all of the outstanding limited partnership interests for capital stock in a corporation, for member interests in a limited liability company or for Equity Interests in such other form of entity shall not constitute a Change of Control, so long as following such conversion or exchange the El Paso Group beneficially owns, directly or indirectly, in the aggregate more than 50% of the Voting Stock of such entity, or continues to own a sufficient number of the outstanding shares of Voting Stock of such entity to elect a majority of its directors, managers, trustees or other persons serving in a similar capacity for such entity.

"Clearstream" means Clearstream Banking, societe anonyme.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations thereunder.

"Comparable Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City on the third Business Day preceding such redemption date.

"Comparable Treasury Issue" means the fixed rate United States Treasury security selected by an Independent Investment Banker as having a maturity most comparable to the remaining term of the Notes to be redeemed (and which is not callable prior to maturity) that would be utilized, at the time of selection and in accordance with customary financial practices, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes to be redeemed.

"Comparable Treasury Price" means with respect to any redemption date for the Notes: (1) the average of the Comparable Treasury Dealer Quotations for such redemption date, after excluding the highest and the lowest of such Comparable Treasury Dealer Quotations, or (2) if the Trustee obtains fewer than three such Comparable Treasury Dealer Quotations, the average of all such quotations.

"Consolidated Cash Flow" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus

(i) an amount equal to the dividends or distributions paid during such period in cash or Cash Equivalents to such Person or any of its Restricted Subsidiaries by a Person that is not a Restricted Subsidiary of such Person; plus

(ii) an amount equal to any extraordinary loss of such Person and its Restricted Subsidiaries plus any net loss realized by such Person and its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; plus

(iii) the provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(iv) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with aspect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments, if any, pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income, excluding any such expenses to the extent incurred by a Person that is not a Restricted Subsidiary of the Person for which the calculation is being made; plus

(v) depreciation, depletion and amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income (excluding any such expenses to the extent incurred by a Person that is neither an Issuer nor a Restricted Subsidiary); minus

(vi) non-cash items increasing such Consolidated Net Income for such period, other than items that were accrued in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash charges of, a Restricted Subsidiary of the Partnership shall be added to Consolidated Net Income to compute

Consolidated Cash Flow of the Partnership only to the extent that a corresponding amount would be permitted at the date of determination to be dividended or distributed to the Partnership by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that: (i) the aggregate Net Income (but not net loss in excess of such aggregate Net Income) of all Persons that are Unrestricted Subsidiaries shall be excluded (without duplication); (ii) the earnings included therein attributable to all Persons that are accounted for by the equity method of accounting and the aggregate Net Income (but not net loss in excess of such aggregate Net Income) included therein attributable to all entities constituting Joint Ventures that are accounted for on a consolidated basis (rather than by the equity method of accounting) shall be excluded; (iii) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement (other than this Indenture, the Notes or any Guarantee), instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders; (iv) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded; and (v) the cumulative effect of a change in accounting principles shall be excluded.

"Consolidated Net Tangible Assets" means, at any date of determination, the total amount of assets of the Partnership and its Restricted Subsidiaries after deducting therefrom:

(1) all current liabilities (excluding (A) any current liabilities that by their terms are extendable or renewable at the option of the obligor thereon to a time more than 12 months after such date of determination, and (B) current maturities of long-term debt); and

(2) the value (net of any applicable reserves) of all goodwill, trade names, trademarks, patents and other like intangible assets, all as set forth, or on a pro forma basis would be set forth, on the consolidated balance sheet of the Partnership and its consolidated subsidiaries for the Partnership's most recently completed fiscal quarter, prepared in accordance with GAAP.

"Consolidated Net Worth" means, with respect to any Person as of any date, the sum of: (i) the consolidated equity of the common stockholders or members (or consolidated partners' capital in the case of a partnership) of such Person and its consolidated Subsidiaries as of such date as determined in accordance with GAAP; plus (ii) the respective amounts reported on such Person's balance sheet as of such date with respect to any series of preferred stock (other than Disqualified Equity) that by its terms is not entitled to the payment of dividends unless such dividends may be declared and paid

only out of net earnings in respect of the year of such declaration and payment, but only to the extent of any cash received by such Person upon issuance of such preferred stock.

"Corporate Trust Office of the Trustee" shall be at the address of the Trustee specified in Section 12.02 hereof or such other address as to which the Trustee may give notice to the Issuers.

"Credit Facilities" means, with respect to the Partnership, GulfTerra Finance or any Restricted Subsidiary, one or more debt facilities or commercial paper facilities, including the Partnership Credit Facility, in each case providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"Default" means any event that is or with the passage of time or the giving of notice or both would be, an Event of Default.

"Depositary" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provision of this Indenture.

"Disqualified Equity" means any Equity Interests that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the occurrence of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date on which the Notes mature. Notwithstanding the preceding sentence, any Equity Interests that would constitute Disqualified Equity solely because the holders thereof have the right to require the Partnership or any of its Restricted Subsidiaries or GulfTerra Finance to repurchase such Equity Interests upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Equity if the terms of such Equity Interests provide that such Equity Interests shall not be repurchased or redeemed pursuant to such provisions unless such repurchase or redemption is conditioned upon, and subject to, compliance with Section 4.08 hereof.

"Distribution Compliance Period" means the 40-day distribution compliance period as defined in Regulation S.

"El Paso" means El Paso Corporation, a Delaware corporation, and its successors.

"El Paso Group" means, collectively, (1) El Paso, (2) each Person of which, as of the time of the determination, El Paso is a direct or indirect Subsidiary and (3) each Person which is a direct or indirect Subsidiary of any Person described in (1) or (2) above.

"Equity Interests" means:

(i) in the case of a corporation, corporate stock;

(ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited);

(iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, and any rights (other than debt securities convertible into capital stock) warrants or options exchangeable for or convertible into such capital stock; and

(v) all warrants, options or other rights to acquire any of the interests described in clauses (i) through (iv) above (but excluding any debt security that is convertible into, or exchangeable for, any of the interests described in clauses (i) through (iv) above).

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear system.

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

"Exchange Notes" means the 6 1/4 % Series B Senior Notes due 2010, having terms substantially identical to the Series A Notes, offered to the Holders of the Series A Notes under the Exchange Offer Registration Statement.

"Exchange Offer" means the offer that may be made by the Issuers pursuant to the Registration Rights Agreement to the Holders of the Series A Notes to exchange their Series A Notes for the Exchange Notes.

"Exchange Offer Registration Statement" means that certain registration statement filed by the Issuers and the Subsidiary Guarantors with the SEC to register the Exchange Notes for issuance in the Exchange Offer.

"Existing Indebtedness" means the aggregate principal amount of Indebtedness of the Partnership and its Restricted Subsidiaries in existence on the Issue Date.

"Existing Senior Subordinated Notes" means, the 8 1/2% Senior Subordinated Notes of the Issuers originally issued in March 2003 with maturity in June 2010, the 10 5/8% Senior Subordinated Notes of the Issuers originally issued in November 2002 with maturity in December 2012, the 8 1/2% Senior Subordinated Notes of the Issuers originally issued in May 2002 with maturity in June 2011, the 8 1/2% Senior Subordinated Notes of the Issuers originally issued in May 2001 with maturity in June 2011 and the 10 3/8% Senior Subordinated Notes of the Issuers originally issued in May 1999 with maturity in May 2009.

"Fixed Charge Coverage Ratio" means, with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person and its Restricted

Subsidiaries for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays or redeems any Indebtedness (other than revolving credit borrowings not constituting a permanent commitment reduction) or issues or redeems Disqualified Equity subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence (and the application of the net proceeds thereof), assumption, guarantee, repayment or redemption of Indebtedness, or such issuance or redemption of Disqualified Equity, as if the same had occurred at the beginning of the applicable four-quarter reference period (and if such Indebtedness is incurred to finance the acquisition of assets (including, without limitation, a single asset, a division or segment or an entire company) that were conducting commercial operations prior to such acquisition, there shall be included pro forma net income for such assets, as if such assets had been acquired on the first day of such period).

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(i) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be deemed to have occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated without giving effect to clause (iv) of the proviso set forth in the definition of Consolidated Net Income;

(ii) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded;

(iii) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(iv) interest on outstanding Indebtedness of the specified Person or any of its Restricted Subsidiaries as of the last day of the four-quarter reference period shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on such last day after giving effect to any Hedging Obligation then in effect; and

(v) if interest on any Indebtedness incurred by the specified Person or any of its Restricted Subsidiaries on such date may optionally be determined at an interest rate based upon a factor of a prime or similar rate,

a eurocurrency interbank offered rate or other rates, then the interest rate in effect on the last day of the four-quarter reference period will be deemed to have been in effect during such period.

"Fixed Charges" means, with respect to any Person for any period, without duplication,

(A) the sum of:

(i) the consolidated interest expense of such Person and its Restricted Subsidiaries (excluding for purposes of this clause (i) consolidated interest expense included therein that is attributable to Indebtedness of a Person that is not a Restricted Subsidiary of the Person for which the calculation is being made) for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts, and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments, if any, pursuant to Hedging Obligations; plus

(ii) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period (excluding for purposes of this clause (ii) any such consolidated interest included therein that is attributable to Indebtedness of a Person that is not a Restricted Subsidiary); plus

(iii) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such guarantee or Lien is called upon, provided that this clause (iii) excludes interest on "claw-back," "make-well" or "keep- well" payments made by the Partnership or any Restricted Subsidiary; plus

(iv) the product of (a) all dividend payments, whether or not in cash, on any series of Disqualified Equity of such Person or any of its Restricted Subsidiaries, other than dividend payments on Equity Interests payable solely in Equity Interests of the Partnership (other than Disqualified Equity) or to the Partnership or a Restricted Subsidiary of the Partnership, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP, less

(B) to the extent included in clause (A) above, amortization or write-off of deferred financing costs of such Person and its Restricted Subsidiaries during such period and any charge related to, or any premium or penalty paid in connection with, incurring any such Indebtedness of such Person and its Restricted Subsidiaries prior to its Stated Maturity.

In the case of both clauses (A) and (B) of this definition, such amounts will be determined after elimination of intercompany accounts among such Person and its Restricted Subsidiaries and in accordance with GAAP.

"GAAP" means United States generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

"General Partner" means GulfTerra Energy Company, L.L.C., a Delaware limited liability company, in its capacity as the general partner of the Partnership.

"Global Note Legend" means the legend set forth in Section 2.06(g)(ii), which is required to be placed on all Global Notes issued under this Indenture.

"Global Notes" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes, in the form of Exhibit A hereto issued in accordance with Section 2.01, 2.06(b), 2.06(d) or 2.06(f) hereof.

"guarantee" means a guarantee, other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner, including, without limitation, by way of pledge of assets, or through letters of credit or reimbursement, "claw-back," "make-well" or "keep-well" agreement in respect thereof, of all or any part of any Indebtedness. The term "guarantee" used as a verb has a corresponding meaning. The term "guarantor" shall mean any Person providing a guarantee of any obligation.

"Guarantee" means, individually and collectively, the guarantees given by the Subsidiary Guarantors pursuant to Article 10 hereof, including a notation in the Notes substantially in the form attached hereto as Exhibit D.

"Guarantee Obligations" means, with respect to each Subsidiary Guarantor, the obligations of such Guarantor under Article 10.

"Guarantor Subordinated Obligation" means, with respect to a Subsidiary Guarantor, any Indebtedness or other Obligations of such Subsidiary Guarantor (whether outstanding on the Issue Date or thereafter incurred) which are expressly subordinated in right of payment to the Obligations of such Subsidiary Guarantor under its Guarantee pursuant to a written agreement, including the guarantees by such Subsidiary Guarantor of the Existing Senior Subordinated Notes.

"GulfTerra Finance" means the Person named as such in the preamble of this Indenture under and until a successor replaces it pursuant to the applicable provision of this Indenture and thereafter means such successor.

"Hedging Obligations" means, with respect to any Person, the net obligations (not the notional amount) of such Person under interest rate and commodity price swap agreements, interest rate and commodity price cap agreements, interest rate and commodity price collar agreements and foreign currency and commodity price exchange agreements, options or futures contracts or other similar agreements or arrangements or hydrocarbon hedging contracts or hydrocarbon forward sales contracts, in each case designed to protect such Person against fluctuations in interest rates, foreign exchange rates, or the commodities prices.

"Holder" means the Person in whose name a Note is registered on the Registrar's books.

"IAI Global Note" means the Global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and that has the "Schedule of Exchange of Interests in the Global Note" attached thereto and deposited with and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes transferred to Institutional Accredited Investors in accordance with 2.06(b)(iii)(C) or 2.06(d)(i)(D), subject to adjustment as provided in Section 2.06 hereof.

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent, in respect of:

(i) borrowed money;

(ii) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof), other than standby letters of credit and performance bonds issued by such Person in the ordinary course of business, to the extent not drawn;

(iii) banker's acceptances;

(iv) representing Capital Lease Obligations;

(v) all Attributable Debt of such Person in respect of any sale and lease-back transactions not involving a Capital Lease Obligation;

(vi) the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable incurred in the ordinary course of business;

(vii) representing Disqualified Equity; or

(viii) representing any Hedging Obligations other than to (in the ordinary course of business and consistent with prior practice) hedge risk

exposure in the operations, ownership of assets or the management of liabilities of such Person and its Restricted Subsidiaries;

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by such Person of any indebtedness of any other Person, provided that a guarantee otherwise permitted by this Indenture to be incurred by the Partnership or any of its Restricted Subsidiaries of Indebtedness incurred by the Partnership or a Restricted Subsidiary in compliance with the terms of this Indenture shall not constitute a separate incurrence of Indebtedness.

The amount of any Indebtedness outstanding as of any date shall be: (i) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and (ii) the principal amount thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness. For purposes of clause (vii) of this definition of Indebtedness, Disqualified Equity shall be valued at the maximum fixed redemption, repayment or repurchase price, which shall be calculated in accordance with the terms of such Disqualified Equity as if such Disqualified Equity were repurchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture; provided, however, that if such this Disqualified Equity is not then permitted by its terms to be redeemed, repaid or repurchased, the redemption, repayment or repurchase price shall be the book value of such Disqualified Equity. The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional Obligations as described above and the maximum liability of any guarantees at such date; provided that for purposes of calculating the amount of any non-interest bearing or other discount security, such Indebtedness shall be deemed to be the principal amount thereof that would be shown on the balance sheet of the issuer thereof dated such date prepared in accordance with GAAP, but that such security shall be deemed to have been incurred only on the date of the original issuance thereof. The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional Obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the Obligation, of any contingent Obligations at such date.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Independent Investment Banker" means J.P. Morgan Securities Inc. (and its successors), or, if such firm is unwilling or unable to select the applicable Comparable Treasury Issue, an independent investment banking institution selected by the Partnership.

"Indirect Participant" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Initial Purchasers" means J.P. Morgan Securities Inc., Goldman, Sachs & Co., UBS Warburg LLC and Wachovia Securities, Inc.

"Institutional Accredited Investor" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of the rules and regulations promulgated under the Securities Act.

"Interest Payment Date" means Stated Maturity of an installment of interest on the Notes.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's or BBB- (or the equivalent) by S&P; or the equivalent by any other nationally recognized statistical rating organization.

"Investments" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including guarantees of Indebtedness or other Obligations), advances (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender and commission, moving, travel and similar advances to officers and employees made in the ordinary course of business) or capital contributions, purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. For purposes of the definition of "Unrestricted Subsidiary," the definition of "Restricted Payment" and the covenant in Section 4.08, (i) the term "Investment" shall include the portion (proportionate to the Partnership's Equity Interest in such Subsidiary) of the fair market value of the net assets of any Subsidiary of the Partnership or any of its Restricted Subsidiaries at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Partnership or such Restricted Subsidiary shall be deemed to continue to have a permanent "Investment" in such Subsidiary at the time of such redesignation equal to the amount thereof as determined immediately prior to redesignation less the portion (proportionate to the Partnership's or such Restricted Subsidiary's Equity Interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation, and (ii) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the General Partner. If the Partnership or any Restricted Subsidiary of the Partnership sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Partnership such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Partnership, the Partnership shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in Section 4.08(b).

"Issue Date" means July 3, 2003.

"Issuers" means the Partnership and GulfTerra Finance, collectively; "Issuer" means the Partnership or GulfTerra Finance.

"Joint Venture" shall have the meaning assigned to such term in the definition of "Permitted Business Investments" set forth in this Section 1.01. The term "Joint Venture" shall initially include Atlantis Offshore, L.L.C., Copper Eagle Gas Storage,

L.L.C., Poseidon Oil Pipeline Company, L.L.C., Cameron Highway Oil Pipeline Company and Deepwater Gateway, L.L.C. and its Subsidiaries.

"Legal Holiday" means a Saturday, a Sunday or a day on which banking institutions in the City of Houston, Texas or New York, New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

"Letter of Transmittal" means the letter of transmittal to be prepared by the Issuers and sent to all Holders of the Series A Notes for use by such Holders in connection with the Exchange Offer.

"Lien" means, with respect to any asset, any mortgage, lien (statutory or otherwise), pledge, charge, security interest, hypothecation, assignment for security, claim, preference, priority or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof, any option or other agreement to grant a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statute) of any jurisdiction.

"Management Agreement" means the General and Administrative Services Agreement, dated as of April 8, 2002, by and among DeepTech International, Inc., a Delaware corporation, El Paso Field Services, L.P., a Delaware limited partnership, and the General Partner, as amended and in effect on the Issue Date.

"Moody's" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"Net Income" means, with respect to any Person, the consolidated net income (loss) of such Person and its Restricted Subsidiaries, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however: (i) the aggregate gain (but not loss in excess of such aggregate gain), together with any related provision for taxes on such gain, realized in connection with (a) any Asset Sale or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and (ii) the aggregate extraordinary gain (but not loss in excess of such extraordinary gain), together with any related provision for taxes on such extraordinary gain (but not loss in excess of such aggregate extraordinary gain).

"Net Proceeds" means, with respect to any Asset Sale or sale of Equity Interests, the aggregate proceeds received by the Partnership or any of its Restricted Subsidiaries in cash or Cash Equivalents in respect of any Asset Sale or sale of Equity Interests (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any such sale), net of (without duplication): (i) the direct costs relating to such Asset Sale or sale of Equity Interests, including, without limitation, brokerage commissions and legal, accounting and investment banking fees, sales

commissions, recording fees, title transfer fees and any relocation expenses incurred as a result thereof, (ii) taxes paid or payable as a result thereof, in each case after taking into account any available tax credits or deductions and any tax sharing arrangements and amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale or sale of Equity Interests, (iii) all distributions and payments required to be made to minority interest holders in Restricted Subsidiaries as a result of such Asset Sale and (iv) any amounts to be set aside in any reserve established in accordance with GAAP or any amount placed in escrow, in either case for adjustment in respect of the sale price of such asset or Equity Interests or for liabilities associated with such Asset Sale or sale of Equity Interests and retained by the Partnership or any of its Restricted Subsidiaries until such time as such reserve is reversed or such escrow arrangement is terminated, in which case Net Proceeds shall include only the amount of the reserve so reserved or the amount returned from such escrow arrangement to the Partnership or its Restricted Subsidiaries, as the case may be.

"Non-Putable Debt Securities" means debt securities of either of the Issuers or any of the Restricted Subsidiaries (excluding any guarantees thereof), including the Notes, other than Putable Debt Securities.

"Non-Recourse Debt" means Indebtedness as to which:

(i) neither the Partnership nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender of such Indebtedness;

(ii) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Notes) of the Partnership or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(iii) the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Partnership or any of its Restricted Subsidiaries, provided that in no event shall Indebtedness of any Person which is not a Restricted Subsidiary fail to be Non-Recourse Debt solely as a result of any default provisions contained in a guarantee thereof by the Partnership or any of its Restricted Subsidiaries provided that the Partnership or such Restricted Subsidiary was otherwise permitted to incur such guarantee pursuant to this Indenture.

"Non-U.S. Person" means a person who is not a U.S. Person.

"Note Custodian" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"Notes" has the meaning assigned to it in the preamble to this Indenture.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursement obligations, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offering" means the offering of the Series A Notes by the Issuers.

"Officer" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Chief Accounting Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary or any Vice-President of such Person (or, with respect to the Partnership, so long as it remains a partnership, the General Partner).

"Officers' Certificate" means a certificate signed on behalf of the Partnership by an Officer of the Partnership or an Officer of the General Partner, GulfTerra Finance or any Subsidiary Guarantor, as the case may be, one of whom must be the principal executive officer, the principal financial officer or the principal accounting officer of such Person, that meets the requirements of Section 12.05 hereof.

"Opinion of Counsel" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 12.05 hereof. The counsel may be an employee of or counsel to the Partnership, GulfTerra Finance or the General Partner (or any Subsidiary Guarantor, if applicable), any Subsidiary of the Partnership or the Trustee.

"Participant" means, with respect to DTC, Euroclear or Clearstream, a Person who has an account with DTC, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"Partnership" means the Person named as such in the preamble of this Indenture unless and until a successor replaces it pursuant to the applicable provisions of this Indenture and thereafter means such successor.

"Partnership Agreement" means the Second Amended and Restated Agreement of Limited Partnership of the Partnership, amended and restated effective as of August 31, 2000, as amended by the First Amendment thereto dated November 27, 2002, the Second Amendment thereto dated May 5, 2003 and the Third Amendment thereto dated May 16, 2003, as such may be amended, modified or supplemented from time to time.

"Partnership Credit Facility" means the Sixth Amended and Restated Credit Agreement dated as of March 23, 1995, as amended and restated through June 13, 2003, among the Partnership, GulfTerra Finance and the lenders from time to time party thereto, Credit Lyonnais, New York Branch and Wachovia Bank, National Association, as co-syndication agents, Fleet National Bank and Fortis Capital Corp., as co-documentation agents, and JPMorgan Chase Bank, as administrative agent, including any deferrals, renewals, extensions, replacements, refinancings or refundings thereof, and any amendments, modifications or supplements thereto and any agreement providing therefor (including any restatement thereof and any increases in the amount of commitments thereunder), whether by or with the same or any other lenders, creditors, group of lenders

or group of creditors and including related notes, guarantees, collateral security documents and other instruments and agreements executed in connection therewith.

"Permitted Business" means:

(i) gathering, transporting (by barge, pipeline, ship, truck or other modes of hydrocarbon transportation), terminalling, storing, producing, acquiring, developing, exploring for, processing, dehydrating and otherwise handling hydrocarbons, including, without limitation, constructing pipeline, platform, dehydration, processing and other energy-related facilities, and activities or services reasonably related or ancillary thereto,

(ii) any business that generates gross income that constitutes "qualifying income" under Section 7704(d) of the Internal Revenue Code of 1986, as amended, other than any business that generates any gross income arising from the refining of a natural resource, and

(iii) any other business that does not constitute a reportable segment (as determined in accordance with GAAP) for the Partnership's annual audited consolidated financial statements.

"Permitted Business Investments" means Investments by the Partnership or any of its Restricted Subsidiaries in any Unrestricted Subsidiary of the Partnership or in any Person that does not constitute a direct or indirect Subsidiary of the Partnership (a "Joint Venture"), provided that (i) either (a) at the time of such Investment and immediately thereafter, the Partnership could incur $1.00 of additional Indebtedness under Section 4.09(a) or (b) such investment is made with the proceeds of Incremental Funds; (ii) if such Unrestricted Subsidiary or Joint Venture has outstanding Indebtedness at the time of such Investment, either (a) all such Indebtedness is Non-Recourse Debt with respect to the Partnership and its Restricted Subsidiaries or (b) any such Indebtedness of such Unrestricted Subsidiary or Joint Venture that is recourse to the Partnership or any of its Restricted Subsidiaries (which shall include all Indebtedness of such Unrestricted Subsidiary or Joint Venture for which the Partnership or any of its Restricted Subsidiaries may be directly or indirectly, contingently or otherwise, obligated to pay, whether pursuant to the terms of such Indebtedness, by law or pursuant to any guaranty or "claw-back," "make-well" or "keep-well" arrangement) could, at the time such Investment is made and, if later, at the time any such Indebtedness is incurred, be incurred by the Partnership and its Restricted Subsidiaries in accordance with the limitation on indebtedness set forth in Section 4.09(a); and (iii) such Unrestricted Subsidiary's or Joint Venture's activities are not outside the scope of the Permitted Business.

"Permitted Investments" means:

(i) any Investment in, or that results in the creation of, a Restricted Subsidiary of the Partnership;

(ii) any Investment in the Partnership or in a Restricted Subsidiary of the Partnership (excluding redemptions, purchases, acquisitions or other retirements of Equity Interests in the Partnership);

(iii) any Investment in cash or Cash Equivalents;

(iv) any Investment by the Partnership or any Restricted Subsidiary of the Partnership in a Person if as a result of such Investment: (a) such Person becomes a Restricted Subsidiary of the Partnership; or (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Partnership or a Restricted Subsidiary of the Partnership;

(v) any Investment made as a result of the receipt of consideration consisting of other than cash or Cash Equivalents from an Asset Sale that was made pursuant to and in compliance with Section 4.07;

(vi) any acquisition of assets solely in exchange for the issuance of Equity Interests (other than Disqualified Equity) of the Partnership;

(vii) payroll advances arising in the ordinary course of business and other advances and loans to officers and employees of the Partnership or any of its Restricted Subsidiaries, so long as the aggregate principal amount of such advances and loans does not exceed $1.0 million at any one time outstanding;

(viii) Investments in stock, obligations or securities received in settlement of debts owing to the Partnership or any of its Restricted Subsidiaries as a result of bankruptcy or insolvency proceedings or upon the foreclosure, perfection or enforcement or any Lien in favor of the Partnership or any such Restricted Subsidiary, in each case as to debt owing to the Partnership or any such Restricted Subsidiary that arose in the ordinary course of business of the Partnership or any such Restricted Subsidiary;

(ix) any Investment in Hedging Obligations;

(x) any Investments in prepaid expenses, negotiable instruments held for collection and lease, utility, workers' compensation and performance and other similar deposits and prepaid expenses made in the ordinary course of business;

(xi) any Investments required to be made pursuant to any agreement or obligation of the Partnership or any Restricted Subsidiary in effect on the Issue Date; and

(xii) other Investments in any Person engaged in a Permitted Business (other than an Investment in an Unrestricted Subsidiary) having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (xii) since the Issue Date and existing at the time the Investment, which is the subject of the determination, was made, not to exceed $5.0 million.

