



September 21, 2017

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Re: Jordan Cove Energy Project L.P.  
Docket No. CP17-\_\_\_-0000  
Jordan Cove Energy Project  
Application for Authorizations Under Section 3 of the Natural Gas Act**

Dear Ms. Bose:

Pursuant to Section 3(a) of the Natural Gas Act, as amended,<sup>1</sup> and Parts 153 and 380 of the Federal Energy Regulatory Commission's ("Commission" or "FERC") regulations,<sup>2</sup> Jordan Cove Energy Project L.P. ("JCEP") hereby files this application for authorization to site, construct, and operate certain liquefied natural gas facilities located on the bay side of the North Spit of Coos Bay, Oregon.

Included herewith are four volumes. Volume I contains public information and comprises the Application and its public exhibits, except Exhibit F-I. Volume II contains the public version of Exhibit F-1 and response trackers that indicate the location of each response to comments provided by the FERC Staff and other cooperating agencies on the draft resource reports. Volume III contains privileged and confidential information and includes the landowner list, archaeological field surveys, cultural resources survey reports, and certain portions of Resource Report 13 from Exhibit F-1. Volume IV contains Critical Energy Infrastructure Information ("CEII") and includes certain portions and appendices of Resource Report 13.

Pursuant to Section 388.112 of the Commission's regulations,<sup>3</sup> JCEP requests that the information filed in Volume III be treated as privileged and confidential and that it not be released to the public. This volume is labeled "**CONTAINS PRIVILEGED INFORMATION – DO NOT RELEASE (CUI//PRIV)**" and contains information that is customarily treated as privileged and confidential. Pursuant to Section 388.113 of the Commission's regulations,<sup>4</sup> JCEP requests that the information filed in Volume IV be treated as CEII and that it not be released to the public. This volume is labeled "**CONTAINS CRITICAL ENERGY INFRASTRUCTURE INFORMATION – DO NOT RELEASE (CUI//CEII)**" and contains information that is customarily treated as CEII. JCEP is submitting this information as CEII

---

<sup>1</sup> 15 U.S.C. § 717b(a) (2012).

<sup>2</sup> 18 C.F.R. Pts. 153 and 380 (2017).

<sup>3</sup> *Id.* at § 388.112.

<sup>4</sup> *Id.* at § 388.113.

because it contains information about the location of critical infrastructure that could be useful to a person planning an attack on aboveground facilities. JCEP requests that this information be treated as CEII for five years, unless redesignated by the CEII Coordinator.

Questions pertaining to CEII and privileged and confidential information may be submitted to:

Natalie Eades  
Senior Counsel  
Jordan Cove Energy Project L.P.  
5615 Kirby, Suite 500  
Houston, Texas 77005  
Phone: 713-400-2841  
Email: natalie.eades@vereseninc.com

Pursuant to the Commission's electronic filing guide,<sup>5</sup> JCEP is eFiling this application and will provide two complete copies to the OEP Room 62-46 and one complete copy to OGCEP Room 101-56.

Should you have any questions, please contact me at [espomer@vereseninc.com](mailto:espomer@vereseninc.com) or (866) 227-9249.

Sincerely,

/s/ Elizabeth Spomer  
Elizabeth Spomer  
President and CEO  
Jordan Cove Energy Project L.P.  
Pacific Connector Gas Pipeline, LP

#### Attachments

cc: John Peconom (FERC)  
J. Rich McGuire (FERC) (letter and application text only)  
James A. Martin (FERC) (letter and application text only)  
Paul D. Friedman (FERC) (letter and application text only)

---

<sup>5</sup> Federal Energy Regulatory Commission Filing Guide/Qualified Documents List (Feb. 14, 2017), available at <http://www.ferc.gov/docs-filing/efiling/filing.pdf>.

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Jordan Cove Energy Project L.P.