"Permitted Liens" means,

(i) Liens securing Indebtedness and other Obligations of the Issuers and the Restricted Subsidiaries under Credit Facilities permitted to be incurred under the Indenture that do not exceed $1.2 billion in the aggregate;

(ii) Liens in favor of the Partnership or any of its Restricted Subsidiaries;

(iii) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Partnership or any Restricted Subsidiary of the Partnership, provided that such Liens were in existence prior to, and were not obtained in contemplation of, such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Partnership or such Restricted Subsidiary (including proceeds thereof, accessions thereto and upgrades thereof);

(iv) Liens on property existing at the time of acquisition thereof by the Partnership or any Restricted Subsidiary of the Partnership, provided that such Liens were in existence prior to, and were not obtained in contemplation of, such acquisition and relate solely to such property, accessions thereto and the proceeds thereof (including proceeds thereof, accessions thereto and upgrades thereof);

(v) Liens to secure the performance of tenders, bids, leases, statutory obligations, surety or appeal bonds, government contracts, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(vi) Liens on any property or asset acquired, constructed, repaired or improved by the Partnership or any Restricted Subsidiary (a "Purchase Money Lien"), which (A) are in favor of the seller of such property or assets, in favor of the Person constructing, repairing or improving such asset or property, or in favor of the Person that provided the funding for the acquisition, construction, repair or improvement of such asset or property, (B) are created, prior to, at the time of or within 360 days after the date of acquisition, completion, construction, repair or improvement or the commencement of full operations thereof (whichever is later), (C) secure all or a portion of the purchase price or construction, repair or improvement cost, as the case may be, of such asset or property, (or debt incurred prior to, at the time of, or within 360 days after such date referred to in clause (B) to provide funds therefor plus fees and expenses in connection with incurrence of such debt) and (D) are limited to the asset or property so acquired, constructed, repaired or improved (including proceeds thereof and accretions and upgrades thereof);

(vii) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded,

provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(viii) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, old age pension or public liability obligations;

(ix) easements, rights-of-way, restrictions, minor defects and irregularities in title and other similar charges or encumbrances not interfering in any material respect with the business of the Partnership or its Restricted Subsidiaries;

(x) Liens securing reimbursement Obligations of the Partnership or a Restricted Subsidiary with respect to letters of credit encumbering only documents and other property relating to such letters of credit and the products and proceeds thereof;

(xi) judgment and attachment Liens not giving rise to a Default or Event of Default;

(xii) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual or warranty requirements of the Partnership and its Restricted Subsidiaries;

(xiii) liens arising out of consignment or similar arrangements for the sale of goods;

(xiv) any interest or title of a lessor in property subject to any Capital Lease Obligation;

(xv) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen and repairmen and other like Liens (including contractual landlord's Liens) arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings, if a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;

(xvi) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's Obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment, or storage of such inventory or other goods;

(xvii) Liens to secure the performance of Hedging Obligations of the Partnership or any Restricted Subsidiary;

(xviii) Liens on pipelines or pipeline facilities that arise by operation of law;

(xix) Liens arising under operating agreements, joint venture agreements, partnership agreements, oil and gas leases, farmout agreements, division orders, contracts for sale, transportation or exchange of oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements and other agreements arising in the ordinary course of the Partnership's or any Restricted Subsidiary's business that are customary in the Permitted Businesses;

(xx) Liens securing the Obligations of the Issuers under the Notes and this Indenture and of the Subsidiary Guarantors under the Guarantees;

(xxi) Liens in favor of collecting or payor banks having a right of setoff, revocation, refund or chargeback with respect to money or instruments of the Partnership or any of its Restricted Subsidiaries on deposit with or in possession of such bank;

(xxii) Liens on and pledges of the Equity Interests of an Unrestricted Subsidiary or any Joint Venture owned by the Partnership or any Restricted Subsidiary to the extent securing either Non- Recourse Debt or Indebtedness (other than Permitted Debt) otherwise permitted under this Indenture;

(xxiii) Liens existing on the Issue Date and Liens on any extensions, refinancing, renewal, replacement or defeasance of any Indebtedness or other obligation secured thereby;

(xxiv) Liens arising from protective filings made in the appropriate office(s) for the filing of a financing statement in the applicable jurisdiction(s) in connection with any lease, consignment or similar transaction otherwise permitted hereby, which filings are made for the purpose of perfecting the interest of the secured party in the relevant items, if the transaction were subsequently classified as a sale and secured lending arrangement;

(xxv) Liens securing any Indebtedness, which Indebtedness includes a covenant that limits Liens in a manner substantially similar to Section 4.10;

(xxvi) Liens imposed by law or order as a result of any proceeding before any court or regulatory body that is being contested in good faith, and liens which secure a judgment or other court-ordered award or settlement as to which the Partnership or the applicable Subsidiary have not exhausted its appellate rights;

(xxvii) any extension, renewal, refinancing, refunding or replacement, or successive extensions, renewals, refinancing, refunding or replacements, of Liens, in whole or in part, referred to in clauses (iii), (iv) or (vi) above; provided, however, that any extension, renewal, refinancing, refunding or replacement Lien shall be limited to the property or assets covered by the Lien extended, renewed, refinanced, refunded or replaced and that the Obligations secured by any extension, renewal, refinancing, refunding or replacement Lien shall be in an amount not greater than the

amount of the Obligations secured by the Lien extended, renewed, refinanced, refunded or replaced and any expenses of the Partnership and its Subsidiaries, including any premium, incurred in connection with any extension, renewal, refinancing, refunding or replacement;

(xxviii) any Lien resulting from the deposit of moneys or evidence of Indebtedness in trust for the purpose of defeasing debt of the Partnership or any Restricted Subsidiary; and

(xxix) an addition to Liens permitted by clauses (i) through (xxviii) above, Liens with respect to Obligations that do not exceed in the aggregate 10% of Consolidated Net Tangible Assets at any one time outstanding.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Partnership or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Partnership or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that: (i) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount of (or accreted value, if applicable), plus accrued interest on the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of necessary fees and expenses incurred in connection therewith and any premiums paid on the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded); (ii) such Permitted Refinancing Indebtedness has a final maturity date no earlier than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (iii) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes or the Guarantees, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes or the Guarantees, as the case may be, on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and (iv) such Indebtedness is incurred either by the Partnership or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Person" means any individual, corporation, partnership (general or limited), limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or agency or political subdivision thereof or other entity.

"Private Placement Legend" means the legend set forth in Section 2.06(g)(i) to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

"Putable Debt Securities" means debt securities of either of the Issuers or any of the Restricted Subsidiaries (excluding any guarantees thereof) that provide rights of repurchase or redemption to the holders thereof upon a Change of Control similar to those provided to holders of the Existing Senior Subordinated Notes upon a Change of Control.

Putable Debt Securities include the Existing Senior Subordinated Notes but do not include Indebtedness under Credit Facilities, the Notes or any debt securities of either of the Issuers or any of the Restricted Subsidiaries which, while providing rights of repurchase or redemption to the holders thereof upon a Change of Control similar to those provided to holders of the Existing Senior Subordinated Notes upon a Change of Control, contain provisions that are equally or more likely to result in the suspension or elimination of such rights as or than the Investment Grade Suspension Provision is likely to result in the suspension or elimination of the repurchase rights provided in Section 4.06 hereof.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A of the rules and regulations promulgated by the SEC under the Securities Act.

"Rating Agency" means each of S&P and Moody's, or if S&P or Moody's or both shall not make a rating on the notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuers (as certified by a resolution of the Boards of Directors of the Issuers) which shall be substituted for S&P or Moody's, or both, as the case may be.

"Ratings Downgrade" means, with respect to a Change of Control, a reduction in the rating assigned to the Notes by any Rating Agency that occurs (i) prior to and as a result of, (ii) upon or (iii) within 30 days following, such Change of Control.

"Reference Treasury Dealer" means (i) J.P. Morgan Securities Inc. (or an Affiliate of thereof which is a Primary Treasury Dealer) and Credit Suisse First Boston LLC (or an Affiliate thereof which is a Primary Treasury Dealer), and their respective successors; provided, however, that if either of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Partnership will substitute therefor another Primary Treasury Dealer.

"Remaining Scheduled Payments" means the remaining scheduled payments of the principal of the Notes to be redeemed and interest thereon that would be due after the related redemption date but for such redemption, provided, however, that, if such redemption date is not an Interest Payment Date, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued on such Notes to such redemption date.

"Registrable Securities" has the meaning set forth in the Registration Rights Agreement.

"Registration Rights Agreement" means (i) that certain agreement among the Issuers, the Subsidiary Guarantors and the Initial Purchasers requiring the Issuers and the Subsidiary Guarantors to file the Exchange Offer Registration Statement and the Shelf Registration Statement and (ii) any other registration rights agreement relating to any additional Notes issued by the Issuers after the Issue Date pursuant to Section 2.02.

"Regulation S" means Regulation S promulgated by the SEC under the Securities Act.

"Regulation S Global Note" means a global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and that has the "Schedule of Exchange of Interests in the Global Note" attached thereto and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903 of Regulation S, subject to adjustment as provided in Section 2.06 hereof.

"Representative" means this Indenture trustee or other trustee, agent or representative for any Senior Debt.

"Responsible Officer," when used with respect to the Trustee, means the officer in the Institutional Trust Services department of the Trustee having direct responsibility for administration of this Indenture.

"Restricted Broker-Dealer" has the meaning set forth in the Registration Rights Agreement.

"Restricted Certificated Note" means a Certificated Note bearing the Private Placement Legend.

"Restricted Global Note" means a global Note bearing the Private Placement Legend and that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Restricted Investment" means an Investment other than a Permitted Investment or a Permitted Business Investment.

"Restricted Subsidiary" of a Person means any Subsidiary of the referenced Person that is not an Unrestricted Subsidiary, provided that none of Cameron Highway Pipeline GP I, L.L.C., Cameron Highway Pipeline II, L.P., Cameron Highway Pipeline III, L.P., GulfTerra Arizona Gas, LLC and Arizona Gas Storage, LLC, as the case may be, shall constitute a Restricted Subsidiary for purposes of this Indenture (even if such Person is then a Subsidiary of the Partnership), until such time as the Board of Directors of the General Partner designates Cameron Highway Pipeline GP I, L.L.C., Cameron Highway Pipeline II, L.P., Cameron Highway Pipeline III, L.P., GulfTerra Arizona Gas, LLC and Arizona Gas Storage, LLC, as the case may be, as a Restricted Subsidiary in a manner consistent with the designation of an Unrestricted Subsidiary as a Restricted Subsidiary, as described in Section 4.14. Notwithstanding anything in this Indenture to the contrary, GulfTerra Finance shall constitute a Restricted Subsidiary of the Partnership.

"Rule 144" means Rule 144 promulgated by the SEC under the Securities Act.

"Rule 144A" means Rule 144A promulgated by the SEC under the Securities Act.

"Rule 903" means Rule 903 of Regulation S promulgated by the SEC under the Securities Act.

"Rule 904" means Rule 904 of Regulation S promulgated by the SEC under the Securities Act.

"S&P" means Standard & Poor's Ratings Group or any successor to the rating agency business thereof.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Series A Notes" has the meaning set forth in the preamble of this Indenture.

"Shelf Registration Statement" means that certain shelf registration statement filed by the Issuers and the Subsidiary Guarantors in accordance with the Registration Rights Agreement with the SEC to register resales of the Notes or the Exchange Notes.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act and the Exchange Act, as such Regulation is in effect on the date hereof.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subordinated Obligation" means any Indebtedness of the Partnership or GulfTerra Finance (whether outstanding on the Issue Date or thereafter incurred) which is subordinated or junior in right of payment to the Notes pursuant to a written agreement, including the Existing Senior Subordinated Notes.

"Subordinated Putable Debt Securities" means Putable Debt Securities that are subordinated or junior in right of payment to the Notes pursuant to a written agreement, including the Existing Senior Subordinated Notes.

"Subsidiary" means, with respect to any Person: (i) any corporation, association or other business entity of which more than 50% of the total Voting Stock is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and (ii) any partnership (whether general or limited), limited liability company or joint venture (a) the sole general partner or the managing general partner or managing member of which is such Person or a Subsidiary of such Person or (b) if there are more than a single general partner or member either (i) the only general partners or managing members of such Person are such Person or of one or more Subsidiaries of such Person (or any combination thereof) or (ii) such Person owns or controls, directly or indirectly, a majority of the outstanding general partner interests, member interests or other Voting Stock of such partnership, limited liability company or joint venture, respectively.

"Subsidiary Guarantors" means each of: (i) the entities listed on Schedule A hereto; and (ii) any other Restricted Subsidiary of the Partnership that executes a Guarantee in accordance with the provisions of Section 4.13 and Article 10 of this Indenture; and (iii) their respective successors and assigns. Notwithstanding anything in this Indenture to the contrary, GulfTerra Finance shall not be a Subsidiary Guarantor.

"Tax Payment" means any payment of foreign, federal, state or local tax liabilities.

"Tender Condition" means, as of the time of expiration of the period during which Notes may be validly tendered for repurchase or redemption pursuant to a Change of Control Offer, Subordinated Putable Debt Securities in an aggregate principal amount of the greater of (a) $250 million and (b) 30% of the aggregate principal amount of all Non-Putable Debt Securities outstanding at such time, have been properly tendered and not withdrawn pursuant to a change of control offer in respect of the Change of Control made in accordance with the applicable indenture or other instrument or agreement governing such Subordinated Putable Debt Securities.

"Treasury Rate" means, with respect to any redemption date of the Notes, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue, expressed as a percentage of the principal amount, equal to the Comparable Treasury Price for such redemption date.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb) as in effect on the date on which this Indenture is qualified under the TIA, except as provided in Section 9.03 hereof.

"Trustee" means the party named as such above until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"Unrestricted Certificated Note" means one or more Certificated Notes that do not bear and are not required to bear the Private Placement Legend.

"Unrestricted Global Note" means a permanent global Note in the form of Exhibit A attached hereto that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, and that is deposited with or on behalf of and registered in the name of the Depositary, representing a series of Notes that do not bear the Private Placement Legend.

"Unrestricted Subsidiary" means any Subsidiary of the Partnership (other than GulfTerra Finance) that is designated by the Board of Directors of the General Partner as an Unrestricted Subsidiary pursuant to a Board Resolution, provided that, at the time of such designation, (i) no portion of the Indebtedness or other obligation of such Subsidiary (whether contingent or otherwise and whether pursuant to the terms of such Indebtedness or the terms governing the organization of such Subsidiary or by law (A) is guaranteed by the Partnership or any Restricted Subsidiary of the Partnership, (B) is recourse to or obligates the Partnership or any Restricted Subsidiary of the Partnership in

any way (including any "claw-back," "keep-well," "make- well" or other agreements, arrangements or understandings to maintain the financial performance or results of operations of such Subsidiary or to otherwise infuse or contribute cash to such Subsidiary), or (C) subjects any property or assets of the Partnership or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction of such Indebtedness, unless such Investment or Indebtedness is permitted by Section 4.08 or Section 4.09, (ii) no Equity Interests of a Restricted Subsidiary are held by such Subsidiary, directly or indirectly, and (iii) the amount of the Partnership's Investment, as determined at the time of such designation, in such Subsidiary since the Issue Date to the date of designation is treated as of the date of such designation as a Restricted Investment, Permitted Investment or Permitted Business Investment, as applicable. Cameron Highway Pipeline GP I, L.L.C., Cameron Highway Pipeline II, L.P., Cameron Highway Pipeline III, L.P., EPN Arizona Gas, L.L.C. and Arizona Gas Storage, L.L.C. are designated as Unrestricted Subsidiaries. Notwithstanding anything in the Indenture to the contrary, GulfTerra Finance shall not be, and shall not be designated as, an Unrestricted Subsidiary.

Any designation of a Subsidiary of the Partnership as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 4.08. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Partnership as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.09, the Partnership shall be in Default of such covenant. The Board of Directors of the General Partner may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Partnership of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under the covenant described under Section 4.09, calculated on a pro forma basis as if such designation had occurred at the beginning of the four- quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"U.S. Government Obligations" means securities that are (i) direct Obligations of the United States of America for the payment of which its full faith and credit is pledged; (ii) Obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case under clauses (i) or (ii) above, are not callable or redeemable at the option of the issuers thereof; or (iii) depository receipts issued by a bank or trust company as custodian with respect to any such U.S. Government Obligations or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a Depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such Depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation evidenced by such Depository receipt.

"U.S. Person" means a U.S. person as defined in Rule 902(k) of Regulation S promulgated by the SEC under the Securities Act.

"Voting Stock" of any Person as of any date means the Equity Interests of such Person pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers, general partners or trustees of any Person (regardless of whether, at the time, Equity Interests of any other class or classes shall have, or might have, voting power by reason of the occurrence of any contingency) or, with respect to a partnership (whether general or limited), any general partner interest in such partnership.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (ii) the then outstanding principal amount of such Indebtedness.

SECTION 1.02. OTHER DEFINITIONS.

TERM	DEFINED IN SECTION
"Affiliate Transaction"	4.12
"Asset Sale Offer"	3.09
"Calculation Date"	1.01 (definition of Fixed Charge Coverage Ratio)
"Change of Control Offer"	4.06
"Change of Control Payment"	4.06
"Change of Control Payment Date"	4.06
"Covenant Defeasance"	8.03
"DTC"	2.03
"Eliminated Covenants"	4.19
"Event of Default"	6.01
"Excess Proceeds"	4.07(c)
"Incremental Funds"	4.08(a)
"incur"	4.09
"Investment Grade Suspension Provision"	4.06(h)
"Legal Defeasance"	8.02
"Offer Amount"	3.09
"Offer Period"	3.09
"Paying Agent"	2.03
"Payment Default"	6.01(e)
"Permitted Debt"	4.09(b)
"Purchase Date"	3.09
"Registrar"	2.03
"Restricted Payment"	4.08

SECTION 1.03. INCORPORATION BY REFERENCE OF TRUST INDENTURE ACT

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes and the Guarantees;

"indenture security Holder" means a Holder of a Note;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee;

"obligor" on the Notes means the Partnership, GulfTerra Finance or any Subsidiary Guarantor and any successor obligor upon the Notes.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

SECTION 1.04. RULES OF CONSTRUCTION.

Unless the context otherwise requires:

(i) a term has the meaning assigned to it;

(ii) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(iii) "or" is not exclusive;

(iv) words in the singular include the plural, and in the plural include the singular;

(v) provisions apply to successive events and transactions; and

(vi) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2
THE NOTES

SECTION 2.01. FORM AND DATING.

The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto. The notation on each Note relating to the Guarantees shall be substantially in the form set forth on Exhibit D, which is a part of this Indenture. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note shall be dated the date of its authentication. The Notes shall be in denominations of $1,000 and integral multiples thereof.

The terms and provisions contained in the Notes (including the Guarantees) shall constitute, and are hereby expressly made, a part of this Indenture and the Partnership, GulfTerra Finance, the Subsidiary Guarantors, and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

Notes issued in global form shall be substantially in the form of Exhibit A attached hereto (including the Global Note Legend and the "Schedule of Exchanges in the Global Note" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A attached hereto (but without the Global Note Legend, the phrase identified in footnote 1 thereto and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee or the Note Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

SECTION 2.02. EXECUTION AND AUTHENTICATION.

One Officer of the Partnership and one Officer of GulfTerra Finance shall sign the Notes for the Partnership and GulfTerra Finance, respectively, by manual or facsimile signature. The seal of the Partnership and GulfTerra Finance shall be reproduced on the Notes and may be in facsimile form.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee shall, upon a written order of the Partnership and GulfTerra Finance signed by one Officer of the Partnership and one Officer of GulfTerra Finance, authenticate (i) $250,000,000 aggregate principal amount of Notes, with the Guarantees endorsed thereon, for original issue on the Issue Date and (ii) any amount of additional Notes specified by the Issuers, in each case, upon a written order of the Partnership and GulfTerra Finance signed by one Officer of the Partnership and one Officer of GulfTerra Finance. Such order shall specify (a) the amount of the Notes of each series to be authenticated and the date of original issue thereof, and (b) whether the Notes are Series A Notes or Exchange Notes. The aggregate principal amount of Notes of any series outstanding at any time may not exceed the aggregate principal amount of Notes of such series authorized for issuance by the Issuers pursuant to one or more written orders of the Issuers, except as provided in Section 2.07 hereof. Subject to the foregoing, the aggregate principal amount of Notes of any series that may be issued under this Indenture shall not be limited.

The Trustee may appoint an authenticating agent acceptable to the Issuers to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of either of the Issuers.

SECTION 2.03. REGISTRAR AND PAYING AGENT.

The Partnership, GulfTerra Finance and the Subsidiary Guarantors shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("Registrar") and an office or agency in the State of New York where Notes may be presented for payment ("Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange. The Issuers may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Issuers may change any Paying Agent or Registrar without notice to any Holder. The Issuers shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Issuers fail to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Partnership, GulfTerra Finance or any of the Subsidiary Guarantors may act as Paying Agent or Registrar.

The Issuers initially appoint The Depository Trust Company ("DTC") to act as Depositary with respect to the Global Notes.

The Issuers initially appoint the Trustee to act as the Registrar and Paying Agent and to act as Note Custodian with respect to the Global Notes.

SECTION 2.04. PAYING AGENT TO HOLD MONEY IN TRUST.

The Issuers shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium, if any, or interest or Additional Interest, if any, on the Notes, and will notify the Trustee of any

default by the Partnership, GulfTerra Finance or the Subsidiary Guarantors in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuers at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than an Issuer or a Subsidiary Guarantor) shall have no further liability for the money. If an Issuer or a Subsidiary Guarantor acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Partnership or GulfTerra Finance, the Trustee shall serve as Paying Agent for the Notes.

SECTION 2.05. HOLDER LISTS.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Issuers shall furnish to the Trustee at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes and the Issuers shall otherwise comply with TIA Section 312(a).

SECTION 2.06. TRANSFER AND EXCHANGE.

(a) Transfer and Exchange of Global Notes. A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes may be exchanged by the Issuers for Certificated Notes if (i) the Issuers deliver to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Issuers within 90 days after the date of such notice from the Depositary, (ii) the Issuers in their sole discretion determine that the Global Notes (in whole but not in part) should be exchanged for Certificated Notes and deliver a written notice to such effect to the Trustee; provided that in no event shall the Regulation S Global Note be exchanged by the Issuers for Certificated Notes prior to (x) the expiration of the Distribution Compliance Period and (y) the receipt by the Registrar of any certificates required pursuant to Rule 903 under the Securities Act, or (iii) if a Default or an Event of Default occurs and is continuing. Whenever a Global Note is exchanged as a whole for one or more Certificated Notes, it shall be surrendered by the Holder thereof to the Trustee for cancellation. Whenever a Global Note is exchanged in part for one or more Certificated Notes, it shall be surrendered by the Holder thereof to the Trustee and the Trustee shall make the appropriate notations to the Schedule of Exchanges of Interests in the Global Notes attached thereto pursuant to Section 2.01 hereof. All Certificated Notes issued in exchange for a Global Note or any portion thereof shall be registered in such names, and delivered, as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion

thereof, pursuant to Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a); however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c) or (f) hereof.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs as applicable:

(i) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; provided, however, that prior to the expiration of the Distribution Compliance Period transfers of beneficial interests in the Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred only to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(i).

(ii) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests (other than a transfer of a beneficial interest in a Global Note to a Person who takes delivery thereof in the form of a beneficial interest in the same Global Note), the transferor of such beneficial interest must deliver to the Registrar either (A) (i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B) (i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Certificated Note in an amount equal to the beneficial interest to be transferred or exchanged and (ii) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Certificated Note shall be registered to effect the transfer or exchange referred to in (i) above; provided that in no event shall Certificated Notes be issued upon the transfer or exchange of beneficial

interests in the Regulation S Global Note prior to (x) the expiration of the Distribution Compliance Period and (y) the receipt by the Registrar of any certificates required pursuant to Rule 903 under the Securities Act. Upon an Exchange Offer by the Issuers in accordance with Section 2.06(f) hereof, the requirements of this Section 2.06(b)(ii) shall be deemed to have been satisfied upon receipt by the Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Notes. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture, the Notes and otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h) hereof.

(iii) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of clause (ii) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transferee will take delivery in the form of a beneficial interest in the IAI Global Note, then the transferor must deliver (x) a certificate in the form of Exhibit B hereto, including the certifications and certificates and Opinion of Counsel required by item (3)(c) thereof, if applicable.

(iv) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in the Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of clause (ii) above and:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer,

is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Partnership;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Restricted Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof;

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof; and

(iii) in each such case set forth in this subparagraph (D), an opinion of counsel in form reasonably acceptable to the Issuers to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Note has not yet been issued, the Issuers shall issue and, upon receipt of an authentication order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) in an aggregate principal amount equal to the principal amount of beneficial interests transferred pursuant to subparagraph (B) or (D) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Certificated Notes.

(i) If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Certificated Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Certificated Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Certificated Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3)(c) thereof, if applicable; or

(F) if such beneficial interest is being transferred to the Partnership, GulfTerra Finance or any Restricted Subsidiary of the Partnership, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Issuers shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Certificated Note (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) in the appropriate principal amount. Any Certificated Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names

and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Certificated Notes to the Persons in whose names such Notes are so registered. Any Certificated Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) Notwithstanding Sections 2.06(c)(i)(A) and (C) hereof, a beneficial interest in the Regulation S Global Note may not be (A) exchanged for a Certificated Note prior to (x) the expiration of the Distribution Compliance Period and (y) the receipt by the Registrar of any certificates required pursuant to Rule 903 under the Securities Act or (B) transferred to a Person who takes delivery thereof in the form of a Certificated Note prior to the conditions set forth in clause (A) above or unless the transfer is pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(iii) Notwithstanding 2.06(c)(i) hereof, a holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Certificated Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Certificated Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Partnership;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Restricted Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Certificated Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof;

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a Certificated Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof; and

(iii) in each such case set forth in this subparagraph (D), an opinion of counsel in form reasonably acceptable to the Issuers, to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act.

(iv) If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Certificated Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Certificated Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(ii) hereof, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Issuers shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Certificated Note (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) in the appropriate principal amount. Any Certificated Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iv) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Certificated Notes to the Persons in whose names such Notes are so registered. Any Certificated Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iv) shall not bear the Private Placement Legend. A beneficial interest in an Unrestricted Global Note cannot be exchanged for a Certificated Note bearing the Private Placement Legend or transferred to a Person who takes delivery thereof in the form of a Certificated Note bearing the Private Placement Legend.

(d) Transfer and Exchange of Certificated Notes for Beneficial Interests.

(i) If any Holder of a Restricted Certificated Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Certificated Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Certificated Note proposes to exchange such Note for a beneficial interest in a

Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Certificated Note is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Certificated Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Certificated Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) and (C) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3)(c) thereof, if applicable; or

(E) if such Certificated Note is being transferred to the Partnership, GulfTerra Finance or any Restricted Subsidiary of the Partnership, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof.

the Trustee shall cancel the Certificated Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the 144A Global Note, in the case of clause (C) above, the Regulation S Global Note, in the case of clause (D) above, the IAI Global Note, and in all other cases, the Restricted Global Note.

(ii) A Holder of a Restricted Certificated Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Certificated Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Partnership;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Restricted Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the Holder of such Restricted Certificated Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof;

(ii) if the Holder of such Restricted Certificated Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof; and

(iii) in each such case set forth in this subparagraph (D), an opinion of counsel in form reasonably acceptable to the Issuers to the effect that such exchange or transfer is in compliance with the Securities Act, that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act, and such Certificated Notes are being exchanged or transferred in compliance with any applicable blue sky securities laws of any State of the United States.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(ii), the Trustee shall cancel the Certificated Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(iii) A Holder of an Unrestricted Certificated Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Certificated Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Certificated Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Certificated Note to a beneficial interest is effected pursuant to subparagraphs (ii) or (iii) above at a time when an Unrestricted Global Note has not yet been issued, the Issuers shall issue and, upon receipt of an authentication order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes (accompanied by a notation of the Guarantees duly endorsed by the Guarantors) in an aggregate principal amount equal to the principal amount of beneficial interests transferred pursuant to subparagraphs (ii) or (iii) above.

(e) Transfer and Exchange of Certificated Notes for Certificated Notes.