)  
)  
)

Docket No. CP17-\_\_\_\_-000

**APPLICATION OF JORDAN COVE ENERGY PROJECT L.P.  
FOR AUTHORIZATION UNDER SECTION 3 OF THE NATURAL GAS ACT**

**Filed: September 21, 2017**

## TABLE OF CONTENTS

I. EXECUTIVE SUMMARY .....	2
II. INFORMATION REGARDING THE APPLICANT.....	4
III. COMMUNICATIONS .....	5
IV. DETAILED PROJECT DESCRIPTION.....	6
A.    Location and Description of Facilities .....	6
B.    Navigation Reliability Improvements.....	9
C.    Safety .....	9
D.    Stakeholder Outreach.....	10
V. THE AUTHORIZATIONS REQUESTED ARE NOT INCONSISTENT WITH THE PUBLIC INTEREST .....	12
A.    The LNG Terminal is Not Inconsistent with the Public Interest .....	12
B.    Market Demand .....	13
C.    Benefits to the Local Economy.....	16
VI. STATEMENT UNDER SECTION 153.7(C)(2).....	17
VII. PRESIDENTIAL PERMIT .....	18
VIII. DEPARTMENT OF ENERGY/OFFICE OF FOSSIL ENERGY .....	18
IX. OTHER RELATED APPLICATIONS .....	19
X. FORM OF NOTICE.....	19
XI. LIST OF EXHIBITS.....	19
XII. CONCLUSION .....	20





JCEP respectfully requests that the Commission issue a Final Environmental Impact Statement by August 2018, and the authorizations and waivers requested herein by November 2018, so that JCEP will be able to commence construction on a timely basis and place its facilities into commercial service by the first half of 2024.<sup>3</sup>

In support of its request, JCEP states as follows:

**I.**  
**EXECUTIVE SUMMARY**

JCEP is seeking authorization pursuant to Section 3 of the NGA to site, construct, and operate the LNG Terminal to be located on the bay side of the North Spit of Coos Bay, Oregon. The LNG Terminal will be able to receive a maximum of 1,200,000 Dth/d of natural gas and produce a maximum of 7.8 mtpa of LNG for export. The proposed LNG Terminal is not inconsistent with the public interest but instead presents numerous benefits, including the expansion of market outlets, access for U.S. natural gas producers to foreign markets, and increased economic activity in the surrounding area.

Specifically, the Project will help to meet global market demand by providing clean-burning natural gas to Asian markets, particularly Japan, which will improve the U.S. balance of trade, reduce the amount of coal-fired, oil-fired, and nuclear-powered generation currently being used in these markets, and increase cleaner-burning energy supplies to other commercial and residential markets. The point of origin for the Pipeline near the intersection of the GTN Pipeline system and Ruby Pipeline system is strategically located to give access to reliable and secure supplies of natural gas from two natural gas supply basins – one in the U.S. Rocky Mountains (through the existing Ruby

---

<sup>3</sup> Since the LNG Terminal requires gas supply from the Pipeline to undertake commissioning and testing, PCGP is proposing to place the Pipeline in service during the fourth quarter of 2022.

Pipeline) and a second in western Canada (through the existing GTN Pipeline) – capable of delivering volumes of at least 1,200,000 Dth/d in order to support export of 7.8 mtpa of LNG. The Project also provides new market access for natural gas producers in the U.S. Rocky Mountains and western Canada who have seen their access to markets in the eastern and central regions of the United States and Canada erode with the development and ramp-up of natural gas from the Marcellus and Utica shales. Two large under-utilized pipeline systems, Ruby Pipeline and GTN Pipeline, already exist to transport natural gas from these large gas supply basins to southern Oregon. The Pipeline would be able to access these supplies and transport them to the LNG Terminal for export. The LNG Terminal would support receipt of natural gas, gas treating and liquefaction, storage, and loading of LNG onto ocean-going LNG tankers for delivery to export markets.

As described more fully in Section V(C) below, the Project enjoys strong support from the local community. The construction and subsequent operation of this Project will result in increased economic activity in the surrounding area through investment by JCEP and PCGP and the creation of jobs, including, statewide and through direct, indirect, and induced impacts, 43,233 full-year equivalents supported by Project construction, as well as 215 directly-employed workers during Project operation. Construction spending alone for the Project is estimated at \$9.8 billion in Oregon, and, of that \$9.8 billion, \$2.88 billion will be spent directly at Oregon businesses.