Upon request by a Holder of Certificated Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Certificated Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Certificated Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by his attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, pursuant to the provisions of this Section 2.06(e).

(i) Restricted Certificated Notes may be transferred to and registered in the name of Persons who take delivery thereof if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A under the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(ii) Any Restricted Certificated Note may be exchanged by the Holder thereof for an Unrestricted Certificated Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Certificated Note if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Partnership;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Participating Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the Holder of such Restricted Certificated Notes proposes to exchange such Notes for an Unrestricted Certificated Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof;

(ii) if the Holder of such Restricted Certificated Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Certificated Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof; and

(iii) in each such case set forth in this subparagraph (D), an opinion of counsel in form reasonably acceptable to the Issuers to the effect that such exchange or transfer is in compliance with the Securities Act, that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act, and such Restricted Certificated Note is being exchanged or transferred in compliance with any applicable blue sky securities laws of any State of the United States.

(iii) A Holder of Unrestricted Certificated Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Certificated Note. Upon receipt of a request for such a transfer, the Registrar shall register the Unrestricted Certificated Notes pursuant to the instructions from the Holder thereof. Unrestricted Certificated Notes cannot be exchanged for or transferred to Persons who take delivery thereof in the form of a Restricted Certificated Note.

(f) Exchange Offer. Upon the occurrence of the Exchange Offer in accordance with the Registration Rights Agreement, the Issuers shall issue and, upon receipt of an authentication order in accordance with Section 2.02, the Trustee shall authenticate (i) one or more Unrestricted Global Notes (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Notes tendered for acceptance by Persons that are not (x) broker-dealers (excluding broker-dealers that acquired such beneficial interests in Restricted Global Notes as a result of market-making activities or other trading activities (other than such beneficial interests in Restricted Global Notes acquired directly from the Issuers or any of their affiliates (as defined in Rule 144) thereof)), (y) Persons participating in the distribution of the Exchange Notes or (z) Persons who are affiliates of the Partnership and accepted for exchange in the Exchange Offer and (ii) Certificated Notes (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) in an aggregate principal amount equal to the principal amount of the Restricted Certificated Notes accepted for exchange in the Exchange Offer. Concurrent with the issuance of such Notes, the Trustee shall cause the aggregate principal amount of the applicable Restricted Global Notes to be reduced accordingly, and the Issuers shall execute and the Trustee shall authenticate and deliver to

the Persons designated by the Holders of Certificated Notes so accepted Certificated Notes in the appropriate principal amount.

(g) Legends. The following legends shall appear on the face of all Global Notes and Certificated Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(i) Private Placement Legend.

(A) Except as permitted by subparagraph (B) below, each Global Note and each Certificated Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE ISSUERS OF THIS NOTE THAT: (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO GULFTERRA ENERGY PARTNERS, L.P., GULFTERRA ENERGY FINANCE CORPORATION, OR ANY OF THEIR SUBSIDIARIES, (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (V) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF

$250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (VI) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (VI) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE."

(B) Notwithstanding the foregoing, any Global Note or Certificated Note issued pursuant to subparagraphs (b)(iv), (c)(iii), (c)(iv), (d)(ii), (d)(iii), (e)(ii), (e)(iii) or (f) to this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(ii) Global Note Legend. Each Global Note shall bear a legend in substantially the following form:

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUERS."

"UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW

YORK) ("DTC"), TO THE ISSUERS OR THEIR AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Certificated Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Certificated Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note, by the Trustee or by the Depositary at the direction of the Trustee, to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note, by the Trustee or by the Depositary at the direction of the Trustee, to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges, the Issuers shall execute and the Trustee shall authenticate Global Notes and Certificated Notes (in each case, accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) upon the Issuers' order or at the Registrar's request.

(ii) No service charge shall be made to a holder of a beneficial interest in a Global Note or to a Holder of a Certificated Note for any registration of transfer or exchange, but the Issuers may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.09, 4.06 and 9.05 hereof).

(iii) The Registrar shall not be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Certificated Notes (in each case, accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) issued upon any registration of transfer or exchange of Global Notes or Certificated Notes shall be the valid obligations of the Issuers and the Subsidiary Guarantors, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Certificated Notes surrendered upon such registration of transfer or exchange.

(v) The Issuers shall not be required (A) to issue, to register the transfer of or to exchange Notes during a period beginning at the opening of business 15 days before the day of mailing of notice of redemption and ending at the close of business on the day of such mailing, (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part or (C) to register the transfer of or to exchange a Note between a record date and the next succeeding Interest Payment Date.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Issuers may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Issuers shall be affected by notice to the contrary.

(vii) The Trustee shall authenticate Global Notes and Certificated Notes (in each case, accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) in accordance with the provisions of Section 2.02 hereof.

(viii) All certifications, certificates and opinions of counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a transfer or exchange may be submitted by facsimile.

(ix) Each Holder of a Note agrees to indemnify the Issuers and the Trustee against any liability that may result from the transfer, exchange or assignment of such Holder's Note in violation of any provision of this Indenture and/or applicable United States federal or state securities law.

(j) Each beneficial owner of an interest in a Note agrees to indemnify the Issuers and the Trustee against any liability that may result from the transfer, exchange or assignment by such beneficial owner of such interest in violation of any provision of this Indenture and/or applicable United States federal or state securities law.

(k) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among beneficial owners of interest in any Global Note) other than to require delivery of such certificate and other documentation or evidence as are expressly

required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 2.07. REPLACEMENT NOTES.

If any mutilated Note is surrendered to the Trustee or either of the Issuers and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Issuers shall issue and the Trustee, upon the written order of the Issuers signed by one Officer of the Partnership and one Officer of GulfTerra Finance, shall authenticate a replacement Note (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) if the Trustee's requirements are met. An indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Issuers to protect the Issuers, the Subsidiary Guarantors, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Issuers may charge for their expenses in replacing a Note.

Every replacement Note is an additional obligation of the Issuers and the Subsidiary Guarantors and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder. The provisions of this Section 2.07 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement of mutilated, destroyed, lost or stolen Notes.

SECTION 2.08. OUTSTANDING NOTES.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because an Issuer or an Affiliate of an Issuer holds the Note.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest and Additional Interest, if applicable, on it cease to accrue.

If the Paying Agent (other than an Issuer or a Subsidiary or an Affiliate of an Issuer) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest (and Additional Interest, if any).

SECTION 2.09. TREASURY NOTES.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by an Issuer, by

any Subsidiary Guarantor or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Partnership or any Subsidiary Guarantor, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded.

SECTION 2.10. TEMPORARY NOTES.

Until Certificated Notes are ready for delivery, the Issuers may prepare and the Trustee shall authenticate temporary Notes (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) upon a written order of the Issuers signed by one Officer of the Partnership and one Officer of GulfTerra Finance. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that the Issuers consider appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Issuers shall prepare and the Trustee shall authenticate definitive Notes (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) in exchange for temporary Notes.

Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

SECTION 2.11. CANCELLATION.

Either of the Issuers at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall treat such canceled Notes in accordance with its documents retention policies. The Issuers may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

SECTION 2.12. DEFAULTED INTEREST.

If any of the Partnership, GulfTerra Finance or any Subsidiary Guarantor defaults in a payment of interest on the Notes, it or they (to the extent of their obligations under the Guarantees) shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Issuers shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Issuers shall fix or cause to be fixed each such special record date and payment date, provided that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Issuers (or, upon the written request of the Issuers, the Trustee in the name and at the expense of the Issuers) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

SECTION 2.13. CUSIP NUMBERS.

The Issuers in issuing the Notes may use "CUSIP" numbers (if then generally in use), and, if they do so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuers will promptly notify the Trustee of any change in the "CUSIP" numbers.

ARTICLE 3
REDEMPTION AND PREPAYMENT

SECTION 3.01. NOTICES TO TRUSTEE.

If an Issuer elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it shall furnish to the Trustee, at least 35 days (unless a shorter period is acceptable to the Trustee) but not more than 60 days before a redemption date, an Officers' Certificate setting forth (i) the clause of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Notes to be redeemed and (iv) the redemption price.

SECTION 3.02. SELECTION OF NOTES TO BE REDEEMED.

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

(a) if the Notes are listed for trading on a national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes are so listed; or

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

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

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

SECTION 3.03. NOTICE OF REDEMPTION.

At least 30 days but not more than 60 days before a redemption date, the Issuers shall mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address.

The notice shall identify the Notes to be redeemed (including CUSIP numbers) and shall state:

(a) the redemption date;

(b) the redemption price;

(c) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued upon cancellation of the original Note;

(d) the name and address of the Paying Agent;

(e) that Notes called for redemption (other than a Global Note) must be surrendered to the Paying Agent to collect the redemption price;

(f) that, unless the Issuers default in making such redemption payment, interest and Additional Interest, if applicable, on Notes called for redemption cease to accrue on and after the redemption date;

(g) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(h) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Issuers' request, the Trustee shall give the notice of redemption in the Issuers' names and at their expense; provided, however, that the Issuers shall have delivered to the Trustee, at least 45 days prior to the redemption date (unless a shorter period is otherwise acceptable to the Trustee), an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

SECTION 3.04. EFFECT OF NOTICE OF REDEMPTION.

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

SECTION 3.05. DEPOSIT OF REDEMPTION PRICE. Not later than 11:00 a.m., New York City time, on the redemption date, the Issuers shall deposit with the

Trustee or with the Paying Agent money sufficient to pay the redemption price of and accrued interest and Additional Interest, if applicable, on all Notes to be redeemed on that date. The Trustee or the Paying Agent shall promptly return to the Issuers any money deposited with the Trustee or the Paying Agent by the Issuers in excess of the amounts necessary to pay the redemption price of, and accrued interest and Additional Interest, if applicable, on, all Notes to be redeemed.

If the Issuers comply with the provisions of the preceding paragraph, on and after the redemption date, interest and Additional Interest, if applicable, shall cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after an interest record date but on or prior to the related Interest Payment Date, then any accrued and unpaid interest (and Additional Interest, if any) shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Issuers to comply with the preceding paragraph, interest (and Additional Interest, if any) shall be paid on the unpaid principal, from the redemption date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

SECTION 3.06. NOTES REDEEMED IN PART.

Upon surrender of a Note that is redeemed in part, the Issuers shall issue and, upon the Issuers' written request, the Trustee shall authenticate for the Holder at the expense of the Issuers a new Note (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) equal in principal amount to the unredeemed portion of the Note surrendered.

SECTION 3.07. OPTIONAL REDEMPTION.

(a) The Issuers shall have the option to redeem the Notes, in whole or in part from time to time, at a redemption price equal to the greater of (i) 100% of the principal amount of Notes to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to the date of redemption or (ii) the sum of (A) the present values of the Remaining Scheduled Payments on such Notes, discounted to the date of redemption, on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months), at the Treasury Rate plus 50 basis points plus (B) accrued and unpaid interest on the principal amount being redeemed to the date of redemption.

(b) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Section 3.01 through 3.06 hereof.

SECTION 3.08. MANDATORY REDEMPTION.

Except for any repurchase offers required to be made pursuant to Sections 4.06 and 4.07 hereof, the Issuers shall not be required to make mandatory redemption payments with respect to the Notes.

SECTION 3.09. OFFER TO PURCHASE BY APPLICATION OF NET PROCEEDS.

In the event that, pursuant to Section 4.07 hereof, the Issuers shall be required to commence a pro rata offer (an "Asset Sale Offer") to all Holders and all holders of other Indebtedness that is pari passu with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the Net Proceeds of sales of assets to purchase Notes and such other pair passu Indebtedness, it shall follow the procedures specified below.

The Asset Sale Offer shall remain open for a period of at least 30 days following its commencement but no longer than 60 days, except to the extent that a longer period is required by applicable law (the "Offer Period"). Promptly after the termination of the Offer Period (the "Purchase Date"), the Issuers shall purchase the principal amount of Notes required to be purchased pursuant to Section 4.07 hereof (the "Offer Amount") or, if less than the Offer Amount has been tendered, all Notes tendered and not withdrawn in response to the Asset Sale Offer. Payment for any Notes so purchased shall be made in the same manner as interest payments are made.

If the Purchase Date is on or after an interest record date and on or before the related Interest Payment Date, accrued and unpaid interest, if any, and Additional Interest (to the extent involving interest that is due and payable on such Interest Payment Date), if any, shall be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest (or Additional Interest, if any) shall be payable to Holders who validly tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Issuers shall send, by first class mail, a notice to the Trustee and each of the Holders, with a copy to the Trustee. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The Asset Sale Offer shall be made to all Holders. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

(a) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.07 hereof and the length of time the Asset Sale Offer shall remain open;

(b) the Offer Amount, the purchase price and the Purchase Date;

(c) that any Note not validly tendered or accepted for payment shall continue to accrue interest and Additional Interest, if applicable;

(d) that, unless the Issuers default in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest and Additional Interest, if applicable, after the Purchase Date;

(e) that Holders electing to have a Note purchased pursuant to any Asset Sale Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer by book-entry transfer, to the Issuers, a depositary, if appointed by the Issuers, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(f) that Holders shall be entitled to withdraw their election if the Issuers, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(g) that, if the aggregate principal amount of Notes surrendered by Holders exceeds the Offer Amount, the Issuers shall select the Notes to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Issuers so that only Notes in denominations of $1,000, or integral multiples thereof, shall be purchased); and

(h) that Holders whose Notes were purchased only in part shall be issued new Notes (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before the Purchase Date, the Issuers shall, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Offer Amount of Notes or portions thereof validly tendered and not properly withdrawn pursuant to the Asset Sale Offer, or if less than the Offer Amount has been validly tendered and not properly withdrawn, all Notes so tendered and not withdrawn, and shall deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Issuers in accordance with the terms of this Section 3.09. Upon surrender and cancellation of a Certificated Note that is purchased in part, the Issuers shall promptly issue and the Trustee shall authenticate and deliver to the surrendering Holder of such Certificated Note a new Certificated Note equal in principal amount to the unpurchased portion of such surrendered Certificated Note; provided that each such new Certificated Note shall be in a principal amount of $1,000 or an integral multiple thereof. Upon surrender of a Global Note that is purchased in part pursuant to an Asset Sale Offer, the Paying Agent shall forward such Global Note to the Trustee who shall make an endorsement thereon to reduce the principal amount of such Global Note to an amount equal to the unpurchased portion of such Global Note, as provided in Section 2.06(h) hereof. The Issuers, the Depositary or the Paying Agent, as the case may be, shall promptly mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Issuers for purchase, and the Issuers shall promptly issue a new Note (in each case, accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors), and the Trustee, upon written request from the Issuers shall authenticate and mail or deliver such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Issuers to the Holder thereof. The Issuers shall publicly announce the results of the Asset Sale Offer on or as soon as practicable after the Purchase Date. Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

ARTICLE 4
COVENANTS

SECTION 4.01. PAYMENT OF NOTES.

The Issuers shall pay or cause to be paid the principal of and premium, if any, interest and Additional Interest, if any, on the Notes in New York, New York on the dates and in the manner provided in the Notes. Principal, premium, if any, interest and Additional Interest, if any, shall be considered paid on the date due if the Paying Agent, if other than an Issuer or any Subsidiary Guarantor thereof, holds as of 11:00 a.m. Eastern Time on the due date money deposited by the Issuers in immediately available funds and designated for and sufficient to pay all principal, premium, if any, interest and Additional Interest, if any, then due. The Issuers shall pay all Additional Interest, if any, in the same manner on the dates and in the amounts set forth in the Registration Rights Agreement.

The Issuers shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium at the then applicable interest rate on the Notes to the extent lawful. The Issuers shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Additional Interest (without regard to any applicable grace period) at the same rate to the extent lawful.

SECTION 4.02. MAINTENANCE OF OFFICE OR AGENCY.

The Issuers shall maintain in the Borough of Manhattan, The City of New York, an office or agency (which may be an office of the Trustee or an Affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Issuers or the Subsidiary Guarantors in respect of the Notes and this Indenture may be served. The Issuers shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuers shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Issuers may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Issuers of their obligation to maintain an office or agency in the Borough of Manhattan, The City of New York for such purposes. The Issuers shall give prompt written notice to the Trustee of any such designation or rescission and of any change in location of any such other office or agency.

The Issuers hereby designate the Corporate Trust Office of the Trustee as one such office or agency of the Issuers in accordance with Section 2.03.

SECTION 4.03. COMPLIANCE CERTIFICATE.

(a) The Issuers and the Subsidiary Guarantors shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Issuers and the Restricted Subsidiaries of the Partnership during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Issuers and the Subsidiary Guarantors have kept, observed, performed and fulfilled their respective obligations under this Indenture and the Guarantees, respectively, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge each of such Issuers and such Subsidiary Guarantors, as the case may be, has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action such Issuer or such Subsidiary Guarantor, as the case may be, is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action such Issuer or such Subsidiary Guarantor, as the case may be, is taking or proposes to take with respect thereto.

(b) So long as not contrary to the then current recommendations of the American Institute of Certified Public Accountants, the year-end financial statements delivered pursuant to Section 4.18(a) shall be accompanied by a written statement of the Issuers' independent public accountants (who shall be a firm of established national reputation) that in making the examination necessary for certification of such financial statements, nothing has come to their attention that would lead them to believe that the Issuers have violated any provisions of Article 4 or Article 5 hereof (except that such written statement need not address the Issuers' and Subsidiary Guarantors' compliance with Sections 4.02, 4.05, 4.06 or 4.12 hereof) or, if any such violation has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any Person for any failure to obtain knowledge of any such violation.

(c) Each of the Issuers shall, so long as any of the Notes are outstanding, deliver to the Trustee, forthwith upon any Officer of the Partnership, the General Partner or GulfTerra Finance becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Issuers are taking or propose to take with respect thereto.

SECTION 4.04. TAXES.

The Issuers shall pay, and shall cause each of its Restricted Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

SECTION 4.05. STAY, EXTENSION AND USURY LAWS.

Each of the Issuers and the Subsidiary Guarantors covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and each of the Issuers and the Subsidiary Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.06. CHANGE OF CONTROL.

(a) If a Change of Control occurs, each Holder of Notes shall have the right to require the Issuers to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of that Holder's Notes pursuant to the offer described below (the "Change of Control Offer"), subject to the satisfaction of the Tender Condition in the event of a Change of Control that does not result in a Ratings Downgrade. In the Change of Control Offer, the Issuers shall offer, subject to the satisfaction of the Tender Condition in the event of a Change of Control that does not result in a Ratings Downgrade, a "Change of Control Payment" in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest thereon, if any, and Additional Interest, if any, to the date of purchase (the "Change of Control Payment"). Within 30 days following any Change of Control, the Issuers shall mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes, subject to the satisfaction of the Tender Condition in the event of a Change of Control that does not result in a Ratings Downgrade, on the Change of Control Payment Date specified in such notice, pursuant to the procedures required by this Indenture and described in such notice. If the Change of Control Payment Date is on or after a record date and on or before the related Interest Payment Date, any accrued and unpaid interest and Additional Interest (to the extent involving interest that is due and payable on such Interest Payment Date), if any, shall be paid, subject to the satisfaction of the Tender Condition in the event of a Change of Control that does not result in a Ratings Downgrade, to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest (or Additional Interest, if any) (to the extent involving interest that is due and payable on such Interest Payment Date) shall be payable to Holders who validly tender Notes pursuant to the Change of Control Offer. The Issuers shall comply with the requirements of Rule 14e-l under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control.

(b) Within 30 days following any Change of Control, the Issuers shall mail by first class mail, a notice to each Holder, with a copy of such notice to the Trustee. The notice, which shall govern the terms of the Change of Control Offer, shall state, among other things:

(i) that a Change of Control has occurred and a Change of Control Offer is being made as provided for herein, and that, although Holders are not required to tender their

Notes, all Notes that are validly tendered shall be accepted for payment, subject to the satisfaction of the Tender Condition in the event of a Change of Control that does not result in a Ratings Downgrade;

(ii) the Change of Control Payment and the Change of Control Payment Date, which will be no earlier than 30 days and no later than 60 days after the date such notice is mailed;

(iii) that any Note accepted for payment pursuant to the Change of Control Offer (and duly paid for on the Change of Control Payment Date) shall cease to accrue interest and Additional Interest, if applicable, after the Change of Control Payment Date;

(iv) that any Notes (or portions thereof) not validly tendered shall continue to accrue interest and Additional Interest, if applicable;

(v) that any Holder electing to have a Note purchased pursuant to any Change of Control Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer by book-entry transfer, to the Issuers, a depositary, if appointed by the Issuers, or a Paying Agent at the address specified in the notice at least one (1) Business Day before the Change of Control Payment Date;

(vi) that Holders shall be entitled to withdraw their election if the Issuers, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Change of Control Offer, a telegram, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased; and

(vii) the instructions and any other information necessary to enable Holders to tender their Notes (or portions thereof) and have such Notes (or portions thereof) purchased pursuant to the Change of Control Offer.

(c) On the Change of Control Payment Date, the Issuers shall, to the extent lawful and, in the case of a Change of Control Offer in respect of a Change of Control that did not result in a Ratings Downgrade, only if the Tender Condition is satisfied:

(i) accept for payment all Notes or portions thereof properly tendered and not withdrawn pursuant to the Change of Control Offer;

(ii) deposit by 11:00 a.m., New York Time with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered; and

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

(d) Subject to the satisfaction of the Tender Condition in the event of a Change of Control that does not result in a Ratings Downgrade, the Paying Agent shall promptly mail to each Holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee shall promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each such new Note shall be in a principal amount of $1,000 or an integral multiple thereof. The Issuers shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(e) Upon surrender and cancellation of a Certificated Note that is purchased in part pursuant to the Change of Control Offer, the Issuers shall promptly issue and the Trustee shall authenticate and mail (or cause to be transferred by book entry) to the surrendering Holder of such Certificated Note, a new Certificated Note equal in principal amount to the unpurchased portion of such surrendered Certificated Note; provided that each such new Certificated Note shall be in principal amount of $1,000 or an integral multiple thereof.

(f) The change of control offers made pursuant to the terms of each series of Subordinated Putable Debt Securities in respect of a Change of Control shall each (a) provide for the same time of expiration of the period during which valid tenders of Subordinated Putable Debt Securities may be made as the time of expiration of the period during which valid tenders of Notes may be made pursuant to the Change of Control Offer and (b) provide that the date of purchase of Subordinated Putable Debt Securities validly tendered pursuant to such change of control offer is the Change of Control Payment Date.

(g) The provisions described in this Section 4.06 require the Issuers to make a Change of Control Offer following a Change of Control shall be applicable regardless of whether or not any other provisions of this Indenture are applicable.

(h) Notwithstanding the other provisions of this Section 4.06, the Issuers will not be required to make a Change of Control Offer upon a Change of Control and a Holder will not have the right to require the Issuers to repurchase any Notes pursuant to a Change of Control Offer if at the time of the Change of Control (1) the Notes have and have had for at least the last 90 consecutive days an Investment Grade Rating from both Rating Agencies, (2) the aggregate principal amount of Putable Debt Securities outstanding at such time is less than the greater of (i) $250 million and (ii) 30% of the aggregate principal amount of Non-Putable Debt Securities outstanding at such time, and (3) no

Default has occurred and is then continuing under the Indenture (the "Investment Grade Suspension Provision").

(i) Notwithstanding the other provisions of this Section 4.06, the Issuers shall not be required to make a Change of Control Offer upon a Change of Control, and a Holder will not have the right to require that the Issuers repurchase any Notes pursuant to a Change of Control Offer, if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Issuers and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

SECTION 4.07. ASSET SALES.

(a) The Issuers shall not, and shall not permit any Restricted Subsidiary of the Partnership to, consummate an Asset Sale unless:

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

(ii) such fair market value is determined by (a) an executive officer of the Partnership if the value is less than $25.0 million, as evidenced by an Officers' Certificate delivered to the Trustee or (b) the Board of Directors of the General Partner if the value is $25.0 million or more, as evidenced by a resolution of such Board of Directors of the General Partner; and

(iii) at least 75% of the Net Proceeds received by such Issuer or such Restricted Subsidiary is in the form of cash or Cash Equivalents.

For purposes of this clause (iii), each of the following shall be deemed to be cash:

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

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

(b) Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Partnership or a Restricted Subsidiary may apply (or enter into a definitive

agreement for such application, provided that such capital expenditure or purchase is closed within 90 days after the end of such 360-day period) such Net Proceeds at its option:

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

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

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

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

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

(c) Any Net Proceeds from Asset Sales that are not applied or invested as provided in Section 4.07(b) above will constitute "Excess Proceeds". When the aggregate amount of Excess Proceeds exceeds $20.0 million, the Issuers will make a pro rata offer (an "Asset Sale Offer") to all Holders of Notes and all holders of other Indebtedness that is pari passu with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest (including any Additional Interest in the case of the Notes), if any, and premium, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Partnership may use such Excess Proceeds for any purpose not otherwise prohibited by this Indenture, including, without limitation, the repurchase or redemption of Indebtedness of the Issuers or any Subsidiary Guarantor that is subordinated to the Notes or, in the case of any Subsidiary Guarantor, the Guarantee of such Subsidiary Guarantor. If the aggregate principal amount of Notes tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds allocated for repurchases of Notes pursuant to the Asset Sale Offer for Notes, the Trustee shall select the Notes to be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

(d) Notwithstanding the definition of the term "Asset Sale" in Section 1.01 hereof, the following transactions shall not constitute an Asset Sale for purposes of this Indenture:

(i) any transaction whereby assets or properties (including ownership interests in any Subsidiary or Joint Venture) owned by the

Partnership or a Restricted Subsidiary of the Partnership are exchanged or contributed for the Equity Interests of a Joint Venture or Unrestricted Subsidiary in a transaction that satisfies the requirements of a Permitted Business Investment or for other assets or properties (including interests in any Subsidiary or Joint Venture) so long as (i) the fair market value of the assets or properties (if other than a Permitted Business Investment) received is substantially equivalent to the fair market value of the assets or properties given up, and (ii) any cash received in such exchange or contribution by the Partnership or any Restricted Subsidiary of the Partnership is applied in accordance with the foregoing provisions of this Section 4.07;

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

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

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

SECTION 4.08. RESTRICTED PAYMENTS.

(a) The Issuers shall not, and shall not permit any of their Restricted Subsidiaries to, directly or indirectly:

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

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

(iii) except to the extent permitted in clause (iv) below, make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Obligation or Guarantor

Subordinated Obligation Notes or the Guarantees (other than the Notes or the Guarantees), except (a) a payment of interest or principal at the Stated Maturity thereof, (b) a purchase, redemption, acquisition or retirement required to be made pursuant to the terms of such Indebtedness (including pursuant to an asset sale or change of control provision) and (c) any such Indebtedness of the Partnership or any Restricted Subsidiary owned by the Partnership or a Restricted Subsidiary;

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

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

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

(B) if the Fixed Charge Coverage Ratio for the Partnership's four most recent fiscal quarters for which internal financial statements are available is less than 2.0 to 1.0, such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Partnership and its Restricted Subsidiaries during the quarter in which such Restricted Payment is made, is less than the sum, without duplication, of (a) $60.0 million less the aggregate amount of all Restricted Payments made by the Partnership and its Restricted Subsidiaries pursuant to this clause (B)(a) during the period ending on the last day of the fiscal quarter of the Partnership immediately preceding the date of such Restricted Payment and beginning on the Issue Date, plus (b) Incremental Funds to the extent not previously expended pursuant to this clause (B) or clause (A) above.