The LNG Terminal will have five Prico® liquefaction trains and one pre-treatment facility, and the LNG will be stored in two full-containment, seismic-isolated LNG storage tanks. The interface point between the Pipeline and the JCEP facilities

occurs at the flange immediately downstream of the metering station located on the LNG Terminal site. Other facilities at the LNG Terminal include LNG loading facilities, LNG loading lines, a marine slip, an access channel, utilities to support the LNG Terminal, and buildings for maintenance, warehouse, and personnel administration. JCEP also will construct the Southwest Oregon Regional Safety Center (“SORSC”), a center that will be used for incident management and response both by JCEP and by multiple state agencies in order to manage safety and security in the event of emergencies. Additionally, as described in Section IV(B) below, JCEP plans to excavate four submerged areas lying adjacent to the federally-authorized Coos Bay Navigation Channel (“Channel”) to broaden the weather window for the transit of approximately 110-120 LNG carriers per year that will call on the LNG Terminal.

The Environmental Report included herewith as Exhibit F-1 fully demonstrates that the LNG Terminal has been sited first to avoid, and then mitigate, environmental impacts. The Environmental Report also demonstrates that the LNG Terminal has been designed using the latest technologies and all necessary equipment to satisfy applicable safety and security requirements. JCEP submits that the LNG Terminal is not inconsistent with the public interest and respectfully requests that the Commission grant the authorization requested in this Application.

## **II. INFORMATION REGARDING THE APPLICANT**

The exact legal name of JCEP is Jordan Cove Energy Project L.P. JCEP is a Delaware limited partnership with its primary place of business located at 5615 Kirby Drive, Suite 500, Houston, Texas 77005.

JCEP is not owned, in whole or in part, or subsidized, directly or indirectly, by any foreign government. Moreover, it is not contractually committed to ownership or subsidization by any foreign government entity.<sup>4</sup> JCEP is wholly-owned by Veresen Inc., a Canadian corporation, which is also the owner of PCGP. Veresen Inc., or its predecessor, has been involved in energy infrastructure projects since 1997. On May 1, 2017, Veresen Inc. announced that it would be acquired by Pembina Pipeline Corp., a Canadian corporation. The closing is scheduled for the third or fourth quarter of 2017. If the acquisition is completed as planned, JCEP will continue to be owned by a Canadian corporation and will supplement this Application accordingly.

### **III. COMMUNICATIONS**

The persons to whom correspondence and communications concerning this Application should be directed and upon whom service is to be made are as follows:<sup>5</sup>

\* Elizabeth Spomer  
President and CEO  
Jordan Cove Energy Project L.P.  
5615 Kirby Drive, Suite 500  
Houston, Texas 77005  
Phone: (866) 227-9249  
Email: espomer@vereseninc.com

\* Rose Haddon  
Director, Regulatory Affairs  
Jordan Cove Energy Project L.P.  
5615 Kirby Drive, Suite 500  
Houston, Texas 77005  
Phone: (866) 227-9249  
Email: rose.haddon@jordancovelng.com

---

<sup>4</sup> 18 C.F.R. § 153.7(a).

<sup>5</sup> JCEP respectfully requests that the Commission waive Rule 203(b)(3), 18 C.F.R. § 385.203(b)(3), in order to allow each of the designated representatives to be included on the official service list.

\* Anita R. Wilson  
\* Christopher J. Terhune  
Victoria R. Galvez  
Vinson & Elkins L.L.P.  
2200 Pennsylvania Avenue NW  
Suite 500 West  
Washington, D.C. 20037  
Phone: (202) 639-6500  
Facsimile: (202) 879-8976  
Email: awilson@velaw.com  
cterhune@velaw.com

#### **IV. DETAILED PROJECT DESCRIPTION**

JCEP is proposing to develop an LNG facility with a nominal LNG production capacity of 7.8 mtpa of LNG.<sup>6</sup> The LNG Terminal would be capable of receiving natural gas from the Pipeline, processing the gas, liquefying the gas into LNG, storing the LNG, and loading the LNG onto ocean-going carriers at its marine dock. JCEP currently anticipates that construction for the Project would begin in the first half of 2019, with a target in-service date in the first half of 2024. After assessing multiple bids, JCEP awarded an engineering, procurement, and construction contract for the LNG Terminal to a consortium comprised of Kiewit, Black & Veatch and Japan's JGC in July 2017.

##### **A. Location and Description of Facilities**

The LNG Terminal will be located on the bay side of the North Spit of Coos Bay in southwest Oregon. The proposed terminal will be located in unincorporated Coos County, Oregon, within land owned by Fort Chicago LNG II U.S. L.P., an affiliate of JCEP, across two contiguous parcels – Ingram Yard and the South Dunes Site – which

---

<sup>6</sup> The site of the LNG Terminal has been previously analyzed by the Commission in two Environmental Impact Statements issued in Docket Nos. CP07-444-000 and CP13-483-000. Within the footprint of the LNG Terminal site, JCEP has incorporated several design modifications to the LNG Terminal that enhance the Project construction and operation and mitigate related impacts.

are connected by the Access and Utility Corridor. The facilities for LNG production are located on Ingram Yard, while the interconnection with the Pipeline is located on the South Dunes Site. The proposed site is about 7.5 miles up the existing Coos Bay navigation channel, approximately 1,000 feet north of the city limit of North Bend, in Coos County, Oregon, and more than 1 mile away from the nearest residence. Natural gas will be delivered to the LNG Terminal by the Pipeline. The interface point between the Pipeline and the JCEP facilities is located at the flange immediately downstream of the metering station located on the South Dunes Site.

The main components of JCEP's LNG Terminal include:

**Gas Inlet and Gas Conditioning Facilities:**

- a connection to the Pipeline metering station;
- gas inlet facilities; and
- a gas conditioning train, consisting of mercury removal via sulfur-impregnated activated carbon, carbon dioxide and other acid gases removal via an amine system, and dehydration via a molecular sieve adsorbent system.

**Liquefaction Facilities:**

- five liquefaction trains using the PRICO® LNG process (a Black & Veatch proprietary technology);
- Gas turbine driven refrigeration, including a single-body, two-stage refrigerant compressor for each liquefaction train;
- Waste heat recovery system from the gas turbines;
- Heavy hydrocarbon removal units; and

- LNG expander, LNG flash drum, and boil-off gas (“BOG”) system.

**LNG Storage:**

- two full-containment, seismic-isolated LNG storage tanks, each designed for a working capacity of 160,000 cubic meters (“m<sup>3</sup>”).

**LNG Loading and Marine Facilities:**

- LNG loading line and LNG loading facilities;
- marine slip;
- access channel for approximately 110-120 LNG carriers annually connecting the slip to the Channel at approximately Channel Mile 7.3;
- LNG berth;
- emergency lay berth;
- Material Offloading Facility; and
- tug and security vessel berth.

**Terminal Utility (Support) Systems:**

- Two BOG compressor trains feeding the fuel gas system, one operating continuously to handle holding mode BOG volumes and the second only needed during loading mode or during an off-design condition that results in increased BOG generation;
- steam system providing heat for the gas conditioning systems and utility power generation;
- control systems including an operations building;
- safety systems that include flare and facility shutdowns;
- utility, potable water, and fire water systems; and



- the use of instrument air, utility air, and nitrogen.

The LNG carriers calling on the LNG Terminal and their transit route in Coos Bay are primarily within the jurisdiction of the U.S. Coast Guard (“USCG”). The USCG Waterway Suitability Report for this Project currently allows LNG carriers with a capacity of up to 148,000 m<sup>3</sup> to dock at the LNG Terminal berth.

JCEP plans to obtain limited power from the regional electric grid for the SORSC and temporary construction activities. The total power requirements for the LNG Terminal are 39.2 MW (holding mode) and 49.5 MW (loading mode). JCEP is proposing to utilize a gas turbine direct-drive process with waste heat recovery to power its liquefaction trains.<sup>7</sup> Electrical power will be generated via two 30 MW steam turbine generators and one spare 30 MW steam turbine generator.

## **B. Navigation Reliability Improvements**

JCEP plans to dredge four submerged areas lying adjacent to the Channel. These minor enhancements will allow for transit of LNG vessels of similar overall dimensions to those listed in the July 1, 2008 USCG Waterway Suitability Report, but under a broader weather window. This, in turn, provides for greater navigational efficiency and flexibility, enabling JCEP to export the full capacity of the optimized design production of 7.8 mtpa from the LNG Terminal under a broader range of local meteorological and marine conditions.