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

(b) So long as no Default has occurred and is continuing or would be caused thereby, the preceding provisions of this Section 4.08 shall not prohibit:

(i) the payment by the Partnership or any of its Restricted Subsidiaries of any distribution or dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of this Indenture;

(ii) the redemption, repurchase, retirement, defeasance or other acquisition of any pari passu or subordinated (in right of payment) Indebtedness of the Partnership or any of its Restricted Subsidiaries or of any Equity Interests of the Partnership or any of its Restricted Subsidiaries in exchange for, or out of the net cash proceeds of, a substantially concurrent (a) capital contribution to the Partnership or such Restricted Subsidiary from any Person (other than the Partnership or another Restricted Subsidiary) or (b) sale (a sale will be deemed substantially concurrent if such redemption, repurchase, retirement, defeasance or acquisition occurs not more than 120 days after such sale or within 24 months of the date of determination and the proceeds therefrom were used for the purposes expressly stated in the documents related thereto and may be traced to such use by segregating, separating or otherwise specifically identifying the movement of such proceeds) (other than to a Restricted Subsidiary of the Partnership) of (i) Equity Interests (other than Disqualified Equity) of the Partnership or such Restricted Subsidiary or (ii) Indebtedness that is subordinated to the Notes or the Guarantees, provided that such new subordinated Indebtedness with respect to the redemption, repurchase, retirement, defeasance or other acquisition of pari passu or subordinated Indebtedness (W) is subordinated to the same extent as such refinanced

Indebtedness (if the refinanced Indebtedness is subordinated), (X) has a Weighted Average Life to Maturity of at least the remaining Weighted Average Life to Maturity of the refinanced pari passu or subordinated Indebtedness, (Y) is for the same principal amount as either such refinanced pari passu or subordinated Indebtedness plus original issue discount to the extent not reflected therein or the redemption or purchase price of such Equity Interests (plus reasonable expenses of refinancing and any premiums paid on such refinanced pari passu or subordinated Indebtedness) and (Z) is incurred by the Partnership or the Restricted Subsidiary that is the obligor on the Indebtedness so refinanced or the issuer of the Equity Interests so redeemed, repurchased or retired; provided, however, that the amount of any net cash proceeds that are utilized for any such redemption, repurchase or other acquisition or retirement shall be excluded or deducted from the calculation of Available Cash and Incremental Funds;

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

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

(v) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Partnership or any of its Restricted Subsidiaries held by any member of the General Partner's or the Partnership's or any Restricted Subsidiary's management pursuant to any management equity subscription agreement or stock option agreement or to satisfy obligations under any Equity Interests appreciation rights or option plan or similar arrangement; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed $5.0 million in any 12-month period; and

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

In computing the amount of Restricted Payments made for purposes of Section 4.08(a), Restricted Payments made under clauses (i) (but only if the declaration of such dividend or other distribution has not been counted in a prior period) and, to the extent of amounts paid to holders other than the Partnership or any of its Restricted Subsidiaries, (iv) of this Section 4.08(b) shall be included, and Restricted Payments made under clauses (ii), (iii), (v) and (vi) and, except to the extent noted above, (iv) of this Section 4.08(b) shall not be included. The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Partnership or such Restricted Subsidiary, as

the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant shall be determined by the Board of Directors of the General Partner whose resolution with respect thereto shall be delivered to the Trustee.

SECTION 4.09. INCURRENCE OF INDEBTEDNESS AND ISSUANCE OF DISQUALIFIED EQUITY

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

(b) Notwithstanding the prohibitions of Section 4.09(a), so long as no Default or Event of Default shall have occurred and be continuing or would be caused thereby, the Partnership and its Restricted Subsidiaries may incur any of the following items of Indebtedness (collectively, "Permitted Debt"):

(i) the incurrence by the Partnership and any of its Restricted Subsidiaries of the Indebtedness under Credit Facilities and the guarantees thereof; provided that the aggregate principal amount of all Indebtedness of the Partnership and the Restricted Subsidiaries outstanding under all Credit Facilities after giving effect to such incurrence does not exceed $1.2 billion less the aggregate amount of all repayments of principal of Indebtedness under a Credit Facility that have been made by the Partnership or any of its Restricted Subsidiaries with Net Proceeds from Asset Sales to the extent such repayments constitute a permanent reduction of commitments under such Credit Facility;

(ii) the incurrence by the Partnership and its Restricted Subsidiaries of Existing Indebtedness;

(iii) the incurrence by the Partnership and the Subsidiary Guarantors of Indebtedness represented by the Notes and the Guarantees and the related Obligations;

(iv) the incurrence by the Partnership or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations,

mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Partnership or such Restricted Subsidiary, in an aggregate principal amount not to exceed $40.0 million at any time outstanding;

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

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

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

(B) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Partnership or a Restricted Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Partnership or a Restricted Subsidiary thereof, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Partnership or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (vi);

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

(viii) the guarantee by the Partnership or any of its Restricted Subsidiaries of Indebtedness of the Partnership or a Restricted Subsidiary of the Partnership that was permitted to be incurred by another provision of this covenant; provided, that in the event such Indebtedness that is being guaranteed is a Subordinated Obligation or a Guarantor Subordinated Obligation, then the guarantee shall be subordinated in right of payment to the Notes or the Guarantee, as the case may be;

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

(x) the incurrence by the Partnership or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (x), not to exceed $20.0 million;

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

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

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

(c) For purposes of determining compliance with this Section 4.09, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in paragraphs (b)(i) through (b)(xiii) above, or is entitled to be incurred pursuant to Section 4.09(a), the Partnership shall be permitted to classify such item of Indebtedness on the date of its incurrence in any manner that complies with this Section 4.09. An item of Indebtedness may be divided and classified in one or more of the types of Permitted Indebtedness.

SECTION 4.10. LIENS.

The Partnership shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind securing Indebtedness or Attributable Debt on any asset now owned or hereafter acquired, except Permitted Liens, without making effective a provision whereby all Obligations due under the Notes and this Indenture or any Guarantee, as applicable, will be secured by a Lien equally and ratably with (or prior to in the case of Liens with respect to Subordinated Obligations or Guarantor Subordinated Obligations, as the case may be) any and all Obligations thereby secured for so long as any such Obligations shall be so secured.

SECTION 4.11. DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES.

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

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

(b) make loans or advances to or make other Investments in the Partnership or any of the other Restricted Subsidiaries; or

(c) transfer any of its properties or assets to the Partnership or any of the other Restricted Subsidiaries.

The restrictions contained in the immediately preceding sentence will not apply to encumbrances or restrictions existing under or by reason of:

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

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

(iii) this Indenture, the Notes and the Guarantees;

(iv) applicable law;

(v) any instrument governing Indebtedness or Equity Interests of a Person acquired by the Partnership or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such

acquisition), which encumbrance or restriction is not applicable to any Person, other than such Person, or the property or assets of such Person, so acquired, provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred;

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

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

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

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

(x) Liens securing Indebtedness otherwise permitted to be issued pursuant to the provisions of Section 4.10 that limit the right of the Partnership or any of its Restricted Subsidiaries to dispose of the assets subject to such Lien;

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

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

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

(xiv) provisions with respect to the disposition or distribution of assets or property in joint venture agreements and other similar agreements, including "clawback," "make-well" or "keep-well" agreements, to maintain

financial performance or results of operations of a joint venture entered into in the ordinary course of business; and

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

SECTION 4.12. TRANSACTIONS WITH AFFILIATES

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

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

(ii) the Partnership delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $10.0 million but less than or equal to $50.0 million, an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved (either pursuant to specific or general resolutions) by the Board of Directors of the General Partner or has been approved by an officer pursuant to a delegation (specific or general) of authority from the Board of Directors of the General Partner; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $50.0 million, (I) a resolution of the Board of Directors of the General Partner set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the General Partner and (II) either (a) an opinion as to the fairness to the Partnership of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing recognized as an expert in rendering fairness opinions on transactions such as those proposed, (b) with respect to assets classified, in accordance with GAAP, as property, plant and equipment on the Partnership's or such Restricted Subsidiary's balance sheet, a written appraisal from a nationally recognized appraiser showing the assets have a fair market value not less than the

consideration to be paid (provided that if the fair market value determined by such appraiser is a range of values or otherwise inexact, the Board of Directors of the General Partner shall determine the exact fair market value, provided that it shall be within the range so determined by the appraiser), (c) in the case of gathering, transportation, marketing, hedging, production handling, operating, construction, storage, platform use, or other operational contracts, any such contracts are entered into in the ordinary course of business on terms substantially similar to those contained in similar contracts entered into by the Partnership or any Restricted Subsidiary and third parties or, if none of the Partnership or any Restricted Subsidiary has entered into a similar contract with a third party, that the terms are no less favorable than those available from third parties on an arm's-length basis, as determined by the Board of Directors of the General Partner or (d) in the case of any transaction between the Partnership or any of its Restricted Subsidiaries and any Affiliate thereof in which the Partnership beneficially owns 50% or less of the Voting Stock and one or more Persons not Affiliated with the Partnership beneficially own (together) a percentage of Voting Stock at least equal to the interest in Voting Stock of such Affiliate beneficially owned by the Partnership, a resolution of the Board of Directors of the General Partner set forth in the Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the General Partner. Even though a particular Affiliate Transaction or series of Affiliate Transactions may be covered by two or more of clauses (a) through (d) above, the compliance with any one of such applicable clauses shall be satisfactory.

(b) The following items shall not be deemed to be Affiliate Transactions and, therefore, shall not be subject to the provisions of Section 4.11(a):

(i) transactions pursuant to the Management Agreement as in effect on the Issue Date;

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

(iii) transactions between or among the Partnership and/or its Restricted Subsidiaries;

(iv) Restricted Payments that are permitted by Section 4.08;

(v) transactions effected in accordance with the terms of agreements as in effect on the Issue Date;

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

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

SECTION 4.13. ADDITIONAL SUBSIDIARY GUARANTEES.

If the Partnership or any of its Restricted Subsidiaries acquires or creates another Restricted Subsidiary after the Issue Date that guarantees any Indebtedness of either of the Issuers, then that newly acquired or created Restricted Subsidiary must become a Subsidiary Guarantor and execute a supplemental indenture satisfactory to the Trustee and deliver an Opinion of Counsel to the Trustee within 10 Business Days of the date on which it was acquired or created. If a Restricted Subsidiary that is not then a Subsidiary Guarantor guarantees Indebtedness of either of the Issuers or any other Restricted Subsidiary, such Restricted Subsidiary shall execute and deliver a Guarantee. The Partnership will not permit any of its Restricted Subsidiaries, directly or indirectly, to guarantee or pledge any assets to secure the payment of any other Indebtedness of either Issuer unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the guarantee of the payment of the Notes by such Restricted Subsidiary, which Guarantee shall be senior to or pari passu with such Restricted Subsidiary's guarantee of or pledge to secure such other Indebtedness (and, if such other Indebtedness being guaranteed or secured is a Subordinated Obligation or a Guarantor Subordinated Obligation, then such guarantee of or pledge to secure such other Indebtedness shall be expressly subordinated in right of payment to such Restricted Subsidiary's Guarantee of the Notes). Notwithstanding the foregoing, any Guarantee of a Restricted Subsidiary that was incurred pursuant to this paragraph shall provide by its terms that it shall be automatically and unconditionally released upon the release or discharge of the guarantee which resulted in the creation of such Restricted Subsidiary's Subsidiary Guarantee, except a discharge or release by, or as a result of payment under, such guarantee.

SECTION 4.14. DESIGNATION OF RESTRICTED AND UNRESTRICTED SUBSIDIARIES.

The General Partner may designate any Restricted Subsidiary of the Partnership to be an Unrestricted Subsidiary if that designation would not cause a Default or Event of Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, all outstanding Investments owned by the Partnership and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be an Investment made as of the time of such designation and will reduce the amount available for Restricted Payments under Section 4.08(a), for Permitted Investments or for Permitted Business Investments, as applicable. All such outstanding Investments will be valued at their fair market value, as determined

by the Board of Directors of the General Partner, at the time of such designation. That designation will only be permitted if such Restricted Payment, Permitted Investments or Permitted Business Investments would be permitted under this Indenture at that time and such Restricted Subsidiary otherwise complies with the definition of an Unrestricted Subsidiary. All Subsidiaries of such an Unrestricted Subsidiary shall be also thereafter constitute Unrestricted Subsidiaries. A Subsidiary may not be designated as an Unrestricted Subsidiary unless at the time of such designation, (x) it has no Indebtedness other than Non-Recourse Debt; (y) no portion of the Indebtedness or any other obligation of such Subsidiary (whether contingent or otherwise and whether pursuant to the terms of such Indebtedness or the terms governing the organization and operation of such Subsidiary or by law) (A) is guaranteed by the Partnership or any of its other Restricted Subsidiaries, except as such Indebtedness is permitted by Sections 4.08 and 4.09, (B) is recourse to or obligates the Partnership or any of its Restricted Subsidiaries in any way (including any "claw-back", "keep-well' or "make-well" agreements or other agreements, arrangements or understandings to maintain the financial performance or results of operations of such Subsidiary, except as such Indebtedness or Investment is permitted by Sections 4.08 and 4.09), or (C) subjects any property or assets of the Partnership or any of its other Restricted Subsidiaries, directly or indirectly, contingently or otherwise, to the satisfaction thereof; and (z) no Equity Interests of a Restricted Subsidiary are held by such Subsidiary, directly or indirectly. Upon the designation of a Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary, the Guarantee of such entity shall be released and the Trustee shall be authorized to take such actions as may be appropriate to reflect such release.

The Board of Directors of the General Partner may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if a Default or Event of Default is not continuing, the redesignation would not cause a Default or Event of Default and provided that, after giving effect to such designation, the Partnership and its remaining Restricted Subsidiaries could incur at least $1.00 of additional Indebtedness under Section 4.09(a).

SECTION 4.15. BUSINESS ACTIVITIES.

The Partnership shall not, and shall not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses.

SECTION 4.16. SALE AND LEASEBACK TRANSACTIONS.

The Partnership will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; provided that the Partnership or any Restricted Subsidiary that is a Subsidiary Guarantor may enter into a sale and leaseback transaction if:

(a) the Partnership or that Subsidiary Guarantor, as applicable, could have (i) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction under Section 4.09(a), and (ii) incurred a Lien to secure such Indebtedness pursuant to Section 4.10; provided, however, that clause (i) of this clause (a) shall be deemed deleted and of no effect after the date on which the Partnership and the Restricted Subsidiaries are no longer subject to the Eliminated Covenants;

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

(c) the transfer of assets in that sale and leaseback transaction is permitted by, and the Partnership applies the proceeds of such transaction in compliance with, any then applicable other provision of this Indenture.

SECTION 4.17. PAYMENTS FOR CONSENT.

The Partnership shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such considerations is offered to be paid and is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

SECTION 4.18. REPORTS.

(a) Whether or not required by the SEC, so long as any Notes are outstanding, the Partnership will file with the SEC (unless the SEC will not accept such a filing) within the time periods specified in the SEC's rules and regulations and, upon request, the Partnership will furnish the Trustee for delivery to Holders upon their request:

(i) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if the Partnership were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by the Partnership's certified independent accountants; and

(ii) all current reports that would be required to be filed with the SEC on Form 8-K if the Partnership were required to file such reports.

(b) If at the end of any such quarterly or annual period referred to in Section 4.18(a), the Partnership has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the Partnership shall deliver (promptly after such SEC filing referred to in Section 4.18(a)) to the Trustee for delivery to the Holders of the Notes quarterly and annual financial information required by Section 4.18(a) as revised to include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of the Partnership and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Partnership and the designated Joint Ventures of the Partnership.

(c) In addition, whether or not required by the SEC, the Partnership will make such information available to securities analysts, investors and prospective investors upon request. In addition, upon request the Partnership shall furnish the Trustee such

other non-confidential information, documents and other reports which the Partnership is required to file with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act.

(d) For so long as any Series A Notes remain outstanding (unless the Partnership is subject to the reporting requirements of the Exchange Act), the Partnership and the Securities Guarantors shall furnish to the Holders thereof, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act to the extent such information is not provided pursuant to Sections 4.18(a) and 4.18(b).

(e) Delivery of reports, information and documents to the Trustee pursuant to this Section 4.18 is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Partnership's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

SECTION 4.19. ELIMINATION OF COVENANTS.

From and after the first day following a period of 90 consecutive days during which the Notes have an Investment Grade Rating from both Rating Agencies and no Default has occurred and is continuing, the Partnership and the Restricted Subsidiaries shall no longer be subject to Sections 4.07, 4.08, 4.09, 4.11, 4.12, 4.16(a)(i), 4.18 and 5.01(a)(iv)(B) (collectively, the "Suspended Covenants").

ARTICLE 5
SUCCESSORS

SECTION 5.01. MERGER, CONSOLIDATION, OR SALE OF ASSETS.

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

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

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

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

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

(A) shall have Consolidated Net Worth immediately after the transaction equal to or greater than the Consolidated Net Worth of such Issuer immediately preceding the transaction; and

(B) shall, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a); provided, however, that this clause (B) shall be deemed deleted and no effect after the date on which the Partnership and the Restricted Subsidiaries are no longer subject to the Eliminated Covenants; and

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

(b) Notwithstanding Section 5.01(a), the Partnership is permitted to reorganize as any other form of entity in accordance with the procedures established in this Indenture; provided that:

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

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

(iii) the entity so formed by or resulting from such reorganization assumes all of the obligations of the Partnership under the Notes and this Indenture pursuant to agreements reasonably satisfactory to the Trustee;

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

(v) such reorganization is not adverse to the Holders of the Notes (for purposes of this clause (v) it is stipulated that such reorganization shall not be considered adverse to the Holders of the Notes solely because the successor or survivor of such reorganization (1) is subject to federal or state

income taxation as an entity or (2) is considered to be an "includible corporation" of an affiliated group of corporations within the meaning of Section 1504(b)(i) of the Code or any similar state or local law).

(c) Section 5.01(a) shall not apply to a merger or consolidation or any sale, assignment, transfer, lease, conveyance or other disposition of assets between or among the Partnership and any of its Restricted Subsidiaries.

(d) No Subsidiary Guarantor may consolidate with or merge with or into (whether or not such Subsidiary Guarantor is the surviving Person) another Person, whether or not affiliated with such Subsidiary Guarantor, but excluding the Partnership or another Subsidiary Guarantor, unless (i) subject to the provisions of Section 5.01(e), the Person formed by or surviving any such consolidation or merger (if other than such Subsidiary Guarantor) assumes all the obligations of such Subsidiary Guarantor pursuant to the Subsidiary Guarantor's Guarantee of the Notes and the Indenture pursuant to a supplemental indenture and (ii) immediately after giving effect to such transaction, no Default or Event of Default exists. Any Subsidiary Guarantor may be merged or consolidated with or into any one or more Subsidiary Guarantors.

(e) In the event of a sale or other disposition of all or substantially all of the assets of any Subsidiary Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of all or substantially all of the Equity Interests of any Subsidiary Guarantor, then such Subsidiary Guarantor (in the event of a sale or other disposition, by way of such a merger, consolidation or otherwise, of all of the Equity Interests of such Subsidiary Guarantor) or the Person acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such Subsidiary Guarantor) will be released and relieved of any obligations under its Guarantee; provided that the Partnership applies the Net Proceeds of such sale or other disposition in accordance with the provisions set forth under Sections 3.09 and 4.07.

SECTION 5.02. SUCCESSOR ENTITY SUBSTITUTED.

(a) Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of an Issuer in accordance with Section 5.01 hereof, the surviving entity formed by such consolidation or into or with which such Issuer is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Partnership" or "GulfTerra Finance," as the case may be, shall refer instead to the surviving entity and not to the Partnership or GulfTerra Finance, as the case may be), and may exercise every right and power of the Partnership or GulfTerra Finance, as the case may be, under this Indenture with the same effect as if such successor Person had been named as an Issuer herein; provided, however, that the predecessor shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of an Issuer's assets that meets the requirements of Section 5.01 hereof.

(b) If the surviving entity shall have succeeded to and been substituted for an Issuer, such surviving entity may cause to be signed, and may issue either in its own

name or in the name of the applicable Issuer prior to such succession any or all of the Notes issuable hereunder which theretofore shall not have been signed by such Issuer and delivered to the Trustee; and, upon the order of such surviving entity, instead of such Issuer, and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Notes which previously shall have been signed and delivered by the Officers of such Issuer to the Trustee for authentication, and any Notes which such surviving entity thereafter shall cause to be signed and delivered to the Trustee for that purpose (in each instance with notations of Guarantees thereon by the Subsidiary Guarantors). All of the Notes so issued and so endorsed shall in all respects have the same legal rank and benefit under this Indenture as the Notes theretofore or thereafter issued and endorsed in accordance with the terms of this Indenture and the Guarantees as though all such Notes had been issued and endorsed at the date of the execution hereof.

(c) In case of any such consolidation, merger, continuance, sale, transfer, conveyance or other disposal, such changes in phraseology and form (but not in substance) may be made in the Notes thereafter to be issued or the Guarantees to be endorsed thereon as may be appropriate.

(d) For all purposes of this Indenture and the Notes, Subsidiaries of any surviving entity will, upon such transaction or series of transactions, become Restricted Subsidiaries or Unrestricted Subsidiaries as provided pursuant to this Indenture and all Indebtedness, and all Liens on property or assets, of the surviving entity and its Restricted Subsidiaries immediately prior to such transaction or series of transactions shall be deemed to have been incurred upon such transaction or series of transactions.

ARTICLE 6
DEFAULTS AND REMEDIES

SECTION 6.01. EVENTS OF DEFAULT.

Each of the following is an Event of Default:

(a) default for 30 days in the payment when due of interest on, or Additional Interest with respect to, the Notes;

(b) default in payment when due of the principal of or premium, if any, on the Notes;

(c) failure by the Partnership or any of its Restricted Subsidiaries to comply with the provisions described under Sections 3.09, 4.06, and 4.07 hereof;

(d) failure by the Partnership or any of its Restricted Subsidiaries to comply with any of the other agreements in this Indenture for 60 days after notice to the Issuers by the Trustee or to the Issuers and Trustee by Holders of at least 25% in aggregate principal amount of the Notes then outstanding (provided that no such notice need be given, and an Event of Default shall occur, 60 days after a failure to comply with the covenants in Section 4.08, 4.09 or 5.01 hereof, unless theretofore cured);

(e) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by either Issuer or any of the Restricted Subsidiaries of the Partnership (or the payment of which is guaranteed by either Issuer or any of such Restricted Subsidiaries), whether such Indebtedness or guarantee now exists or is created after the date of this Indenture, if that default:

(i) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(ii) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $40.0 million or more;

(f) failure by an Issuer or any Restricted Subsidiary of the Partnership to pay final judgments aggregating in excess of $40.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(g) except as permitted by this Indenture, any Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Subsidiary Guarantor, or any Person acting on behalf of any Subsidiary Guarantor, shall deny or disaffirm its obligations under its Guarantee;

(h) either Issuer or any Restricted Subsidiary of the Partnership that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Partnership that, taken as a whole, would constitute a Significant Subsidiary, pursuant to or within the meaning of Bankruptcy Law:

(i) commences a voluntary case,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) consents to the appointment of a custodian of it or for all or substantially all of its property,

(iv) makes a general assignment for the benefit of its creditors, or

(v) generally is not paying its debts as they become due; and

(i) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against an Issuer or any Restricted Subsidiary of the Partnership that is a Significant Subsidiary or any group of Restricted

Subsidiaries of the Partnership that, taken as a whole, would constitute a Significant Subsidiary in an involuntary case;

(ii) appoints a custodian of an Issuer or any Restricted Subsidiary of the Partnership that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Partnership that, taken as a whole, would constitute a Significant Subsidiary or for all or substantially all of the property of an Issuer or any Restricted Subsidiary of the Partnership that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Partnership that, taken as a whole, would constitute a Significant Subsidiary; or

(iii) orders the liquidation of an Issuer or any Restricted Subsidiary of the Partnership that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Partnership that, taken as a whole, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

SECTION 6.02. ACCELERATION.

If any Event of Default (other than an Event of Default specified in clauses (h) or (i) of Section 6.01 hereof) occurs and is continuing, the Trustee may, and upon written request of the Holders of at least 25% in principal amount of the then outstanding Notes shall declare all the Notes to be due and payable immediately. Upon any such declaration, the Notes shall become due and payable immediately. Notwithstanding the foregoing, if an Event of Default specified in clause (h) or (i) of Section 6.01 hereof occurs, all outstanding Notes shall be due and payable immediately without further action or notice. Notwithstanding the foregoing, so long as any Credit Facility shall be in full force and effect, if an Event of Default pursuant to clause (e) of Section 6.01 with regard to such Credit Facility shall have occurred and be continuing, the Notes shall not become due and payable until the earlier to occur of (x) five Business Days following delivery of written notice of such acceleration of the Notes to the agent under such Credit Facility and (y) the acceleration of any Indebtedness under such Credit Facility. The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may on behalf of all of the Holders rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium that has become due solely because of the acceleration) have been cured or waived.

SECTION 6.03. OTHER REMEDIES.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest (and Additional Interest, if any) on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the

Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.04. WAIVER OF PAST DEFAULTS.

Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium and/or interest, if any, or Additional Interest, if any, on, the Notes (including in connection with an offer to purchase) (provided, however, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration). Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 6.05. CONTROL BY MAJORITY.

Holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability.

SECTION 6.06. LIMITATION ON SUITS.

A Holder of a Note may pursue a remedy with respect to this Indenture or the Notes only if:

(a) the Holder of a Note gives to the Trustee written notice of a continuing Event of Default;

(b) the Holders of at least 25% in principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(c) such Holder of a Note or Holders of Notes offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(e) during such 60-day period the Holders of a majority in principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

SECTION 6.07. RIGHTS OF HOLDERS OF NOTES TO RECEIVE PAYMENT.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal, premium and interest and Additional Interest, if any, on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08. COLLECTION SUIT BY TRUSTEE.

If an Event of Default specified in Section 6.01(a) or (b) occurs and is continuing, the Trustee is authorized to recover a judgment in its own name and as trustee of an express trust against the Issuers for the whole amount of principal of, premium and interest and Additional Interest, if any, remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 6.09. TRUSTEE MAY FILE PROOFS OF CLAIM.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to an Issuer or any of the Subsidiary Guarantors (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10. PRIORITIES.

If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: subject to the subordination provisions of this Indenture, to Holders of Notes for amounts due and unpaid on the Notes for principal, premium and Additional Interest, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium and Additional Interest, if any and interest, respectively; and

Third: to the Issuers or the Subsidiary Guarantors or to such other party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

SECTION 6.11. UNDERTAKING FOR COSTS.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE 7
TRUSTEE

SECTION 7.01. DUTIES OF TRUSTEE.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to any provision of this Indenture relating to the time, method and place of conducting any proceeding or remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any claim, loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Partnership or GulfTerra Finance. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02. RIGHTS OF TRUSTEE.

(a) Subject to the provisions of Section 7.01(a) hereof, the Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document, but may accept the same as conclusive evidence of the truth and accuracy of such statement or the correctness of such opinion.

(b) Before the Trustee acts or refrains from acting in the administration of this Indenture, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may execute any of its trusts or powers or perform any duties under this Indenture either directly by or through agents or attorneys, and may in all cases pay, subject to reimbursement as provided herein, such reasonable compensation as it deems proper to all such agents and attorneys employed or retained by it, and the Trustee shall not be responsible for any misconduct or negligence of any agent or attorney appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from an Issuer or any Subsidiary Guarantor shall be sufficient if signed by an Officer of the Partnership or the General Partner (in the case of the Partnership), by an Officer of the General Partner (in the case of the General Partner) or by an Officer of GulfTerra Finance or any Subsidiary Guarantor (in the case of GulfTerra Finance or such Subsidiary Guarantor).

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable security or indemnity against the claims, costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(g) The Trustee is not required to make any inquiry or investigation into facts or matters stated in any document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Trustee determines to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuers.

(h) The Trustee is not required to take notice or shall not be deemed to have notice of any Default or Event of Default hereunder except Defaults or Events of Default under Sections 6.01(a) and 6.01(b) hereof, unless a Responsible Officer of the Trustee has actual knowledge thereof or has received notice in writing of such Default or Event of Default from the Issuers or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, and in the absence of any such notice, the Trustee may conclusively assume that no such Default or Event of Default exists.

(i) The Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture.

(j) Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Notes.

(k) In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of Notes, each representing less than the aggregate principal amount of Notes outstanding required to take any action hereunder, the Trustee, in its sole discretion may determine what action, if any, shall be taken.

(l) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation of removal, the discharge of this Indenture and final payments of the Notes.

(m) The permissive right of the Trustee to take actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

(n) Except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information and any offering memorandum, disclosure material or prospectus distributed with respect to the Notes.

(o) The Trustee shall not be liable for any action taken or omitted by it in good faith at the direction of the Holders of not less than a majority in principal amount of the Notes as to the time, method, and place of conducting any proceedings for any remedy available to the Trustee or the exercising of any power conferred by the Indenture.

(p) Subject to Section 7.01(d), whether or not therein expressly so provided, every provision of the Indenture relating to the conduct of, or affecting the liability of, or affording protection to the Trustee shall be subject to the provisions of this Section 7.02.

(q) Any action taken, or omitted to be taken, by the Trustee in good faith, pursuant to this Indenture upon the request or authority or consent of any Person who, at the time of making such request or giving such authority or consent, is the Holder of any Note shall be conclusive and binding upon all future Holders of that Note and upon securities executed and delivered in exchange therefore or in place thereof.

SECTION 7.03. INDIVIDUAL RIGHTS OF TRUSTEE.

The Trustee in its commercial banking or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuers, any Subsidiary Guarantors or any Affiliate of the Partnership with the same rights it would have if it were not Trustee. Any Affiliate of the Trustee or Agent may do the same with like rights and duties. However, in the event that the Trustee acquires any conflicting interest (as defined in the TIA) it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee or resign. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

SECTION 7.04. TRUSTEE'S DISCLAIMER.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Notes or the Guarantees, it shall not be accountable for the Issuers' use of the proceeds from the Notes or any money paid to an Issuer or upon an Issuer's direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

SECTION 7.05. NOTICE OF DEFAULTS.

If a Default or Event of Default known to the Trustee occurs, the Trustee shall mail to Holders of Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest or Additional Interest, if any, on any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

SECTION 7.06. REPORTS BY TRUSTEE TO HOLDERS OF THE NOTES.

Within 60 days after each May 15 beginning with the May 15 following the date of this Indenture, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA Section 313(a) (but if no event described in TIA Section 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA Section 313(b)(2). The Trustee shall also transmit by mail all reports as required by TIA Section 313(c).

A copy of each report at the time of its mailing to the Holders of Notes shall be mailed to the Partnership and filed with the SEC and each stock exchange on which the Notes are listed in accordance with TIA Section 313(d). The Issuers shall promptly notify the Trustee when the Notes are listed on any stock exchange.

SECTION 7.07. COMPENSATION AND INDEMNITY.

The Issuers and the Subsidiary Guarantors shall pay to the Trustee from time to time such compensation as shall be agreed upon in writing between the Issuers and the Trustee for its acceptance of this Indenture and services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuers and the Subsidiary Guarantors shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Issuers and the Subsidiary Guarantors shall indemnify each of the Trustee or any successor Trustee against any and all losses, damages, claims, liabilities or

expenses (including reasonable attorneys' fees and expenses) incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against either of the Issuers or any Subsidiary Guarantor (including this Section 7.07) and defending itself against any claim (whether asserted by an Issuer, any Subsidiary Guarantor, or any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its negligence or bad faith. The Trustee shall notify the Issuers promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Issuers shall not relieve the Issuers and the Subsidiary Guarantors of their obligations hereunder. The Issuers and the Subsidiary Guarantors shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Issuers and the Subsidiary Guarantors shall pay the reasonable fees and expenses of such separate counsel. The Issuers and the Subsidiary Guarantors need not pay for any settlement made without their consent, which consent shall not be unreasonably withheld.

The obligations of the Issuers and the Subsidiary Guarantors under this Section 7.07 shall survive the satisfaction and discharge of this Indenture.

To secure the Issuers' and the Subsidiary Guarantors' payment obligations in this Section, the Trustee shall have a Lien (which it may exercise through right of set-off) prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal, premium, if any, and Additional Interest, if any, and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(h) or (i) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

The Trustee shall comply with the provisions of TIA Section 313(b)(2) to the extent applicable.

SECTION 7.08. REPLACEMENT OF TRUSTEE.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Issuers. The Holders of Notes of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuers in writing. The Issuers may remove the Trustee if:

(a) the Trustee fails to comply with Section 7.10 hereof;

(b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(c) a custodian or public officer takes charge of the Trustee or its property; or

(d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuers shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuers.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Issuers, any Subsidiary Guarantor or the Holders of Notes of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder of a Note who has been a Holder of a Note for at least six months, fails to comply with Section 7.10, such Holder of a Note may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuers. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of the Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Issuers' and the Subsidiary Guarantors' obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee.

SECTION 7.09. SUCCESSOR TRUSTEE BY MERGER, ETC.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

SECTION 7.10. ELIGIBILITY; DISQUALIFICATION.

There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trust powers, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $50 million as set forth in its most recent published annual report of condition.

This Indenture shall always have a Trustee who satisfies the requirements of TIA Section 310(a)(1), (2) and (5). The Trustee is subject to TIA Section 310(b), provided, however, that there shall be excluded from the operation of TIA Section 310(b)(l) any indenture or indentures under which other securities or certificates of interest or

participation in other securities of the Issuers are outstanding if the requirements of such exclusion set forth in TIA Section 310(b)(l) are met. For purposes of the preceding sentence, the optional provision permitted by the second sentence of Section 310(b)(9) of the Trust Indenture Act shall be applicable.

SECTION 7.11. PREFERENTIAL COLLECTION OF CLAIMS AGAINST ISSUERS.

The Trustee is subject to TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE 8
LEGAL DEFEASANCE AND COVENANT DEFEASANCE

SECTION 8.01. OPTION TO EFFECT LEGAL DEFEASANCE OR COVENANT DEFEASANCE.

The Issuers may, at the option of the Board of Directors of the General Partner (in the case of the Partnership) or of the Board of Directors of GulfTerra Finance (in the case of GulfTerra Finance) evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

SECTION 8.02. LEGAL DEFEASANCE AND DISCHARGE.

Upon the Issuers' exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Issuers and the Subsidiary Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their respective Obligations and certain other obligations with respect to all outstanding Notes and Guarantees, as applicable, on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Issuers and the Subsidiary Guarantors shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (a) and (b) of this sentence below, and to have satisfied all its other obligations under such Notes and this Indenture (and the Trustee, on demand of and at the expense of the Issuers, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Notes to receive solely from the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest and Additional Interest, if any, on such Notes when such payments are due (but not the Change of Control Payment or the payment pursuant to the Asset Sale Offer), (b) the Issuers' obligations with respect to such Notes under Sections 2.03, 2.04, 2.06, 2.07, 2.10 and 4.02 hereof, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Issuers' and the Subsidiary Guarantors' obligations in connection therewith, (d) the Issuers' rights of optional redemption and (e) this Article 8. Subject to

compliance with this Article 8, the Issuers may exercise the option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

SECTION 8.03. COVENANT DEFEASANCE.

Upon the Issuers' exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Issuers and the Subsidiary Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from its obligations under the covenants contained in Sections 3.09, 4.06, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.18 and 5.01(a)(iv) hereof and any covenant added to this Indenture subsequent to the Issue Date pursuant to Section 9.01 hereof with respect to the outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Issuers may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon the Issuers' exercise under Section 8.01 hereof of the option applicable to this Section 8.03 hereof, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(c) through 6.01(g) hereof shall not constitute Events of Default.

SECTION 8.04. CONDITIONS TO LEGAL OR COVENANT DEFEASANCE.

The following shall be the conditions to the application of either Section 8.02 or 8.03 hereof to the outstanding Notes:

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Issuers must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in United States dollars, non-callable U.S. Government Obligations, or a combination thereof, in such amounts as shall be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest, on the outstanding Notes at the Stated Maturity thereof or on the applicable redemption date, as the case may be, and the Partnership must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(b) in the case of an election under Section 8.02 hereof, the Issuers shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (A) the Partnership has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect

that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of an election under Section 8.03 hereof, the Partnership shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the incurrence of Indebtedness all or a portion of the proceeds of which shall be applied to such deposit) or insofar as Sections 6.01(h) and 6.01(i) hereof are concerned, at any time in the period ending on the 91st day after the date of deposit;

(e) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which either of the Issuers or any Restricted Subsidiary of the Partnership is a party or by which either of the Issuers or any Restricted Subsidiary of the Partnership is bound;

(f) the Partnership shall have delivered to the Trustee an Opinion of Counsel to the effect that after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(g) the Partnership shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by such Issuer with the intent of preferring the Holders over any other creditors of such Issuer or the Subsidiary Guarantors or with the intent of defeating, hindering, delaying or defrauding other creditors of such Issuer; and

(h) the Partnership shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

SECTION 8.05. DEPOSITED MONEY AND GOVERNMENT SECURITIES TO BE HELD IN TRUST; OTHER MISCELLANEOUS PROVISIONS.

Subject to Section 8.06 hereof, all money and non-callable U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including either Issuer acting as a

Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, and Additional Interest, if any, but such money need not be segregated from other funds except to the extent required by law.

The Issuers and the Subsidiary Guarantors shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable U.S. Government Obligations deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay to the Issuers from time to time upon the request of the Issuers any money or non-callable U.S. Government Obligations held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.06. REPAYMENT TO ISSUERS.

Any money deposited with the Trustee or any Paying Agent, or then held by an Issuer, in trust for the payment of the principal of, premium, if any, interest or Additional Interest, if any, on any Note and remaining unclaimed for two years after such principal, and premium, if any, interest or Additional Interest, if any, has become due and payable shall, subject to applicable escheat law, be paid to the Issuers on the request of the Issuers or (if then held by an Issuer) shall be discharged from such trust; and the Holder of such Note shall thereafter, as a creditor, look only to the Issuers or Subsidiary Guarantors for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of such Issuer as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuers cause to be published once, in The New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining shall be repaid to the Issuers.

SECTION 8.07. REINSTATEMENT.

If the Trustee or Paying Agent is unable to apply any United States dollars or U.S. Government Obligations in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuers' and the Subsidiary Guarantors' Obligations under this Indenture, the Notes and the Guarantees, as applicable, shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; provided, however, that, if the Issuers or the Subsidiary Guarantors make any payment of

principal of, premium, if any, interest or Additional Interest, if any, on any Note following the reinstatement of its Obligations, the Issuers and the Subsidiary Guarantors shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER

SECTION 9.01. WITHOUT CONSENT OF HOLDERS OF NOTES.

Notwithstanding Section 9.02 of this Indenture, the Issuers and the Subsidiary Guarantors and the Trustee may amend or supplement this Indenture, the Guarantees, or the Notes without the consent of any Holder of a Note:

(a) to cure any ambiguity, defect or inconsistency;

(b) to provide for uncertificated Notes in addition to or in place of certificated Notes or to alter the provisions of Article 2 hereof (including the related definitions) in a manner that does not materially adversely affect any Holder;

(c) to provide for the assumption of an Issuer's or a Subsidiary Guarantor's obligations to the Holders of the Notes in the case of a merger or consolidation or sale of all or substantially all of such Issuer's or Subsidiary Guarantors' assets pursuant to Article 5 hereof;

(d) to add or release Subsidiary Guarantors pursuant to the terms of this Indenture;

(e) to make any change that would provide any additional rights or benefits to the Holders of the Notes or surrender any right or power conferred upon the Issuers or the Subsidiary Guarantors by this Indenture that does not adversely affect the legal rights hereunder of any Holder of the Notes; or

(f) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA;

(g) to evidence or provide for the appointment under this Indenture of a successor Trustee;

(h) to add additional Events of Default; or

(i) to secure the Notes and/or the Guarantees.

Upon the request of the Issuers accompanied by a resolution of the Board of Directors of the General Partner (in the case of the Partnership), and of the Board of Directors of GulfTerra Finance and each of the Subsidiary Guarantors (in the case of GulfTerra Finance and the Subsidiary Guarantors), authorizing the execution of any such amended or supplemental Indenture, and upon receipt by the Trustee of the documents described in Section 9.06 hereof, the Trustee shall join with the Issuers and each of the

Subsidiary Guarantors in the execution of any amended or supplemental Indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental Indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

SECTION 9.02. WITH CONSENT OF HOLDERS OF NOTES.

Except as provided below in this Section 9.02, the Issuers, the Subsidiary Guarantors and the Trustee may amend or supplement this Indenture (including Sections 3.09, 4.06 and 4.07 hereof), the Guarantees, and the Notes with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture, the Guarantees or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for the Notes).

Upon the request of the Issuers accompanied by a resolution of the Board of Directors of the General Partner (in the case of the Partnership) and of the Board of Directors of GulfTerra Finance and each of the Subsidiary Guarantors (in the case of GulfTerra Finance and each of the Subsidiary Guarantors) authorizing the execution of any such amended or supplemental Indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 9.06 hereof, the Trustee shall join with the Issuers and each of the Subsidiary Guarantors in the execution of such amended or supplemental Indenture unless such amended or supplemental Indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amended or supplemental Indenture.

It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section becomes effective, the Issuers shall mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Issuers to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental Indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding may waive compliance in a particular instance by the Issuers with any provision of this Indenture or the Notes. However, without the consent of each Holder affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting Holder):

(a) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(b) reduce the principal of or change the fixed maturity of any Note or alter or waive any of the provisions with respect to the redemption of the Notes, except as provided above with respect to Sections 3.09, 4.06 and 4.07 hereof;

(c) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(d) waive a Default or Event of Default in the payment of principal of or premium, if any, interest or Additional Interest, if any, on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(e) make any Note payable in money other than that stated in the Notes;

(f) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of or premium, if any, or interest on the Notes;

(g) waive a redemption payment with respect to any Note (other than a payment required by the covenants contained in Sections 3.09, 4.06 or 4.07 hereof;

(h) except as otherwise permitted by this Indenture, release any Subsidiary Guarantor from any of its Obligations under its Guarantee or this Indenture, or change any Guarantee in any manner that would adversely affect the right of Holders; or

(i) make any change in Section 6.04 or 6.07 hereof or in the foregoing amendment and waiver provisions (except to increase any percentage set forth therein).

SECTION 9.03. COMPLIANCE WITH TRUST INDENTURE ACT.

Every amendment or supplement to this Indenture, the Guarantees, or the Notes shall be set forth in an amended or supplemental Indenture that complies with the TIA as then in effect.

SECTION 9.04. REVOCATION AND EFFECT OF CONSENTS.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

SECTION 9.05. NOTATION ON OR EXCHANGE OF NOTES.

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Issuers in exchange for all Notes may issue and the Trustee shall authenticate new Notes (accompanied by a notation of the Guarantees duly endorsed by the Subsidiary Guarantors) that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.06. TRUSTEE TO SIGN AMENDMENTS, ETC.

The Trustee shall sign any amended or supplemental Indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Issuers and the Subsidiary Guarantors may not sign an amendment or supplemental Indenture until the Board of Directors of the General Partner approves it. In executing any amended or supplemental indenture, the Trustee shall be entitled to receive and (subject to Section 7.01) shall be fully protected in relying upon, an Officers' Certificate of the Board of Directors of the General Partner and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture.

SECTION 9.07. EFFECT OF SUPPLEMENTAL INDENTURES.

Upon the execution of any supplemental indenture under this Article 9, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby. After a supplemental indenture becomes effective, the Issuers shall mail to Holders a notice briefly describing such amendment. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

ARTICLE 10
GUARANTEES

SECTION 10.01. GUARANTEES.

Subject to the provisions of this Article 10, each of the Subsidiary Guarantors hereby, jointly and severally, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the Obligations of the Issuers hereunder or thereunder, that: (a) the principal of, premium, interest and Additional Interest, if any, on the Notes shall be promptly paid in full when due, whether at the maturity or interest payment or mandatory redemption date, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium, interest and Additional Interest, if any, on the Notes, if any, if lawful, and all other Obligations of the Issuers to the Holders or the Trustee under this Indenture and the Notes shall be promptly paid in full or performed, all in accordance with the terms of this

Indenture and the Notes; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Subsidiary Guarantors shall be jointly and severally obligated to pay the same immediately. The Subsidiary Guarantors hereby agree that to the fullest extent permitted by applicable law, their obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions of this Indenture and the Notes, the recovery of any judgment against the Issuers, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Subsidiary Guarantor. To the fullest extent permitted by applicable law, each Subsidiary Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuers, any right to require a proceeding first against the Issuers, protest, notice and all demands whatsoever and covenant that the Guarantees shall not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

If any Holder or the Trustee is required by any court or otherwise to return to the Issuers or Subsidiary Guarantors, or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuers or Subsidiary Guarantors, any amount paid by either to the Trustee or such Holder, these Guarantees, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Subsidiary Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any Obligations guaranteed hereby until payment in full of all Obligations guaranteed hereby.

Each Subsidiary Guarantor further agrees that, as between the Subsidiary Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Obligations guaranteed hereby may be accelerated as provided in Article 6 hereof for the purposes of these Guarantees, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such Obligations as provided in Article 6 hereof, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Subsidiary Guarantors for the purpose of these Guarantees. The Subsidiary Guarantors shall have the right to seek contribution from any non-paying Subsidiary Guarantor so long as the exercise of such right does not impair the rights of the Holders under these Guarantees.

SECTION 10.02. LIMITATION OF GUARANTOR'S LIABILITY.

Each Subsidiary Guarantor and, by its acceptance hereof, each Holder hereby confirms that it is its intention that the Guarantee by such Subsidiary Guarantor not constitute a fraudulent transfer or conveyance for purposes of the Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to the Guarantees. To effectuate the foregoing

intention, each such Person hereby irrevocably agrees that the Obligation of such Subsidiary Guarantor under its Guarantee under this Article 10 shall be limited to the maximum amount as shall, after giving effect to such maximum amount and all other (contingent or otherwise) liabilities of such Subsidiary Guarantor that are relevant under such laws, and after giving effect to any rights to contribution of such Subsidiary Guarantor pursuant to any agreement providing for an equitable contribution among such Subsidiary Guarantor and other Affiliates of the Issuers of payments made by guarantees by such parties, result in the Obligations of such Subsidiary Guarantor in respect of such maximum amount not constituting a fraudulent conveyance. Each Holder, by accepting the benefits hereof, confirms its intention that, in the event of bankruptcy, reorganization or other similar proceeding of either of the Issuers or any Subsidiary Guarantor in which concurrent claims are made upon such Subsidiary Guarantor hereunder, to the extent such claims shall not be fully satisfied, each such claimant with a valid claim against such Issuer shall be entitled to a ratable share of all payments by such Subsidiary Guarantor in respect of such concurrent claims.

SECTION 10.03. EXECUTION AND DELIVERY OF GUARANTEES.

To evidence the Guarantees set forth in Section 10.01 hereof, each Subsidiary Guarantor hereby agrees that a notation of the Guarantees substantially in the form of Exhibit D shall be endorsed by an Officer of such Subsidiary Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of such Subsidiary Guarantor by its President or one of its Vice Presidents.

Each Subsidiary Guarantor hereby agrees that the Guarantees set forth in Section 10.01 shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of the Guarantees.

If an Officer or Officer whose signature is on this Indenture or on the Guarantees no longer holds that office at the time the Trustee authenticates the Note on which the notation of the Guarantees are endorsed, the Guarantees shall be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantees set forth in this Indenture on behalf of the Subsidiary Guarantors.

SECTION 10.04. SUBSIDIARY GUARANTORS MAY CONSOLIDATE, ETC., ON CERTAIN TERMS.

(a) Except as set forth in Articles 4 and 5 hereof, nothing contained in this Indenture or in any of the Notes shall prevent any consolidation or merger of the Partnership or a Subsidiary Guarantor with or into the Partnership or another Subsidiary Guarantor or shall prevent any sale or conveyance of the property of a Subsidiary Guarantor as an entirety or substantially as an entirety, to the Partnership or another Subsidiary Guarantor.

(b) Except as set forth in Articles 4 and 5 hereof, nothing contained in this Indenture or in any of the Notes shall prevent any consolidation or merger of a Subsidiary Guarantor with or into another Person other than the Partnership or another Subsidiary

Guarantor (whether or not affiliated with the Subsidiary Guarantor), or successive consolidations or mergers in which a Subsidiary Guarantor or its successor or successors shall be a party or parties, or shall prevent any sale or conveyance of the property of a Subsidiary Guarantor as an entirety or substantially as an entirety, to a person other than the Partnership (whether or not affiliated with the Subsidiary Guarantor) authorized to acquire and operate the same; provided, however, that such transaction meets all of the following requirements: (i) each Subsidiary Guarantor hereby covenants and agrees that, upon any such consolidation, merger, sale or conveyance, the Guarantee contained herein, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed by such Subsidiary Guarantor, shall be expressly assumed (in the event that the Subsidiary Guarantor is not the surviving corporation in the merger or consolidation), by supplemental indenture satisfactory in form to the Trustee, executed and delivered to the Trustee, by the Person formed by such consolidation, or into which the Subsidiary Guarantor shall have been merged, or by the Person which shall have acquired such property, and (ii) immediately after giving effect to such transaction, no Default or Event of Default exists. In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor Person by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Guarantees contained herein and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Subsidiary Guarantor, such successor shall succeed to and be substituted for the Subsidiary Guarantor with the same effect as if it had been named herein as a Subsidiary Guarantor. Such successor thereupon may cause to be signed any or all of the notations of the Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Issuers and delivered to the Trustee. All the Guarantees so issued shall in all respects have the same legal rank and benefit under this Indenture as the Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Guarantees had been issued at the date of the execution hereof.

SECTION 10.05. RELEASES.

Concurrently with any sale of assets (including, if applicable, all of the Equity Interests of any Subsidiary Guarantor), any Liens in favor of the Trustee in the assets sold thereby shall be released; provided that in the event of an Asset Sale, the Net Proceeds from such sale or other disposition are treated in accordance with the provisions of Section 4.07 hereof. The Guarantee or the obligations under Section 10.04 hereof of a Subsidiary Guarantor will be released (i) in connection with any sale or other disposition of all or substantially all of the assets of such Subsidiary Guarantor (including by way of merger or consolidation), if the Partnership applies the Net Proceeds of that sale or other disposition in accordance with Section 4.07 hereof; or (ii) in connection with the sale or other disposition of all of the Equity Interests of a Subsidiary Guarantor, if the Partnership applies the Net Proceeds of that sale in accordance with Section 4.07 hereof; or (iii) if the Partnership designates any Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary; or (iv) at such time as such Subsidiary Guarantor ceases to guarantee any other Indebtedness of the Partnership. Upon delivery by the Partnership to the Trustee of an Officers' Certificate to the effect that such sale or other disposition was

made by the Partnership in accordance with the provisions of this Indenture, including without limitation Section 4.07 hereof or such Guarantee is to be released pursuant to the provisions of the immediately preceding sentence, the Trustee shall execute any documents reasonably required in order to evidence the release of any Subsidiary Guarantor from its obligations under its Guarantees. Any Subsidiary Guarantor not released from its obligations under its Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Subsidiary Guarantor under this Indenture as provided in this Article 10.

SECTION 10.06. "TRUSTEE" TO INCLUDE PAYING AGENT.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Issuers and be then acting hereunder, the term "Trustee" as used in this Article 10 shall in such case (unless the context shall otherwise require) be construed as extending to and including such Paying Agent within its meaning as fully and for all intents and purposes as if such Paying Agent were named in this Article 10 in place of the Trustee.

ARTICLE 11
SATISFACTION AND DISCHARGE

SECTION 11.01. SATISFACTION AND DISCHARGE.

This Indenture shall upon the request of the Issuers cease to be of further effect (except as to surviving rights of registration of transfer or exchange of Notes herein expressly provided for, the Issuers' obligations under Section 7.07 hereof, the Issuers' rights of optional redemption under Article 3 hereof, and the Trustee's and the Paying Agent's obligations under Section 11.02 and 11.03 hereof) and the Trustee, at the expense of the Issuers, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture when

(a) either

(i) all Notes therefore authenticated and delivered (other than (A) Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.07 and (B) Notes for whose payment money has been deposited in trust with the Trustee or any Paying Agent and thereafter paid to the Issuers or discharged from such trust) have been delivered to the Trustee for cancellation; or

(ii) all such Notes not theretofore delivered to the Trustee for cancellation

(A) have become due and payable; or

(B) shall become due and payable at their Stated Maturity within one year, or

(C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of

redemption by the Trustee in the name, and at the expense, of the Issuers,

and the Issuers, in the case of clause (A), (B) or (C) above, have irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for such purpose money or U.S. Government Obligations in an amount sufficient (as certified by an independent public accountant designated by the Issuers) to pay and discharge the entire indebtedness of such Notes not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest, if any, to the date of such deposit (in the case of Notes which have become due and payable) or the Stated Maturity or redemption date, as the case may be;

(b) the Issuers have paid or caused to be paid all other sums then due and payable hereunder by the Issuers;

(c) no Default or Event of Default with respect to the Notes shall have occurred and be continuing on the date of such deposit and after giving effect to such deposit; and

(d) the Issuers have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the Issuers' obligations in Sections 2.03, 2.04, 2.06, 2.07, 2.11, 7.07, 7.08, 11.02, 11.03 and 11.04, and the Trustee's and Paying Agent's obligations in Section 11.03 shall survive until the Notes are no longer outstanding. Thereafter, only the Issuers' obligations in Section 11.03 shall survive.

In order to have money available on a payment date to pay principal (and premium, if any, on) or interest on the Notes, the U.S. Government Obligations shall be payable as to principal (and premium, if any) or interest at least one Business Day before such payment date in such amounts as shall provide the necessary money. The U.S. Government Obligations shall not be callable at the issuer's option.

SECTION 11.02. APPLICATION OF TRUST.

All money deposited with the Trustee pursuant to Section 11.01 shall be held in trust and, at the written direction of the Issuers, be invested prior to maturity in non-callable U.S. Government Obligations, and applied by the Trustee in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for the payment of which money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

SECTION 11.03. REPAYMENT OF THE ISSUERS.

The Trustee and the Paying Agent shall promptly pay to the Issuers upon written request any excess money or securities held by them at any time.

Subject to applicable escheat laws, the Trustee and the Paying Agent shall notify the Issuers of, and pay to the Issuers upon written request, any money held by them for the payment of principal or interest that remains unclaimed for two years after the date upon which such payment shall have become due; provided that the Issuers shall have either caused notice of such payment to be mailed to each Holder of the Notes entitled thereto no less than 30 days prior to such repayment or within such period shall have published such notice in a financial newspaper of widespread circulation published in The City of New York, including, without limitation, The Wall Street Journal (national edition). After payment to the Issuers, Holders entitled to the money must look to the Issuers for payment as general creditors unless an applicable abandoned property law designates another Person, and all liability of the Trustee and such Paying Agent with respect to such money shall cease. In the absence of a written request from the Issuers to return unclaimed funds to the Issuers, the Trustee shall from time to time deliver all unclaimed funds to or as directed by applicable escheat authorities, as determined by the Trustee in its sole discretion, in accordance with the customary practices and procedures of the Trustee. Any unclaimed funds held by the Trustee pursuant to this Section 11.03 shall be held uninvested and without any liability for interest.

SECTION 11.04. REINSTATEMENT.

If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with Section 11.01 by reason of any legal proceeding or by reason of any order or judgment of any court of governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuers' and Subsidiary Guarantors' Obligations under this Indenture, the Notes and the Guarantees shall be revived and reinstated as though no deposit has occurred pursuant to Section 11.01 until such time as the Trustee or Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with Section 11.02, provided, however, that if the Issuers or the Subsidiary Guarantors have made any payment of interest on or principal of any Notes because of the reinstatement of their Obligations, the Issuers or such Subsidiary Guarantors shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE 12
MISCELLANEOUS

SECTION 12.01. TRUST INDENTURE ACT CONTROLS.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA Section 318(c), the imposed duties shall control.

SECTION 12.02. NOTICES.

Any notice or communication by the Issuers or the Trustee to the others is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), telecopier or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Issuers or any Subsidiary Guarantor:

GulfTerra Energy Partners, L.P.
4 Greenway Plaza
Houston, Texas 77046
Telecopier No.: (713) 420-2131
Attention: Chief Financial Officer

With a copy to:

Akin, Gump, Strauss, Hauer & Feld, L.L.P.
1900 Pennzoil Place, South Tower
711 Louisiana Street
Houston, Texas 77002
Telecopier No.: (713) 236-0822
Attention: J. Vincent Kendrick

If to the Trustee or Paying Agent:

Wells Fargo Bank, National Association
505 Main Street
Suite 301
Fort Worth, Texas 76102
Attention: Melissa Scott

The Issuers, any Subsidiary Guarantor or the Trustee, by notice to the others may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if sent by facsimile transmission; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication shall also be so mailed to any Person described in TIA Section 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Issuers mail a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 12.03. COMMUNICATION BY HOLDERS OF NOTES WITH OTHER HOLDERS OF NOTES.

The Trustee is subject to TIA Section 312(b), and Holders may communicate pursuant thereto with other Holders with respect to their rights under this Indenture or the Notes. The Issuers, the Subsidiary Guarantors, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

SECTION 12.04. CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.

Upon any request or application by the Issuers or any Subsidiary Guarantor to the Trustee to take any action under this Indenture, the Issuers or such Subsidiary Guarantors shall furnish to the Trustee:

(a) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Officer of the General Partner, an Issuer or any Subsidiary Guarantor may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such Officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, and may state that it is so based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an Officer or Officers of the General Partner, an Issuer or such Subsidiary Guarantor stating that the information with respect to such factual matters is in possession of the General Partner, an Issuer or such Subsidiary Guarantor, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate of opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 12.05. STATEMENTS REQUIRED IN CERTIFICATE OR OPINION.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA Section 314(a)(4)) shall comply with the provisions of TIA Section 314(e) and shall include:

(a) a statement that the Person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

SECTION 12.06. RULES BY TRUSTEE AND AGENTS.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 12.07. NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, PARTNERS, EMPLOYEES, INCORPORATORS, STOCKHOLDERS AND MEMBERS.

No past, present or future director, officer, partner, employee, incorporator, stockholder or member of either of the Issuers, the General Partner or any Subsidiary Guarantor, as such, shall have any liability for any Obligations of either of the Issuers or any Subsidiary Guarantor under the Notes, this Indenture or the Guarantees or for any claim based on, in respect of, or by reason of, such Obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

SECTION 12.08. GOVERNING LAW.

THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE GUARANTEES.

SECTION 12.09. NO ADVERSE INTERPRETATION OF OTHER AGREEMENTS.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of either of the Issuers or any Subsidiary of the Partnership or of any other

Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture or the Guarantees.

SECTION 12.10. SUCCESSORS.

All agreements of the Issuers and the Subsidiary Guarantors in this Indenture, the Notes and the Guarantees shall bind its successors. All agreements of the Trustee in this Indenture shall bind their respective successors.

SECTION 12.11. SEVERABILITY.

In case any provision in this Indenture, the Notes or the Guarantees shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 12.12. COUNTERPART ORIGINALS.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

SECTION 12.13. TABLE OF CONTENTS, HEADINGS, ETC.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Indenture as of the date first written above. Issuers:

GULFTERRA ENERGY PARTNERS, L.P.

By: GULFTERRA ENERGY COMPANY,
L.L.C., as General Partner

By: /s/ Keith Forman

Keith Forman, Vice President and
Chief Financial Officer

GULFTERRA ENERGY FINANCE CORPORATION

By: /s/ Keith Forman

Keith Forman, Vice President and
Chief Financial Officer

Subsidiary Guarantors:

CAMERON HIGHWAY PIPELINE GP, L.L.C. *
CAMERON HIGHWAY PIPELINE I, L.P. *
CRYSTAL HOLDING, L.L.C.*
FIRST RESERVE GAS, L.L.C. *
FLEXTREND DEVELOPMENT COMPANY, L.L.C. *
GULFTERRA ALABAMA INTRASTATE, L.L.C.*
GULFTERRA FIELD SERVICES, L.L.C.*
GULFTERRA GC, L.P. *
GULFTERRA HOLDING I, L.L.C. *
GULFTERRA HOLDING II, L.L.C. *
GULFTERRA HOLDING III, L.L.C. *
GULFTERRA HOLDING IV, L.P. *
GULFTERRA HOLDING V, L.P. *
GULFTERRA INTRASTATE, L.P. *
GULFTERRA NGL STORAGE, L.L.C.*
GULFTERRA OIL TRANSPORT, L.L.C.
GULFTERRA OPERATING COMPANY, L.L.C. *
GULFTERRA SOUTH TEXAS, L.P. *
GULFTERRA TEXAS PIPELINE, L.P*.
HATTIESBURG GAS STORAGE COMPANY
By: FIRST RESERVE GAS, L.L.C., in its capacity as 50% general partner of Hattiesburg Gas Storage Company*
By: HATTIESBURG INDUSTRIAL GAS SALES, L.L.C., in its capacity as 50% general partner of Hattiesburg Gas Storage Company*
HATTIESBURG INDUSTRIAL GAS SALES, L.L.C.*
HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
By: GULFTERRA ENERGY PARTNERS, L.P., its sole member*
MANTA RAY GATHERING COMPANY, L.L.C.*
PETAL GAS STORAGE, L.L.C.*
POSEIDON PIPELINE COMPANY, L.L.C.*

*By: /s/ Keith Forman

Name: Keith Forman
Title: Vice President and Chief Financial Officer

Trustee:

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: /s/ Melissa Scott

Name: Melissa Scott
Title: Vice President

SCHEDULE A

Schedule of Subsidiary Guarantors

Cameron Highway Pipeline GP, L.L.C.
Cameron Highway Pipeline I, L.P.
Crystal Holding, L.L.C.
First Reserve Gas, L.L.C.
Flextrend Development Company, L.L.C.
GulfTerra Alabama Intrastate, L.L.C.
GulfTerra Field Services, L.L.C.
GulfTerra GC, L.P.
GulfTerra Holding I, L.L.C.
GulfTerra Holding II, L.L.C.
GulfTerra Holding III, L.L.C.
GulfTerra Holding IV, L.P.
GulfTerra Holding V, L.P.
GulfTerra Intrastate, L.P.
GulfTerra NGL Storage, L.L.C.
GulfTerra Oil Transport, L.L.C.
GulfTerra Operating Company, L.L.C.
GulfTerra South Texas, L.P.
GulfTerra Texas Pipeline, L.P.
Hattiesburg Gas Storage Company
Hattiesburg Industrial Gas Sales, L.L.C.
High Island Offshore System, L.L.C.
Manta Ray Gathering Company, L.L.C.
Petal Gas Storage, L.L.C.
Poseidon Pipeline Company, L.L.C.

(Face of Note)

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUERS.(1)

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE ISSUER OR THEIR AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.(1) *THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE ISSUERS OF THIS NOTE THAT: (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO GULFTERRA ENERGY PARTNERS, L.P., GULFTERRA ENERGY FINANCE CORPORATION, OR ANY OF THEIR SUBSIDIARIES, (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER

REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (V) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF $250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (VI) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (VI) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

CUSIP: _____

6 1/4% [Series A] [Series B] Senior Notes due 2010

No. _____ $ _____

GULFTERRA ENERGY PARTNERS, L.P.
and
GULFTERRA ENERGY FINANCE CORPORATION

promise to pay to _____ or registered assigns, the principal sum of _____ Dollars of the United States of America or such greater or lesser amount as may from time to time be endorsed on the Schedule of Exchanges of Interests in the Global Note(1) on June 1, 2010.

Interest Payment Dates: June 1 and December 1 of each year

Record Dates: May 15 and November 15

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

- ----------

(1) This is included in Global Notes only

* Legend appears only on the Series A Notes.

Unless the certificate of authorization hereon has been duly executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit of this Indenture or be valid or obligatory for any purpose.

Dated: _____ ___, ____

GULFTERRA ENERGY FINANCE CORPORATION

By: _____
Name: _____
Title: _____

GULFTERRA ENERGY PARTNERS, L.P.

By: GulfTerra Energy Company, L.L.C.,
as General Partner

By: _____
Name: _____
Title: _____

Certificate of Authentication:

This is one of the Notes referred to in the within-mentioned Indenture.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

Date of Authentication: _____ ___, ____

[Back of Note]
6 1/4% [Series A] [Series B] Senior Note due 2010

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest. GulfTerra Energy Partners, L.P., a Delaware limited partnership (the "Partnership"), and GulfTerra Energy Finance Corporation, a Delaware corporation ("GulfTerra Finance" and, together with the Partnership, the "Issuers"), promise to pay interest on the principal amount of this Note at 6 1/4% per annum and shall pay any Additional Interest payable pursuant to Section 5 of the Registration Rights Agreement referred to below. The Issuers will pay interest and Additional Interest, if any, semi-annually on June 1 and December 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the Issue Date; provided that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; provided, further, that the first Interest Payment Date shall be December 1, 2003. The Issuers shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at the rate then in effect; the Issuers shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Additional Interest (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

2. Method of Payment. The Issuers will pay interest on the Notes (except defaulted interest) and Additional Interest to the Persons who are registered Holders of Notes at the close of business on the May 15 or November 15 next preceding the Interest Payment Date, even if such Notes are cancelled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium and interest and Additional Interest, if any, at the office or agency of the Paying Agent and Registrar maintained for such purpose within the City and State of New York, or, at the option of the Issuers, payment of interest and Additional Interest, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders, and provided that payment by wire transfer of immediately available funds will be required with respect to principal of and interest, premium and Additional Interest, if any, on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Issuers or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Registrar. Initially, Wells Fargo Bank, National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The

Issuers may change any Paying Agent or Registrar without notice to any Holder. The Issuers or any of the Subsidiary Guarantors may act in any such capacity.

4. Indenture. The Issuers issued the Notes under an Indenture dated as of July 3, 2003 ("Indenture") among the Issuers, the Subsidiary Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbbb). The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are unsecured general obligations of the Issuers.

5. Optional Redemption. The Issuers shall have the option to redeem the Notes, in whole or in part from time to time, on at least 30 but not more than 60 days' prior notice mailed to the registered address of each Holder of Notes to be so redeemed, at a redemption price equal to the greater of (i) 100 percent of the principal amount of Notes to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to the date of redemption or (ii) the sum of (a) the present values of the Remaining Scheduled Payments on such Notes, discounted to the date of redemption, on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months), at the Treasury Rate plus 50 basis points plus (b) accrued and unpaid interest on the principal amount being redeemed to the date of redemption.

6. Mandatory Redemption. Except as set forth in paragraph 7 below, the Issuers shall not be required to make mandatory redemption payments with respect to the Notes.

7. Repurchase at Option of Holder. Subject to the additional terms and conditions set forth in the Indenture:

(a) If there is a Change of Control, each Holder of Notes will have the right to require the Issuers to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of such Holder's Notes (the "Change of Control Offer") at a purchase price equal to 101% of the aggregate principal amount of the Notes repurchased plus accrued and unpaid interest, if any, thereon, and Additional Interest, if any, thereon, to the date of purchase, subject to the satisfaction of the Tender Condition in the event of a Change of Control that does not result in a Ratings Downgrade. Within 30 days following any Change of Control, the Issuers shall mail a notice to each Holder setting forth the procedures governing the Change of Control Offer as required by the Indenture and information regarding such other matters as is required under Section 4.06 of the Indenture. The Holder of this Note may elect to have this Note or a portion hereof in an authorized denomination purchased, subject to the satisfaction of the Tender Condition in the event of a Change of Control that does not result in a Ratings Downgrade, by completing the form entitled "Option of Holder to Elect Purchase" appearing below and tendering this Note pursuant to the Change of Control Offer.

(b) If the Issuers or any Restricted Subsidiary of the Partnership consummates an Asset Sale, the Issuers shall promptly commence a pro rata offer to all Holders of Notes and all holders of other Indebtedness that is pari passu in right of paymentwith the Notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets (an "Asset Sale Offer") pursuant to Section 3.09 of the Indenture to purchase the maximum principal amount of Notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon, if any, and Additional Interest (in the case of the Notes) thereon, if any, to the date of purchase in accordance with the procedures set forth in the Indenture. If the aggregate principal amount of Notes surrendered by Holders thereof exceeds the amount of Excess Proceeds allocated for repurchase of Notes, the Trustee shall select the Notes to be purchased on a pro rata basis. Holders of Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Issuers prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled "Option of Holder to Elect Purchase" on the reverse of the Notes.

8. Notice of Redemption. Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest and Additional Interest, if any, cease to accrue on Notes or portions thereof called for redemption unless the Issuers defaults in making such redemption payment.

9. Denominations, Transfer, Exchange. The Notes are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuers may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Issuers need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, it need not exchange or register the transfer of any Notes for a period of 15 days before the mailing of a notice of redemption or during the period between a record date and the corresponding Interest Payment Date.

10. Persons Deemed Owners. The registered Holder of a Note may be treated as its owner for all purposes.

11. Amendment, Supplement and Waiver. Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes, and any existing default or compliance with any provision of the Indenture, the Guarantees, or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes. Without the consent of any Holder of a Note, the Indenture, the

Guarantees, or the Notes may be amended or supplemented to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of an Issuer's or a Subsidiary Guarantor's obligations to Holders of the Notes in case of a merger or consolidation or sale of all or substantially all of such Issuer's or Subsidiary Guarantor's assets, to add or release Subsidiary Guarantors pursuant to the terms of the Indenture, to make any change that would provide any additional rights or benefits to the Holders of the Notes or surrender any right or power conferred upon the Issuers or the Subsidiary Guarantors by the Indenture that does not adversely affect the rights under the Indenture of any such Holder, to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act, to evidence or provide for the acceptance of appointment under the Indenture of a successor Trustee, to add additional Events of Default or to secure the Notes and/or the Guarantees.

12. Defaults and Remedies. Events of Default include in summary form: (i) default for 30 days in the payment when due of interest on or Additional Interest, if any, with respect to the Notes; (ii) default in payment when due of the principal of or premium, if any, on the Notes; (iii) failure by the Partnership or any of its Restricted Subsidiaries to comply with Sections 3.09, 4.06 and 4.07 of the Indenture; (iv) failure by the Partnership for 60 days after notice to the Issuers by the Trustee or to the Issuers and the Trustee by Holders of at least 25% in principal amount of the Notes then outstanding to comply with certain other agreements in the Indenture or the Notes (provided that no such notice need be given, and an Event of Default shall occur, 60 days after a failure by an Issuer or any Restricted Subsidiary of the Partnership to comply with the covenants in section 4.08, 4.09 or 5.01 of the Indenture, unless theretofore cured); (v) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by an Issuer or any Restricted Subsidiary of the Partnership (or the payment of which is guaranteed by an Issuer or any Restricted Subsidiary of the Partnership), whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, if that default (a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default") or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $40.0 million or more; (vi) the failure by an Issuer or any Restricted Subsidiary of the Partnership to pay final judgments by courts of competent jurisdiction aggregating in excess of $40.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; (vii) except as permitted by the Indenture, any Guarantee of a Subsidiary Guarantor shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in force and effect or any Subsidiary Guarantor, or any Person acting on behalf of any Subsidiary Guarantor, shall deny or disaffirm its obligations under its Guarantee; and (viii) certain events of bankruptcy or insolvency with respect to an Issuer or any Restricted Subsidiary of the Partnership that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary. If any Event of Default occurs and is continuing, the Trustee may or at the

request of the Holders of at least 25% in principal amount of the then outstanding Notes shall declare all the Notes to be due and payable. Notwithstanding the foregoing, so long as any Credit Facility shall be in full force and effect, if an Event of Default pursuant to clause (v) above with regard to such Credit Facility shall have occurred and be continuing, the Notes shall not become due and payable until the earlier to occur of (x) five Business Days following delivery of written notice of such acceleration of the Notes to the agent under such Credit Facility and (y) the acceleration of any Indebtedness under such Credit Facility. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to an Issuer, any Restricted Subsidiary of the Partnership constituting a Significant Subsidiary or any group of Restricted Subsidiaries of the Partnership that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest.

The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or Additional Interest, if any, on, or the principal or premium, if any, of the Notes. The Partnership is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Issuers are required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

13. Trustee Dealings with Partnership. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Partnership or its Affiliates, and may otherwise deal with the Partnership or its Affiliates, as if it were not the Trustee.

14. No Recourse Against General Partner. The General Partner shall not have any liability for any Obligations of either of the Issuers or any Subsidiary Guarantor under the Notes, the Indenture or the Guarantees, or for any claim based on, in respect of, or by reason of, such Obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

15. No Recourse Against Others. A past, present or future director, officer, partner, employee, incorporator, stockholder or member of an Issuer, the General Partner or any Subsidiary Guarantor, as such, shall not have any liability for any Obligations of either of the Issuers or any Subsidiary Guarantor under the Notes, the Indenture or the Guarantees or for any claim based on, in respect of, or by reason of, such Obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

16. Authentication. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

17. Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

18. Additional Rights and Obligations of Holders of Restricted Global Notes and Restricted Definitive Notes. In addition to the rights provided to Holders of Notes under the Indenture, Holders of Restricted Global Notes and Restricted Certificated Notes shall have all the rights and obligations set forth in the Registration Rights Agreement dated as of July 3, 2003, among the Issuers, the Subsidiary Guarantors and the parties named on the signature pages thereof (the "Registration Rights Agreement").

19. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuers have caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Issuers will furnish to any Holder upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement.

Requests may be made to:

El Paso Energy Partners, L.P.
4 Greenway Plaza
Houston, Texas 77046
Attention: Chief Financial Officer

with a copy to:

Akin, Gump, Strauss, Hauer & Feld, L.L.P.
1900 Pennzoil Place, South Tower
711 Louisiana Street
Houston, Texas 77002
Attention: J. Vincent Kendrick

[FORM OF ASSIGNMENT]

To assign this Note, fill in the form below: (I) or (we) assign and transfer this Note to:

_____

(Insert assignee's soc. sec. or tax I.D. no.)

_____

(Print or type name, address and zip code of assignee)

and irrevocably appoint_____
to transfer this Note on the books of the Issuers. The agent may substitute another to act for him.

Date: _____ Your Signature: _____
(Sign exactly as name appears on the other side of this Security)

Signature Guarantee*

- ----------

* NOTICE: The Signature must be guaranteed by an Institution which is a member of one of the following recognized signature Guarantee Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MNSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other guarantee program acceptable to the Trustee.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuers pursuant to Section 3.09, 4.07 or 4.06 of the Indenture, check the box below:

[ ] Section 3.09 and 4.07 [ ] Section 4.06

If you want to elect to have only part of the Note purchased by the Issuers pursuant to Section 3.09, 4.07 or Section 4.06 of the Indenture, state the amount you elect to have purchased (must be an integral multiple of $1,000):

$_____

Date: _____ Your Signature: _____
(Sign exactly as your name appears on the Note)

Tax Identification No._____

Signature Guarantee**

- ----------

** NOTICE: The Signature must be guaranteed by an Institution which is a member of one of the following recognized signature Guarantee Programs: (i) The Securities Transfer Agent Medallion Program (STAMP); (ii) The New York Stock Exchange Medallion Program (MNSP); (iii) The Stock Exchange Medallion Program (SEMP); or (iv) in such other guarantee program acceptable to the Trustee.

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE*

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Certificated Note, or exchanges of a part of another Global Note or Certificated Note for an interest in this Global Note, have been made:

Date of Exchange	Signature of authorized signatory of Trustee or Note Custodian	Amount of decrease in Principal amount of this Global Note	Amount of increase in Principal amount of this Global Note	Principal amount of this Global Note following such decrease (or increase)

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

* This schedule should only be included if the Note is issued in global form.

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Wells Fargo Bank, National Association
[Address]

[Registrar address block]

Re: 6 1/4% Senior Notes due 2010 of GulfTerra Energy Partners, L.P. and GulfTerra Energy Finance Corporation

Reference is hereby made to the Indenture, dated as of July 3, 2003 (the "Indenture"), between GulfTerra Energy Partners, L.P. and GulfTerra Energy Finance Corporation, as issuers (the "Issuers"), the Persons acting as guarantors and named herein (the "Subsidiary Guarantors") and Wells Fargo Bank, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the "Transferor") owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of $_____ in such Note[s] or interests (the "Transfer"), to _____ (the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. [ ] Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Certificated Note Pursuant to Rule 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Certificated Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Certificated Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Certificated Note and in the Indenture and the Securities Act.

2. [ ] Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Note or a Certificated Note pursuant to Regulation S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy

order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act, and (iv) if the proposed transfer is being made prior to the expiration of the Distribution Compliance Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Certificated Note and in the Indenture and the Securities Act.

3. [ ] Check and complete if Transferee will take delivery of a beneficial interest in the Restricted Global Note or a Certificated Note pursuant to any provision of the Securities Act other than Rule 144A or Regulation S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Certificated Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) [ ] such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) [ ] such Transfer is being effected to the Partnership, GulfTerra Finance or a Restricted Subsidiary of the Partnership;

or

(c) [ ] such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144 or Rule 904, and the Transferor hereby further certifies that the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted Certificated Notes and the requirements of the exemption claimed, which certification is supported by (1) a certificate executed by the Transferee in the form of Exhibit E to the Indenture and (2) if such Transfer is in respect of a principal amount of Notes at the time of transfer of less than $250,000, an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the

Restricted Global Note and/or the Certificated Notes and in the Indenture and the Securities Act.

4. [ ] Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Certificated Note.

(a) [ ] Check if Transfer is pursuant to Rule 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Certificated Notes and in the Indenture.

(b) [ ] Check if Transfer is Pursuant to Regulation S. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Certificated Notes and in the Indenture.

(c) [ ] Check if Transfer is Pursuant to Other Exemption. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Certificated Notes and in the Indenture.

(d) [ ] Check if Transfer is Pursuant to an Effective Registration Statement. The transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Certificated Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Certificated Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and for the benefit of the Issuers, the Subsidiary Guarantors and J.P. Morgan Securities Inc., Banc One Capital Markets, Inc., BNP Paribas Securities Corp., Credit Lyonnais Securities (USA) Inc., Credit Suisse First Boston LLC, Fortis Investment Services LLC, The Royal Bank of Scotland PLC, Scotia Capital (USA) Inc., SunTrust Capital Markets, Inc. and Wachovia Securities, LLC (collectively, the "Initial Purchasers"), the Initial Purchasers of such Notes being transferred. We acknowledge that you, the Issuers, the Subsidiary Guarantors and the Initial Purchasers will rely upon our confirmations, acknowledgments and agreements set forth herein, and we agree to notify you promptly in writing if any of our representations or warranties herein ceases to be accurate and complete.

[Insert Name of Transferor]

By: _____
Name: _____
Title: _____

Dated: _____ ___, ____

cc: Issuers
Initial Purchasers

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP _____), or

(ii) [ ] Regulation S Global Note (CUSIP _____), or

(iii) [ ] Restricted Global Note (CUSIP _____); or

(b) [ ] a Restricted Certificated Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP _____), or

(ii) [ ] Regulation S Global Note (CUSIP _____), or

(iii) [ ] Restricted Global Note (CUSIP _____), or

(iv) [ ] Unrestricted Global Note (CUSIP _____); or

(b) [ ] a Restricted Certificated Note; or

(c) [ ] an Unrestricted Certificated Note,

in accordance with the terms of the Indenture.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

Wells Fargo Bank, National Association
[Address]

[Registrar address block]

Re: 6 1/4% Senior Notes due 2010 of GulfTerra Energy Partners, L.P. and GulfTerra Energy Finance Corporation

(CUSIP _____)

Reference is hereby made to the Indenture, dated as of July 3, 2003 (the "Indenture"), between GulfTerra Energy Partners, L.P. and GulfTerra Energy Finance Corporation, as issuers (the "Issuers"), the Persons acting as guarantors and named therein (the "Subsidiary Guarantors") and Wells Fargo Bank, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the "Owner") owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of $_____ in such Note[s] or interests (the "Exchange"). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Certificated Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Certificated Notes or Beneficial Interests in an Unrestricted Global Note

(a) [ ] Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the "Securities Act"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) [ ] Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Certificated Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Certificated Note, the Owner hereby certifies (i) the Certificated Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the

transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Certificated Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) [ ] Check if Exchange is from Restricted Certificated Note to beneficial interest in an Unrestricted Global Note. In connection with the Owner's Exchange of a Restricted Certificated Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Certificated Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) [ ] Check if Exchange is from Restricted Certificated Note to Unrestricted Certificated Note. In connection with the Owner's Exchange of a Restricted Certificated Note for an Unrestricted Certificated Note, the Owner hereby certifies (i) the Unrestricted Certificated Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Certificated Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Certificated Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Certificated Notes or Beneficial Interests in Restricted Global Notes for Restricted Certificated Notes or Beneficial Interests in Restricted Global Notes

(a) [ ] Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Certificated Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Certificated Note with an equal principal amount, the Owner hereby certifies that the Restricted Certificated Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Certificated Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Certificated Note and in the Indenture and the Securities Act.

(b) [ ] Check if Exchange is from Restricted Certificated Note to beneficial interest in a Restricted Global Note. In connection with the Exchange of the Owner's Restricted Certificated Note for a beneficial interest in the [CHECK ONE] [ ] 144A Global Note, [ ] Regulation S Global Note, [ ] Restricted Global Note, with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the

Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuers, the Subsidiary Guarantors and J.P. Morgan Securities Inc., Banc One Capital Markets, Inc., BNP Paribas Securities Corp., Credit Lyonnais Securities (USA) Inc., Credit Suisse First Boston LLC, Fortis Investment Services LLC, The Royal Bank of Scotland PLC, Scotia Capital (USA) Inc., SunTrust Capital Markets, Inc. and Wachovia Securities, LLC (collectively, the "Initial Purchasers"), the Initial Purchasers of such Notes being transferred. We acknowledge that you, the Issuers, the Subsidiary Guarantors and the Initial Purchasers will rely upon our confirmations, acknowledgments and agreements set forth herein, and we agree to notify you promptly in writing if any of our representations or warranties herein ceases to be accurate and complete.

[Insert Name of Owner]

By: _____
Name: _____
Title: _____

Dated: _____ ___, ____

cc: Issuers
Initial Purchasers

EXHIBIT D

FORM OF GUARANTEE NOTATION

Subject to the limitations set forth in the Indenture (the "Indenture") referred to in the Note upon which this notation is endorsed, each of the entities listed on Schedule A hereto (hereinafter referred to as the "Subsidiary Guarantors," which term includes any successor or additional Subsidiary Guarantor under the Indenture, (i) has unconditionally guaranteed: (a) the due and punctual payment of the principal of and premium, interest and Additional Interest on the Notes, whether at maturity or interest payment date, by acceleration, call for redemption or otherwise, (b) the due and punctual payment of interest on the overdue principal of and premium, interest and Additional Interest, if any, if lawful, on the Notes, (c) the due and punctual performance of all other Obligations of the Issuers to the Holders or the Trustee, all in accordance with the terms set forth in the Indenture, and (d) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, the prompt payment in full thereof when due or performance thereof in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise and (ii) has agreed to pay any and all costs and expenses (including reasonable attorneys' fees) incurred by the Trustee or any Holder in enforcing any rights under this Guarantee.

This Guarantee Notation is subject to the limitations set forth in the Indenture, including Article 10 thereof.

No member, stockholder, partner, officer, employee, director or incorporator, as such, past, present or future, of the Subsidiary Guarantors shall have any personal liability under this Guarantee by reason of his or its status as such member, manager, partner, stockholder, officer, employee, director or incorporator.

The Guarantee shall be binding upon each Subsidiary Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges herein conferred upon that party shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof.

Each Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this notation of Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

Certain of the Subsidiary Guarantors may be released from their Guarantees upon the terms and subject to the conditions provided in the Indenture.

CAMERON HIGHWAY PIPELINE GP, L.L.C. *
CAMERON HIGHWAY PIPELINE I, L.P. *
CRYSTAL HOLDING, L.L.C.*
FIRST RESERVE GAS, L.L.C. *
FLEXTREND DEVELOPMENT COMPANY, L.L.C. *
GULFTERRA ALABAMA INTRASTATE, L.L.C.*
GULFTERRA FIELD SERVICES, L.L.C.*
GULFTERRA GC, L.P. *
GULFTERRA HOLDING I, L.L.C. *
GULFTERRA HOLDING II, L.L.C. *
GULFTERRA HOLDING III, L.L.C. *
GULFTERRA HOLDING IV, L.P. *
GULFTERRA HOLDING V, L.P. *
GULFTERRA INTRASTATE, L.P. *
GULFTERRA NGL STORAGE, L.L.C.*
GULFTERRA OIL TRANSPORT, L.L.C.
GULFTERRA OPERATING COMPANY, L.L.C. *
GULFTERRA SOUTH TEXAS, L.P. *
GULFTERRA TEXAS PIPELINE, L.P*.
HATTIESBURG GAS STORAGE COMPANY
By: FIRST RESERVE GAS, L.L.C., in its capacity as 50% general partner of Hattiesburg Gas Storage Company*
By: HATTIESBURG INDUSTRIAL GAS SALES, L.L.C., in its capacity as 50% general partner of Hattiesburg Gas Storage Company*
HATTIESBURG INDUSTRIAL GAS SALES, L.L.C.*
HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
By: GULFTERRA ENERGY PARTNERS, L.P., its sole member*
MANTA RAY GATHERING COMPANY, L.L.C.*
PETAL GAS STORAGE, L.L.C.*
POSEIDON PIPELINE COMPANY, L.L.C.*

*By: _____
Name: Keith Forman
Title: Vice President and Chief Financial Officer

Trustee:

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: _____
Name: _____
Title: _____

EXHIBIT E

FORM OF CERTIFICATE FROM
ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

GulfTerra Energy Partners, L.P.
4 Greenway Plaza
Houston, Texas 77046

Wells Fargo Bank, National Association
[Address]

Re: GulfTerra Energy Partners, L.P.
GulfTerra Energy Finance Corporation
6 1/4% Senior Notes due 2010

Reference is hereby made to the Indenture, dated as of July 3, 2003 (the "Indenture"), among El Paso Energy Partners, L.P. (the "Partnership") and El Paso Energy Partners Finance Corporation ("GulfTerra Finance"), as issuers (the "Issuers"), the Subsidiaries named therein, as Subsidiary Guarantors, and Wells Fargo Bank, National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

In connection with our proposed purchase of $_____ aggregate principal amount of:

(a) [ ] a beneficial interest in a Global Note, or

(b) [ ] a Certificated Note,

we confirm that:

1. We understand that any subsequent transfer of the Series A Notes or any interest therein is subject to certain restrictions and conditions set forth in the Indenture and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Series A Notes or any interest therein except in compliance with, such restrictions and conditions and the United States Securities Act of 1933, as amended (the "Securities Act").

2. We understand that the offer and sale of the Series A Notes have not been registered under the Securities Act, and that the Series A Notes and any interest therein may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell the Series A Notes or any interest therein, we will do so only (A) to the Partnership, GulfTerra Finance, or any subsidiary of the Partnership, (B) in the United States to a person who the seller reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) in a transaction meeting the requirements of Rule 144A, (C) outside the United States in an offshore transaction in accordance with Rule 904 under the Securities Act, (D) pursuant to an exemption from registration under

the Securities Act provided by Rule 144 thereunder (if available), (E) to an institutional "accredited investor" within the meaning of Rule 501(A)(1), (2), (3) or (7) under the Securities Act that is an institutional accredited investor acquiring the security for its own account or for the account of such institutional accredited investor, in each case in a minimum principal amount of the securities of $250,000, for investment purposes and not with a view to or for offer or sale in connection with any distribution in violation of the Securities Act or (F) pursuant to an effective registration statement under the Securities Act, in each cases (A) through (E) in accordance with any applicable securities laws of any state of the United States, and we further agree to provide to any person purchasing a Certificated Note or beneficial interest in a Global Note from us in a transaction meeting the requirements of clauses (A) through (E) of this paragraph a notice advising such purchaser that resales thereof are restricted as stated herein.

3. We understand that, on any proposed resale of the Series A Notes or beneficial interest therein, we will be required to furnish to you and the Company such certification, legal opinions and other information as you and the Company may reasonably requires to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Series A Notes purchased by us will bear a legend to the foregoing effect.

4. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Series A Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment. We are acquiring the Series A Notes for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act.

5. We are acquiring the Series A Notes or beneficial interest therein purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

You and the Issuers are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

_____
[Insert Name of Institutional Accredited Investor]

By: _____
Name:
Title:

Dated: _____ ___, ____

EXECUTION COPY

EXHIBIT 4.M

A/B EXCHANGE
REGISTRATION RIGHTS AGREEMENT

Dated as of July 3, 2003

by and among

GulfTerra Energy Partners, L.P.

GulfTerra Energy Finance Corporation

The Subsidiary Guarantors listed on Schedule A

and

J.P. Morgan Securities Inc.

Banc One Capital Markets, Inc.

BNP Paribas Securities Corp.

Credit Lyonnais Securities (USA) Inc.

Credit Suisse First Boston LLC

Fortis Investment Services LLC

The Royal Bank of Scotland plc

Scotia Capital (USA) Inc.

Suntrust Capital Markets, Inc.

Wachovia Securities, LLC

This Registration Rights Agreement (this "Agreement") is made and entered into as of July [11], 2003 by and among GulfTerra Partners, L.P., a Delaware limited partnership (the "Partnership"), GulfTerra Energy Finance Corporation, a Delaware corporation ("GulfTerra Finance" and, together with the Partnership, the "Issuers"), each of the entities listed on Schedule A attached hereto (each, a "Subsidiary Guarantor" and collectively, the "Subsidiary Guarantors"), J.P. Morgan Securities Inc., Banc One Capital Markets, Inc., BNP Paribas Securities Corp., Credit Lyonnais Securities (USA) Inc., Credit Suisse First Boston LLC, Fortis Investment Services LLC, The Royal Bank of Scotland plc, Scotia Capital (USA) Inc., SunTrust Capital Markets, Inc., Wachovia Securities, LLC, (each an "Initial Purchaser" and, collectively, the "Initial Purchasers"), each of whom has agreed to purchase the Issuers' 6 1/4 % Series A Senior Notes due 2010 (such notes being purchased on the date hereof being referred to as the "Series A Notes") pursuant to the Purchase Agreement (as defined below).

This Agreement is made pursuant to the Purchase Agreement, dated June 26, 2003 (the "Purchase Agreement"), by and among the Issuers, the Subsidiary Guarantors and the Initial Purchasers. In order to induce the Initial Purchasers to purchase the Series A Notes, the Issuers have agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchasers set forth in Section 2 of the Purchase Agreement. Capitalized terms used herein and not otherwise defined shall have the meaning assigned to them in the Indenture, dated July 3, 2003, (the "Indenture"), among the Issuers, the Subsidiary Guarantors and Wells Fargo Bank, as trustee (the "Trustee"), relating to the Series A Notes and the Series B Notes.

The parties hereby agree as follows:

Section 1. Definitions. As used in this Agreement, the following capitalized terms shall have the following meanings:

Act: The Securities Act of 1933, as amended.

Affiliate: As defined in Rule 144 of the Act.

Broker-Dealer: Any broker or dealer registered under the Exchange Act.

Certificated Securities: Definitive Notes, as defined in the Indenture.

Closing Date: The date hereof.

Commission: The Securities and Exchange Commission.

Consummate: An Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (a) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the Series B Notes to be issued in the Exchange Offer, (b) the maintenance of such Exchange Offer Registration Statement continuously effective and the keeping of the Exchange Offer open for a period not less than the period required pursuant to Section 3(b) hereof and (c) the delivery by the Issuers to the Registrar under the Indenture of Series B Notes in the same aggregate principal amount as the aggregate principal amount of Series A Notes tendered by Holders thereof pursuant to the Exchange Offer.

Consummation Deadline: As defined in Section 3(b) hereof.

Effectiveness Deadline: As defined in Sections 3(a) and 4(a) hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Exchange Offer: The exchange and issuance by the Issuers of a principal amount of Series B Notes (which shall be registered pursuant to the Exchange Offer Registration Statement) equal to the outstanding principal amount of Series A Notes that are tendered by such Holders in connection with such exchange and issuance.

Exchange Offer Registration Statement: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

Exempt Resales: The transactions in which the Initial Purchasers propose to sell the Series A Notes to certain "qualified institutional buyers," as such term is defined in Rule 144A under the Act and pursuant to Regulation S under the Act.

Filing Deadline: As defined in Sections 3(a) and 4(a) hereof.

Holders: As defined in Section 2 hereof.

Partnership Agreement: The Second Amended and Restated Agreement of Limited Partnership of El Paso Energy Partners, L.P., dated as of February 13, 1993, amended and restated effective as of August 31, 2000, as such may be amended, modified or supplemented from time to time.

Prospectus: The prospectus included in a Registration Statement at the time such Registration Statement is declared effective, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

Recommencement Date: As defined in Section 6(d) hereof.

Registration Default: As defined in Section 5 hereof.

Registration Statement: Any registration statement of the Issuers and the Subsidiary Guarantors relating to (a) an offering of Series B Notes pursuant to an Exchange Offer or (b) the registration for resale of Transfer Restricted Securities pursuant to the Shelf Registration Statement, in each case, (i) that is filed pursuant to the provisions of this Agreement and (ii) including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

Regulation S: Regulation S promulgated under the Act.

Rule 144: Rule 144 promulgated under the Act.

Series B Notes: The Issuers' 6 1/4% Series B Senior Notes due 2010 to be issued pursuant to the Indenture: (i) in the Exchange Offer or (ii) as contemplated by Section 4 hereof.

Shelf Registration Statement: As defined in Section 4 hereof.

Suspension Notice: As defined in Section 6(d) hereof.

TIA: The Trust Indenture Act of 1939 (15 U.S.C. Section 77aaa-77bbbb) as in effect on the date of the Indenture.

Transfer Restricted Securities: Each Series A Note, until the earliest to occur of (a) the date on which such Series A Note is exchanged in the Exchange Offer for a Series B Note which is entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Act, (b) the date on which such Series A Note has been disposed of in accordance with a Shelf Registration Statement (and the purchasers thereof have been issued Series B Notes), or (c) the date on which such Series A Note is distributed to the public pursuant to Rule 144 under the Act (and purchasers thereof have been issued Series B Notes) and each Series B Note issued to a Broker-Dealer in the Exchange Offer until the date on which such Series B Note is disposed of by such Broker-Dealer pursuant to the "Plan of Distribution" contemplated by the Exchange Offer Registration Statement (including the delivery of the Prospectus contained therein).

Section 2. Holders. A Person is deemed to be a holder of Transfer Restricted Securities (each, a "Holder") whenever such Person owns Transfer Restricted Securities.

Section 3. Registered Exchange Offer.

(a) Unless the Exchange Offer shall not be permitted by applicable federal law (after the procedures set forth in Section 6(a)(i) below have been complied with), the Issuers and the Subsidiary Guarantors shall (i) cause the Exchange Offer Registration Statement to be filed with the Commission as soon as practicable after the Closing Date, but in no event later than 95 days after the Closing Date (such 95th day being the "Filing Deadline"), (ii) use its best efforts to cause such Exchange Offer Registration Statement to become effective at the earliest possible time, but in no event later than 150 days after the Closing Date (such 150th day being the "Effectiveness Deadline"), (iii) in connection with the foregoing, (A) file all pre-effective amendments to such Exchange Offer Registration Statement as may be necessary in order to cause it to become effective, (B) file, if applicable, a post-effective amendment to such Exchange Offer Registration Statement pursuant to Rule 430A under the Act and (C) cause all necessary filings, if any, in connection with the registration and qualification of the Series B Notes to be made under the Blue Sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer, and (iv) upon the effectiveness of such Exchange Offer Registration Statement, commence and Consummate the Exchange Offer. The Exchange Offer shall be on the appropriate form permitting (i) registration of the Series B Notes to be offered in exchange for the Series A Notes that are Transfer Restricted Securities and (ii) resales of Series B Notes by Broker-Dealers that tendered into the Exchange Offer Series A Notes that such Broker-Dealer acquired for its own account as a

result of market making activities or other trading activities (other than Series A Notes acquired directly from the Issuers or any of their Affiliates) as contemplated by Section 3(c) below.

(b) The Issuers and the Subsidiary Guarantors shall use their respective best efforts to cause the Exchange Offer Registration Statement to be effective continuously, and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; provided, however, that in no event shall such period be less than 20 Business Days. The Issuers and the Subsidiary Guarantors shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Series B Notes shall be included in the Exchange Offer Registration Statement. The Issuers and the Subsidiary Guarantors shall use their respective best efforts to cause the Exchange Offer to be Consummated on the earliest practicable date after the Exchange Offer Registration Statement has become effective, but in no event later than 180 days after the Closing Date (such 180th day being the "Consummation Deadline").

(c) The Issuers shall include a "Plan of Distribution" section in the Prospectus contained in the Exchange Offer Registration Statement and indicate therein that any Broker-Dealer who holds Transfer Restricted Securities that were acquired for the account of such Broker-Dealer as a result of market-making activities or other trading activities (other than Series A Notes acquired directly from the Issuers or any Affiliate of the Issuers) may exchange such Transfer Restricted Securities pursuant to the Exchange Offer. Such "Plan of Distribution" section shall also contain all other information with respect to such sales by such Broker-Dealers that the Commission may require in order to permit such sales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Transfer Restricted Securities held by any such Broker-Dealer, except to the extent required by the Commission as a result of a change in policy, rules or regulations after the date of this Agreement.

Because such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Act and must, therefore, deliver a prospectus meeting the requirements of the Act in connection with its initial sale of any Series B Notes received by such Broker-Dealer in the Exchange Offer, the Issuers and Subsidiary Guarantors shall permit the use of the Prospectus contained in the Exchange Offer Registration Statement by such Broker-Dealer to satisfy such prospectus delivery requirement. To the extent necessary to ensure that the prospectus contained in the Exchange Offer Registration Statement is available for sales of Series B Notes by such Broker-Dealers, the Issuers and the Subsidiary Guarantors agree to use their respective best efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented, amended and current as required by and subject to the provisions of Sections 6(a) and (c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of one year from the Consummation Deadline or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold pursuant thereto. The Issuers and the Subsidiary Guarantors shall provide

sufficient copies of the latest version of such Prospectus to such Broker-Dealers, promptly upon request, and in no event later than one day after such request, at any time during such period.

Section 4. Shelf Registration.

(a) Shelf Registration. If (i) the Exchange Offer is not permitted by applicable law (after the Issuers and the Subsidiary Guarantors have complied with the procedures set forth in Section 6(a)(i) below) or (ii) if any Holder of Transfer Restricted Securities shall notify the Issuers within 20 Business Days following the Consummation Deadline that (A) such Holder was prohibited by law or Commission policy from participating in the Exchange Offer or (B) such Holder may not resell the Series B Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder or (C) such Holder is a Broker-Dealer and holds Series A Notes acquired directly from the Issuers or any of their Affiliates, then the Issuers and the Subsidiary Guarantors shall:

(x) cause to be filed, on or prior to 30 days after the earlier of (i) the date on which the Issuers determine that the Exchange Offer Registration Statement cannot be filed as a result of clause (a)(i) above and (ii) the date on which the Issuers receive the notice specified in clause (a)(ii) above, (such earlier date, the "Filing Deadline"), a shelf registration statement pursuant to Rule 415 under the Act (which may be an amendment to the Exchange Offer Registration Statement (the "Shelf Registration Statement")), relating to all Transfer Restricted Securities, and

(y) shall use their respective best efforts to cause such Shelf Registration Statement to become effective on or prior to 60 days after the Filing Deadline for the Shelf Registration Statement (such 60th day the "Effectiveness Deadline").

If, after the Issuers and the Subsidiary Guarantors have filed an Exchange Offer Registration Statement that satisfies the requirements of Section 3(a) above, the Issuers are required to file and make effective a Shelf Registration Statement solely because the Exchange Offer is not permitted under applicable federal law (i.e., clause (a)(i) above), then the filing of the Exchange Offer Registration Statement shall be deemed to satisfy the requirements of clause (x) above; provided that, in such event, the Issuers and the Subsidiary Guarantors shall remain obligated to meet the Effectiveness Deadline set forth in clause (y).

To the extent necessary to ensure that the Shelf Registration Statement is available for sales of Transfer Restricted Securities by the Holders thereof entitled to the benefit of this Section 4(a) and the other securities required to be registered therein pursuant to Section 6(b)(ii) hereof, the Issuers and the Subsidiary Guarantors shall use their respective best efforts to keep any Shelf Registration Statement required by this Section 4(a) continuously effective, supplemented,

amended and current as required by and subject to the provisions of Sections 6(b) and (c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of at least two years (as extended pursuant to Section 6(d)) following the Closing Date, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Shelf Registration Statement have been sold pursuant thereto.

(b) Provision by Holders of Certain Information in Connection with the Shelf Registration Statement. No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Issuers in writing, within 20 days after receipt of a request therefor, the information specified in Item 507 or 508 of Regulation S-K, as applicable, of the Act for use in connection with any Shelf Registration Statement or Prospectus (or preliminary Prospectus) included therein. No Holder of Transfer Restricted Securities shall be entitled to liquidated damages pursuant to Section 5 hereof unless and until such Holder shall have provided all such information. Each selling Holder agrees to promptly furnish additional information required to be disclosed in order to make the information previously furnished to the Issuers by such Holder not materially misleading.

Section 5. Liquidated Damages. If (i) any Registration Statement required by this Agreement is not filed with the Commission on or prior to the applicable Filing Deadline, (ii) any such Registration Statement has not been declared effective by the Commission on or prior to the applicable Effectiveness Deadline, (iii) the Exchange Offer has not been Consummated on or prior to the Consummation Deadline or (iv) any Registration Statement required by this Agreement is filed and declared effective but shall thereafter cease to be effective or fail to be usable for its intended purpose without being succeeded within 2 days by a post-effective amendment to such Registration Statement that cures such failure and that is itself declared effective within 2 days of filing such post-effective amendment to such Registration Statement (each such event referred to in clauses (i) through (iv), a "Registration Default"), then the Issuers and the Subsidiary Guarantors hereby jointly and severally agree to pay to each Holder of Transfer Restricted Securities affected thereby liquidated damages in an amount equal to $.05 per week per $1,000 in principal amount of Transfer Restricted Securities held by such Holder for each week or portion thereof that the Registration Default continues for the first 90-day period immediately following the occurrence of such Registration Default. The amount of the liquidated damages shall increase by an additional $.05 per week per $1,000 in principal amount of Transfer Restricted Securities with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of liquidated damages of $.50 per week per $1,000 in principal amount of Transfer Restricted Securities; provided that the Issuers and the Subsidiary Guarantors shall in no event be required to pay liquidated damages for more than one Registration Default at any given time. Notwithstanding anything to the contrary set forth herein, (1) upon filing of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (i) above, (2) upon the effectiveness of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (ii) above, (3) upon Consummation of the Exchange Offer, in the case of (iii) above, or (4) upon the filing of a post-effective amendment to the Registration Statement

or an additional Registration Statement that causes the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement) to again be declared effective or made usable in the case of (iv) above, the accrual of liquidated damages payable with respect to the Transfer Restricted Securities as a result of such clause (i), (ii), (iii) or (iv), as applicable, shall cease.

All accrued liquidated damages shall be paid to the Holders entitled thereto, in the manner providing for the payment of interest in the Indenture, on each Interest Payment Date, as more fully set forth in the Indenture and the Notes; provided however, that any accrued liquidated damages that are unpaid at the time any Notes cease to be Transfer Restricted Securities upon consummation of the Exchange Offer shall be paid on or promptly after the date of such consummation to the Holders of record of such Transfer Restricted Securities on such date. Notwithstanding the fact that any securities for which liquidated damages are due cease to be Transfer Restricted Securities, all obligations of the Issuers and the Subsidiary Guarantors to pay liquidated damages with respect to securities shall survive until such time as such obligations with respect to such securities shall have been satisfied in full.

Section 6. Registration Procedures.

(a) Exchange Offer Registration Statement. In connection with the Exchange Offer, the Issuers and the Subsidiary Guarantors shall (x) comply with all applicable provisions of Section 6(c) below, (y) use their respective best efforts to effect such exchange and to permit the resale of Series B Notes by Broker-Dealers that tendered in the Exchange Offer Series A Notes that such Broker-Dealer acquired for its own account as a result of its market making activities or other trading activities (other than Series A Notes acquired directly from the Issuers or any of their Affiliates) being sold in accordance with the intended method or methods of distribution thereof, and (z) comply with all of the following provisions:

(i) If, following the date hereof there has been announced a change in Commission policy with respect to exchange offers such as the Exchange Offer, that in the reasonable opinion of counsel to the Issuers raises a substantial question as to whether the Exchange Offer is permitted by applicable federal law, the Issuers and the Subsidiary Guarantors hereby agree to seek a no-action letter or other favorable decision from the Commission allowing the Issuers and the Subsidiary Guarantors to Consummate an Exchange Offer for such Transfer Restricted Securities. The Issuers and the Subsidiary Guarantors hereby agree to pursue the issuance of such a decision to the Commission staff level. In connection with the foregoing, the Issuers and the Subsidiary Guarantors hereby agree to take all such other actions as may be requested by the Commission or otherwise required in connection with the issuance of such decision, including without limitation (A) participating in telephonic conferences with the Commission, (B) delivering to the Commission staff an analysis prepared by counsel to the Issuers setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursuing a resolution (which need not be favorable) by the Commission staff.

(ii) As a condition to its participation in the Exchange Offer, each Holder of Transfer Restricted Securities (including, without limitation, any Holder who is a Broker Dealer) shall furnish, upon the request of the Issuers, prior to the Consummation of the Exchange Offer, a written representation to the Issuers and the Subsidiary Guarantors (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an Affiliate of the Issuers, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any Person to participate in, a distribution of the Series B Notes to be issued in the Exchange Offer, (C) it is acquiring the Series B Notes in its ordinary course of business and (D) if the undersigned is a Broker-Dealer, the Series A Notes being tendered constitute Series A Notes acquired as the result of market-making activities or other trading activities (other than Series A Notes acquired directly from the Issuers or any of their Affiliates). As a condition to its participation in the Exchange Offer, each Holder shall acknowledge and agree that (x) any person participating in Exchange Offer with the intention or for the purpose of

distributing the Series B Notes, (1) could not, under Commission policy as in effect on the date of this Agreement, rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (including, if applicable, any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Act in connection with a secondary resale transaction and that such a secondary resale transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K and (y) any Broker-Dealer that pursuant to the Exchange Offer receives Series B Notes for its own account in exchange for Series A Notes which it acquired for its own account as a result of market-making activities or other trading activities must deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Series B Notes.

(iii) Prior to effectiveness of the Exchange Offer Registration Statement, the Issuers and the Subsidiary Guarantors shall provide a supplemental letter to the Commission (A) stating that the Issuers and the Subsidiary Guarantors are registering the Exchange Offer in reliance on the position of the Commission enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991) as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and, if applicable, any no-action letter obtained pursuant to clause (i) above, (B) including a representation that neither the Issuers nor any Subsidiary Guarantor has entered into any arrangement or understanding with any Person to distribute the Series B Notes to be received in the Exchange Offer and that, to the best of the Issuers' and each Subsidiary Guarantor's information and belief, each Holder participating in the Exchange Offer is acquiring the Series B Notes in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the Series B Notes received in the Exchange Offer and (C) any other undertaking or representation required by the Commission as set forth in any no-action letter obtained pursuant to clause (i) above, if applicable.

(b) Shelf Registration Statement. In connection with the Shelf Registration Statement, the Issuers and the Subsidiary Guarantors shall:

(i) comply with all the provisions of Section 6(c) below and use their respective best efforts to effect such registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof (as indicated in the information furnished to the Issuers pursuant to Section 4(b) hereof), and pursuant thereto the Issuers and the Subsidiary Guarantors will prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Act, which form shall be available for the sale of the Transfer Restricted Securities in

accordance with the intended method or methods of distribution thereof within the time periods and otherwise in accordance with the provisions hereof.

(ii) issue, upon the request of any Holder or purchaser of Series A Notes covered by any Shelf Registration Statement contemplated by this Agreement, Series B Notes having an aggregate principal amount equal to the aggregate principal amount of Series A Notes sold pursuant to the Shelf Registration Statement and surrendered to the Issuers for cancellation; the Issuers shall register Series B Notes on the Shelf Registration Statement for this purpose and issue the Series B Notes to the purchaser(s) of securities subject to the Shelf Registration Statement in the names as such purchaser(s) shall designate.

(c) General Provisions. In connection with any Registration Statement and any related Prospectus required by this Agreement, the Issuers and the Subsidiary Guarantors shall:

(i) use their respective best efforts to keep such Registration Statement continuously effective and provide all requisite financial statements for the period specified in Section 3 or 4 of this Agreement, as applicable. Upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain an untrue statement of material fact or omit to state any material fact necessary to make the statements therein not misleading or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, the Issuers and the Subsidiary Guarantors shall file promptly an appropriate amendment to such Registration Statement curing such defect, and, if Commission review is required, use their respective best efforts to cause such amendment to be declared effective as soon as practicable;

(ii) prepare and file with the Commission such amendments and post-effective amendments to the applicable Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as the case may be; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Act, and to comply fully with Rules 424, 430A and 462, as applicable, under the Act in a timely manner; and comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) advise each Holder promptly and, if requested by such Holder, confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any applicable Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the

Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, and (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement in order to make the statements therein not misleading, or that requires the making of any additions to or changes in the Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Issuers and the Subsidiary Guarantors shall use their respective best efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(iv) subject to Section 6(c)(i), if any fact or event contemplated by Section 6(c)(iii)(D) above shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(v) furnish to each Holder in connection with such exchange or sale, if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement), which documents will be subject to the review and comment of such Holders in connection with such sale, if any, for a period of at least five Business Days, and the Issuers will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which such Holders shall reasonably object within five Business Days after the receipt thereof. A Holder shall be deemed to have reasonably objected to such filing if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein not misleading or fails to comply with the applicable requirements of the Act;

(vi) promptly provide, prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus, copies of such document to each Holder in connection with such exchange or sale, if any, make the Issuers' and the Subsidiary Guarantors' representatives available for discussion of such document and other customary due diligence matters, and include such information in such document prior to the filing thereof as such Holders may reasonably request;

(vii) make available, at reasonable times, for inspection by each Holder and any attorney or accountant retained by such Holders, all financial and other records, and pertinent corporate documents of the Issuers and the Subsidiary Guarantors and cause the Issuers' and the Subsidiary Guarantors' officers, directors and employees to supply all information reasonably requested by any such Holder, attorney or accountant in connection with such Registration Statement or any post-effective amendment thereto subsequent to the filing thereof and prior to its effectiveness;

(viii) if requested by any Holders in connection with such exchange or sale, promptly include in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such Holders may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Transfer Restricted Securities; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Issuers are notified of the matters to be included in such Prospectus supplement or post-effective amendment;

(ix) furnish to each Holder in connection with such exchange or sale, without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(x) deliver to each Holder without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Issuers and the Subsidiary Guarantors hereby consent to the use (in accordance with law) of the Prospectus and any amendment or supplement thereto by each selling Holder in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;

(xi) upon the request of any Holder, enter into such agreements (including underwriting agreements) and make such representations and warranties and take all such other actions in connection therewith in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to any applicable Registration Statement contemplated by this Agreement as may be reasonably requested by any Holder in connection with any sale or resale

pursuant to any applicable Registration Statement. In such connection, the Issuers and the Subsidiary Guarantors shall:

(A) upon request of any Holder, furnish (or in the case of paragraphs (2) and (3), use their best efforts to cause to be furnished) to each Holder, upon Consummation of the Exchange Offer or upon the effectiveness of the Shelf Registration Statement, as the case may be:

(1) a certificate, dated such date, signed on behalf of the Issuers and each Subsidiary Guarantor by (x) the President or any Vice President and (y) a principal financial or accounting officer of each of the Issuers and each Subsidiary Guarantor, confirming, as of the date thereof, the matters set forth in Sections 6(aa), 9(a) and 9(b) of the Purchase Agreement and such other similar matters as such Holders may reasonably request;

(2) an opinion, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, of counsel for the Issuers and the Subsidiary Guarantors covering matters similar to those set forth in paragraph (e) of Section 9 of the Purchase Agreement and such other matters as such Holder may reasonably request, and in any event including a statement to the effect that such counsel has participated in conferences with officers and other representatives of the Issuers and the Subsidiary Guarantors, and representatives of the independent public accountants for the Issuers and the Subsidiary Guarantors and have considered the matters required to be stated therein and the statements contained therein, although such counsel has not independently verified the accuracy, completeness or fairness of such statements; and that such counsel advises that, on the basis of the foregoing, no facts came to such counsel's attention that caused such counsel to believe that the applicable Registration Statement, at the time such Registration Statement or any post-effective amendment thereto became effective and, in the case of the Exchange Offer Registration Statement, as of the date of Consummation of the Exchange Offer, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus contained in such Registration Statement as of its date and, in the case of the opinion dated the date of Consummation of the Exchange Offer, as of the date of Consummation, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Without limiting the foregoing, such counsel may state further that

such counsel assumes no responsibility for, and has not independently verified, the accuracy, completeness or fairness of the financial statements, notes and schedules and other financial data included in any Registration Statement contemplated by this Agreement or the related Prospectus; and

(3) a customary comfort letter, dated the date of Consummation of the Exchange Offer, or as of the date of effectiveness of the Shelf Registration Statement, as the case may be, from the Issuers' independent accountants, in the customary form and covering matters of the type customarily covered in comfort letters to underwriters in connection with underwritten offerings, and affirming the matters set forth in the comfort letters delivered pursuant to Section 9(g) of the Purchase Agreement; and

(B) deliver such other documents and certificates as may be reasonably requested by the selling Holders to evidence compliance with the matters covered in clause (A) above and with any customary conditions contained in any agreement entered into by the Issuers and the Subsidiary Guarantors pursuant to this clause (xi);

(xii) prior to any public offering of Transfer Restricted Securities, cooperate with the selling Holders and their counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders may request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the applicable Registration Statement; provided, however, that neither the Issuers nor any Subsidiary Guarantor shall be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so subject;

(xiii) in connection with any sale of Transfer Restricted Securities that will result in such securities no longer being Transfer Restricted Securities, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and to register such Transfer Restricted Securities in such denominations and such names as the selling Holders may request at least two Business Days prior to such sale of Transfer Restricted Securities;

(xiv) use their respective best efforts to cause the disposition of the Transfer Restricted Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof to consummate the

disposition of such Transfer Restricted Securities, subject to the proviso contained in clause (xii) above;

(xv) provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of a Registration Statement covering such Transfer Restricted Securities and provide the Trustee under the Indenture with printed certificates for the Transfer Restricted Securities which are in a form eligible for deposit with The Depository Trust Company;

(xvi) otherwise use their respective best efforts to comply with all applicable rules and regulations of the Commission, and make generally available to their security holders with regard to any applicable Registration Statement, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) covering a twelve-month period beginning after the effective date of the Registration Statement (as such term is defined in paragraph (c) of Rule 158 under the Act);

(xvii) cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required by this Agreement and, in connection therewith, cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute and use its best efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner; and

(xviii) provide promptly to each Holder, upon request, each document filed with the Commission pursuant to the requirements of Section 13 or Section 15(d) of the Exchange Act.

(d) Restrictions on Holders. Each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of the notice referred to in Section 6(c)(iii)(C) or any notice from the Issuers of the existence of any fact of the kind described in Section 6(c)(iii)(D) hereof (in each case, a "Suspension Notice"), such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until (i) such Holder has received copies of the supplemented or amended Prospectus contemplated by Section 6(c)(iv) hereof, or (ii) such Holder is advised in writing by the Issuers that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus (in each case, the "Recommencement Date"). Each Holder receiving a Suspension Notice hereby agrees that it will either (i) destroy any Prospectuses, other than permanent file copies, then in such Holder's possession which have been replaced by the Issuers with more recently dated Prospectuses or (ii) deliver to the Issuers (at the Issuers' expense) all copies, other than permanent file copies, then in such Holder's possession of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of the Suspension Notice. The time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4

hereof, as applicable, shall be extended by a number of days equal to the number of days in the period from and including the date of delivery of the Suspension Notice to the date of delivery of the Recommencement Date.

(e) Effectiveness of Registration Statement. Notwithstanding anything to the contrary contained in this Agreement, the obligation of the Issuers and the Subsidiary Guarantors hereunder to maintain the effectiveness of any Registration Statement and any related Prospectus may be suspended, without default or penalty to the Issuers or the Subsidiary Guarantors, for one or more periods of time as may be required with respect to such Registration Statement if (A) the Board of Directors of the General Partner shall have determined that the offering and sales under the Registration Statement, the filing of such Registration Statement or the maintenance of its effectiveness would require disclosure of or would interfere in any material respect with any material financing, acquisition, merger, offering or other transaction involving the Issuers or the Subsidiary Guarantors or would otherwise require disclosure of nonpublic information that could materially and adversely affect the Issuers or the Subsidiary Guarantors or (B) the Issuers are required by any state or federal securities laws to file an amendment or supplement to such Registration Statement for the purpose of incorporating quarterly or annual information, which is not automatically effective. Further, the Issuers and the Subsidiary Guarantors shall be deemed to have used their respective best efforts to keep any Registration Statement continuously effective if either (A) or (B) above has occurred.

Section 7. Registration Expenses.

(a) All expenses incident to the Issuers' and the Subsidiary Guarantors' performance of or compliance with this Agreement will be borne by the Issuers, regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees and expenses; (ii) all fees and expenses of compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including printing certificates for the Series B Notes to be issued in the Exchange Offer and printing of Prospectuses), messenger and delivery services and telephone; (iv) all fees and disbursements of counsel for the Issuers, the Subsidiary Guarantors and the Holders of Transfer Restricted Securities; (v) all application and filing fees in connection with listing the Series B Notes on a national securities exchange or automated quotation system pursuant to the requirements hereof; and (vi) all fees and disbursements of independent certified public accountants of the Issuers and the Subsidiary Guarantors (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Issuers will, in any event, bear their and the Subsidiary Guarantors' internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Issuers or the Subsidiary Guarantors.

(b) In connection with any Registration Statement required by this Agreement (including, without limitation, the Exchange Offer Registration Statement and the Shelf

Registration Statement), the Issuers and the Subsidiary Guarantors will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities who are tendering Series A Notes in the Exchange Offer and/or selling or reselling Series A Notes or Series B Notes pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel, who shall be Simpson Thacher & Bartlett LLP, unless another firm shall be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

Section 8. Indemnification.

(a) The Issuers and the Subsidiary Guarantors agree, jointly and severally, to indemnify and hold harmless each Holder, its directors, officers and each Person, if any, who controls such Holder (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act), from and against any and all losses, claims, damages, liabilities or judgments (including without limitation, any legal or other expenses incurred in connection with investigating or defending any matter, including any action that could give rise to any such losses, claims, damages, liabilities or judgments) caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, preliminary prospectus or Prospectus (or any amendment or supplement thereto) provided by the Issuers to any Holder or any prospective purchaser of Series B Notes or registered Series A Notes, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or judgments are caused by an untrue statement or omission or alleged untrue statement or omission that is based upon information relating to any of the Holders furnished in writing to the Issuers by any of the Holders.

(b) Each Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless the Issuers and the Subsidiary Guarantors, and their respective directors and officers, and each Person, if any, who controls (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) the Issuers or the Subsidiary Guarantors, to the same extent as the foregoing indemnity from the Issuers and the Subsidiary Guarantors set forth in Section 8(a) above, but only with reference to information relating to such Holder furnished in writing to the Issuers by such Holder expressly for use in any Registration Statement. In no event shall any Holder, its directors, officers or any Person who controls such Holder be liable or responsible for any amount in excess of the amount by which the total amount received by such Holder with respect to its sale of Transfer Restricted Securities pursuant to a Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities and (ii) the amount of any damages that such Holder, its directors, officers or any Person who controls such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(c) In case any action shall be commenced involving any Person in respect of which indemnity may be sought pursuant to Section 8(a) or 8(b) (the "indemnified

party"), the indemnified party shall promptly notify the Person against whom such indemnity may be sought (the "indemnifying person") in writing and the indemnifying party shall assume the defense of such action, including the employment of counsel reasonably satisfactory to the indemnified party and the payment of all fees and expenses of such counsel, as incurred (except that in the case of any action in respect of which indemnity may be sought pursuant to both Sections 8(a) and 8(b), a Holder shall not be required to assume the defense of such action pursuant to this Section 8(c), but may employ separate counsel and participate in the defense thereof, but the fees and expenses of such counsel, except as provided below, shall be at the expense of the Holder). Any indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the indemnified party unless (i) the employment of such counsel shall have been specifically authorized in writing by the indemnifying party, (ii) the indemnifying party shall have failed to assume the defense of such action or employ counsel reasonably satisfactory to the indemnified party or (iii) the named parties to any such action (including any impleaded parties) include both the indemnified party and the indemnifying party, and the indemnified party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party (in which case the indemnifying party shall not have the right to assume the defense of such action on behalf of the indemnified party). In any such case, the indemnifying party shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all indemnified parties and all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by a majority of the Holders, in the case of the parties indemnified pursuant to Section 8(a), and by the Issuers and Subsidiary Guarantors, in the case of parties indemnified pursuant to Section 8(b). The indemnifying party shall indemnify and hold harmless the indemnified party from and against any and all losses, claims, damages, liabilities and judgments by reason of any settlement of any action (i) effected with its written consent or (ii) effected without its written consent if the settlement is entered into more than twenty Business Days after the indemnifying party shall have received a request from the indemnified party for reimbursement for the fees and expenses of counsel (in any case where such fees and expenses are at the expense of the indemnifying party) and, prior to the date of such settlement, the indemnifying party shall have failed to comply with such reimbursement request. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement or compromise of, or consent to the entry of judgment with respect to, any pending or threatened action in respect of which the indemnified party is or could have been a party and indemnity or contribution may be or could have been sought hereunder by the indemnified party, unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability on claims that are or could have been the subject matter of such action and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of the indemnified party.

(d) To the extent that the indemnification provided for in this Section 8 is unavailable to an indemnified party in respect of any losses, claims, damages, liabilities or judgments referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or judgments (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuers and the Subsidiary Guarantors, on the one hand, and the Holders, on the other hand, from their sale of Transfer Restricted Securities or (ii) if the allocation provided by clause 8(d)(i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 8(d)(i) above but also the relative fault of the Issuers and the Subsidiary Guarantors, on the one hand, and of the Holder, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or judgments, as well as any other relevant equitable considerations. The relative fault of the Issuers and the Subsidiary Guarantors, on the one hand, and of the Holder, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuers or such Subsidiary Guarantor, on the one hand, or by the Holder, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Issuers, the Subsidiary Guarantors and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such indemnified party in connection with investigating or defending any matter, including any action that could have given rise to such losses, claims, damages, liabilities or judgments. Notwithstanding the provisions of this Section 8, no Holder, its directors, its officers or any Person, if any, who controls such Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the total received by such Holder with respect to the sale of Transfer Restricted Securities pursuant to a Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities and (ii) the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(d) are several in proportion to the respective principal amount of Transfer Restricted Securities held by each Holder hereunder and not joint.

Section 9. Rule 144A and Rule 144. The Issuers and each Subsidiary Guarantor agree with each Holder, for so long as any Transfer Restricted Securities remain outstanding and during any period in which the Issuers or such Subsidiary Guarantor (i) is not subject to Section

13 or 15(d) of the Exchange Act, to make available, upon request of any Holder, to such Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities designated by such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A, and (ii) is subject to Section 13 or 15(d) of the Exchange Act, to make all filings required thereby in a timely manner in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144.

Section 10. Miscellaneous.

(a) Remedies. The Issuers and the Subsidiary Guarantors acknowledge and agree that any failure by the Issuers and/or the Subsidiary Guarantors to comply with their respective obligations under Sections 3 and 4 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Issuers' and the Subsidiary Guarantors' obligations under Sections 3 and 4 hereof. The Issuers and the Subsidiary Guarantors further agree to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) No Inconsistent Agreements. Neither the Issuers nor any Subsidiary Guarantor will, on or after the date of this Agreement, enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. Neither the Issuers nor any Subsidiary Guarantor have previously entered into any agreement granting any registration rights with respect to its securities to any Person other than the registration rights (i) of GulfTerra Energy Partners Company and its affiliates in Section 6.14 of the Partnership Agreement, (ii) of EPEC Deepwater Gathering Company ("EPEC") and its successors pursuant to a registration rights agreement between EPEC and the Partnership which was executed in connection with the acquisition by the Partnership of an additional interest in Viosca Knoll Gathering Company, (iii) of Crystal Gas Storage, Inc. ("Crystal") and its successors pursuant to the registration rights agreement dated as of August 28, 2000 between Crystal and the Partnership which was executed in connection with the acquisition by the Partnership of the Crystal storage facilities, (iv) granted under the Partnership Credit Facility (as amended, restated and otherwise supplemented through the date hereof) and related agreements, (v) of the General Partner and its affiliates in Section 6.14 of the Partnership Agreement (vi) in the registration rights agreement executed in connection with the November 2002 acquisition by the Partnership of the San Juan assets and (vii) granted pursuant to this Agreement. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Issuers' and the Subsidiary Guarantors' securities under any agreement in effect on the date hereof.

(c) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless (i) in the case of Section 5 hereof and this

Section 10(c)(i), the Issuers have obtained the written consent of Holders of all outstanding Transfer Restricted Securities and (ii) in the case of all other provisions hereof, the Issuers have obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities (excluding Transfer Restricted Securities held by the Issuers or their Affiliates). Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose Transfer Restricted Securities are being tendered pursuant to the Exchange Offer, and that does not affect directly or indirectly the rights of other Holders whose Transfer Restricted Securities are not being tendered pursuant to such Exchange Offer, may be given by the Holders of a majority of the outstanding principal amount of Transfer Restricted Securities subject to such Exchange Offer.

(d) Third Party Beneficiary. The Holders shall be third party beneficiaries to the agreements made hereunder between the Issuers and the Subsidiary Guarantors, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and

(ii) if to the Issuers or the Subsidiary Guarantors:

GulfTerra Energy Partners, L.P.
4 Greenway Plaza
Houston, Texas 77046
Telecopier No.: (713) 420-5477
Attention: Chief Financial Officer

With a copy to:

Akin, Gump, Strauss, Hauer & Feld, L.L.P.
711 Louisiana Street, Suite 1900
Houston, Texas 77002
Telecopier No.: (713) 236-0822
Attention: J. Vincent Kendrick

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if

telecopied; and on the next Business Day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders; provided, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Transfer Restricted Securities in violation of the terms hereof or of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Transfer Restricted Securities in any manner, whether by operation of law or otherwise, such Transfer Restricted Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Transfer Restricted Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such Person shall be entitled to receive the benefits hereof.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

* * * *

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Issuers:

GULFTERRA ENERGY PARTNERS, L.P.

By:/s/ Keith Forman

Keith Forman, Vice President and Chief Financial Officer

GULFTERRA ENERGY FINANCE CORPORATION

By:/s/ Keith Forman

Keith Forman, Vice President and Chief Financial Officer

Subsidiary Guarantors:

CAMERON HIGHWAY PIPELINE GP, L.L.C.*
CAMERON HIGHWAY PIPELINE I, L.P.*
CRYSTAL HOLDING, L.L.C.*
FIRST RESERVE GAS, L.L.C.*
FLEXTREND DEVELOPMENT COMPANY, L.L.C.*
GULFTERRA ALABAMA INTRASTATE, L.L.C.*
GULFTERRA FIELD SERVICES, L.L.C.*
GULFTERRA GC, L.P.*
GULFTERRA HOLDING I, L.L.C.*
GULFTERRA HOLDING II, L.L.C.*
GULFTERRA HOLDING III, L.L.C.*
GULFTERRA HOLDING IV, L.P.*
GULFTERRA HOLDING V, L.P.*
GULFTERRA INTRASTATE, L.P*.
GULFTERRA NGL STORAGE, L.L.C.*
GULFTERRA OIL TRANSPORT, L.L.C.
GULFTERRA OPERATING COMPANY, L.L.C.*
GULFTERRA SOUTH TEXAS, L.P.*
GULFTERRA TEXAS PIPELINE, L.P.*
HATTIESBURG GAS STORAGE COMPANY*
By: FIRST RESERVE GAS, L.L.C., in its capacity as 50% general partner of Hattiesburg Gas Storage Company*
By: HATTIESBURG INDUSTRIAL GAS SALES, L.L.C., in its capacity as 50% general partner of Hattiesburg Gas Storage Company*
HATTIESBURG INDUSTRIAL GAS SALES, L.L.C.*
HIGH ISLAND OFFSHORE SYSTEM, L.L.C.
By: GULFTERRA ENERGY PARTNERS, L.P., its sole member*
MANTA RAY GATHERING COMPANY, L.L.C.*
PETAL GAS STORAGE, L.L.C.*
POSEIDON PIPELINE COMPANY, L.L.C.*

*By:/s/ Keith Forman

Keith Forman, Vice President and
Chief Financial Officer:

Initial Purchasers:

J.P. MORGAN SECURITIES INC.
BANC ONE CAPITAL MARKETS, INC.
BNP PARIBAS SECURITIES CORP.
CREDIT LYONNAIS SECURITIES (USA) INC.
CREDIT SUISSE FIRST BOSTON LLC
FORTIS INVESTMENT SERVICES LLC
THE ROYAL BANK OF SCOTLAND PLC
SCOTIA CAPITAL (USA) INC.
SUNTRUST CAPITAL MARKETS, INC.
WACHOVIA SECURITIES, LLC

By: J.P. MORGAN SECURITIES INC.

By: /s/Adam Bernard

    Name: Adam Bernard
    Title: Vice President

SCHEDULE A

NAME OF SUBSIDIARY GUARANTOR	STATE OF ORGANIZATION
Cameron Highway Pipeline GP, L.L.C.	Delaware
Cameron Highway Pipeline I, L.P.	Delaware
Crystal Holding, L.L.C.	Delaware
First Reserve Gas, L.L.C.	Delaware
Flextrend Development Company, L.L.C.	Delaware
GulfTerra Alabama Intrastate, L.L.C.	Delaware
GulfTerra Field Services, L.L.C.	Delaware
GulfTerra GC, L.P.	Delaware
GulfTerra Holding I, L.L.C.	Delaware
GulfTerra Holding II, L.L.C.	Delaware
GulfTerra Holding III, L.L.C.	Delaware
GulfTerra Holding IV, L.P.	Delaware
GulfTerra Holding V, L.P.	Delaware
GulfTerra Intrastate, L.P.	Delaware
GulfTerra NGL Storage, L.L.C.	Delaware
GulfTerra Oil Transport, L.L.C.	Delaware
GulfTerra Operating Company, L.L.C.	Delaware
GulfTerra South Texas, L.P.	Delaware
GulfTerra Texas Pipeline, L.P.	Delaware
Hattiesburg Gas Storage Company	Delaware
Hattiesburg Industrial Gas Sales, L.L.C.	Delaware
High Island Offshore System, L.L.C.	Delaware
Manta Ray Gathering Company, L.L.C.	Delaware
Petal Gas Storage, L.L.C.	Delaware
Poseidon Pipeline Company, L.L.C.	Delaware

EXHIBIT 10.L.1

AMENDMENT NO. 1 TO THE
EL PASO ENERGY PARTNERS
1998 COMMON UNIT PLAN
FOR NON-EMPLOYEE DIRECTORS

Pursuant to Section 10.1 of the El Paso Energy Partners 1998 Common Unit Plan for Non-Employee Directors, amended and restated effective as of April 18, 2001 (the "Plan"), the Plan is hereby amended as follows, effective as of May 15, 2003:

WHEREAS, effective as of May 15, 2003, the name of the General Partner and the Partnership changed to GulfTerra Energy Company, L.L.C. and GulfTerra Energy Partners, L.P., respectively.

NOW, THEREFORE, the name of the Plan is hereby changed to "GulfTerra Energy Partners 1998 Common Unit Plan for Non-Employee Directors."

All references in the Plan to "El Paso Energy Partners Company" or the "General Partner" shall mean "GulfTerra Energy Company, L.L.C." and all references in the Plan to "El Paso Energy Partners, L.P." or the "Company" shall mean "GulfTerra Energy Partners, L.P."

IN WITNESS WHEREOF, the General Partner has caused this amendment to be duly executed on behalf of the Partnership on this 15th day of May, 2003.

GULFTERRA ENERGY PARTNERS, L.P.
By: GulfTerra Energy Company, L.L.C.
The General Partner

By /s/ D. Dwight Scott

Title: Executive Vice President

ATTEST:

By /s/ David L. Siddall

Title: Corporate Secretary

EXHIBIT 10.M.1

AMENDMENT NO. 2 TO THE
EL PASO ENERGY PARTNERS
1998 OMNIBUS COMPENSATION PLAN

Pursuant to Section 13.1 of the El Paso Energy Partners 1998 Omnibus Compensation Plan, amended and restated effective as of January 1, 1999, as amended (the "Plan"), the Plan is hereby amended as follows, effective as of May 15, 2003:

WHEREAS, effective as of May 15, 2003, the name of the General Partner and the Partnership changed to GulfTerra Energy Company, L.L.C. and GulfTerra Energy Partners, L.P., respectively.

NOW, THEREFORE, the name of the Plan is hereby changed to "GulfTerra Energy Partners 1998 Omnibus Compensation Plan."

All references in the Plan to "El Paso Energy Partners Company" or the "General Partner" shall mean "GulfTerra Energy Company, L.L.C." and all references in the Plan to "El Paso Energy Partners, L.P." or the "Company" shall mean "GulfTerra Energy Partners, L.P."

IN WITNESS WHEREOF, the General Partner has caused this amendment to be duly executed on behalf of the Partnership on this 15th day of May, 2003.

GULFTERRA ENERGY PARTNERS, L.P.
By: GulfTerra Energy Company, L.L.C.
The General Partner

By /s/ D. Dwight Scott

Title: Executive Vice President

ATTEST:

By /s/ David L. Siddall

Title: Corporate Secretary

EXHIBIT 31.A

CERTIFICATION

I, Robert G. Phillips, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GulfTerra Energy Partners, L.P.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2003

/s/ ROBERT G. PHILLIPS

Robert G. Phillips
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)
GulfTerra Energy Company, L.L.C.,
general partner
of GulfTerra Energy Partners, L.P.

EXHIBIT 31.B

CERTIFICATION

I, Keith B. Forman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GulfTerra Energy Partners, L.P.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2003

/s/ KEITH B. FORMAN

Keith B. Forman
Vice President and Chief Financial Officer
(Principal Financial Officer)
GulfTerra Energy Company L.L.C.,
general partner of GulfTerra Energy Partners, L.P.

EXHIBIT 32.A

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the period ending June 30, 2003, of GulfTerra Energy Partners, L.P. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert G. Phillips, Chairman of the Board and Chief Executive Officer, certify (i) that the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert G. Phillips

Robert G. Phillips
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)
GulfTerra Energy Company L.L.C., general
partner of GulfTerra Energy Partners, L. P.

August 12, 2003

A signed original of this written statement required by Section 906 has been provided to GulfTerra Energy Partners, L.P. and will be retained by GulfTerra Energy Partners, L.P. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.B

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the period ending June 30, 2003, of GulfTerra Energy Partners, L.P. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Keith B. Forman, Vice President and Chief Financial Officer, certify (i) that the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (ii) that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Keith B. Forman

Keith B. Forman
Vice President and
Chief Financial Officer
(Principal Financial Officer)
GulfTerra Energy Company L.L.C., general
partner of GulfTerra Energy Partners, L.P.

August 12, 2003

A signed original of this written statement required by Section 906 has been provided to GulfTerra Energy Partners, L.P. and will be retained by GulfTerra Energy Partners, L.P. and furnished to the Securities and Exchange Commission or its staff upon request.