## **C. Safety**

The Project is designed to be safe, efficient, operable, and maintainable with minimal effects on the environment. All facilities will be designed, constructed, and

---

<sup>7</sup> JCEP is no longer proposing, as it did in Docket No. CP13-483, to construct a separate power generation facility.

operated in accordance with governing federal, state, and local regulations. Resource Reports 11 and 13 describe in detail the safety measures and controls for the LNG Terminal. JCEP has been actively coordinating with the Pipeline and Hazardous Materials Safety Administration (“PHMSA”) within the Department of Transportation and the U.S. Coast Guard to ensure a safe environment. The LNG Terminal will comply with the Department of Transportation’s requirements for LNG terminal construction in 49 C.F.R. Part 193 and NFPA 59A and the USCG’s regulations for LNG Waterfront Facilities, 33 C.F.R. Part 127.

Site elevations were selected to mitigate flooding due to storm surge, estuarine flooding, and tsunamis. Elevations have been selected to cater for life safety in case of an event that exceeds the design-level tsunami.

The SORSC will be a building for use by JCEP and state agencies for incident management and response and will be dedicated to managing safety and security in the event of emergencies. The SORSC will be home to the Jordan Cove Security Center, Coos County Dispatch Center, Coos County Emergency Operations Center, and offices for various businesses and agencies. JCEP will also construct a standalone fire department building in the Access and Utility Corridor that will house the Jordan Cove fire department chief and staff.

#### **D. Stakeholder Outreach**

On January 23, 2017, JCEP and PCGP requested approval to participate in the Commission’s pre-filing review process to engage federal and state agencies, Tribes, landowners, and other stakeholders to identify and resolve issues at the earliest stages of project development. FERC granted this request on February 10, 2017, and assigned Docket No. PF17-4-000. On June 9, 2017, the Commission issued its Notice of Intent to

Prepare an Environmental Impact Statement (“EIS”).<sup>8</sup> Using FERC’s *Suggested Best Practices for Industry Outreach Programs to Stakeholders* as guidance, JCEP and PCGP have communicated with landowners and potential stakeholders about the Project, held open house meetings to engage with stakeholders, attended scoping meetings, participated in multiple FERC and interagency meetings, and filed draft resource reports and monthly status reports with the Commission. Through the pre-filing review process, Commission Staff and interested stakeholders have reviewed the draft Resource Reports and provided comments in the docket. JCEP endeavored to incorporate these comments into the final Resource Reports, and is including herewith response trackers that indicate the location of each response to comments provided by FERC staff and other cooperating agencies on the draft Resource Reports.<sup>9</sup> Additionally, during the course of the pre-filing review process, JCEP and PCGP reviewed scoping comments filed in the docket and submitted a response to such comments on July 24, 2017.<sup>10</sup>

Prior to the commencement of the Commission’s pre-filing review process for the current proposal, JCEP and PCGP had met and corresponded with representatives from appropriate Tribes who are generally familiar with the LNG Terminal site and proposed Pipeline route. Over the course of the pre-filing process, JCEP and PCGP have significantly increased the commitment of resources to Tribal relations and the management of impacts on cultural resources. JCEP and PCGP continue to dedicate staff to ongoing communications with the appropriate Tribes, thereby ensuring that the

---

<sup>8</sup> Notice of Intent to Prepare an Environmental Impact Statement, Docket No. PF17-4-000 (issued June 9, 2017) (“NOI”).

<sup>9</sup> Agency comments submitted subsequent to, and independently of, the FERC-issued comments will be reviewed and addressed in future submissions in this docket as appropriate.

<sup>10</sup> Response to Scoping Comments of Jordan Cove Energy Project L.P. and Pacific Connector Gas Pipeline, LP, Docket No. PF17-4-000 (submitted July 24, 2017).

concerns of the Tribes are carefully considered as the formal FERC review process progresses. Under a new Tribal relations protocol, JCEP and PCGP are providing a Project activity update with rolling 60-day, three-month, and 12-month projections of upcoming survey work and investigations on the LNG Terminal site and proposed Pipeline route. JCEP and PCGP have also instituted a Tribal communication protocol where, to the greatest extent practicable, notification of work to be conducted on the LNG Terminal site or within the proposed Pipeline route is provided 30 days in advance to the appropriate Tribes. Applicable agencies are included on the notifications where the work may involve permits and processes pertinent to these agencies. Through these ongoing communications, JCEP has also negotiated agreements with some of the Tribes that contain provisions on cost-reimbursement for Tribal monitoring, non-disclosure, and communication protocols.

**V.**  
**THE AUTHORIZATIONS REQUESTED ARE NOT INCONSISTENT WITH  
THE PUBLIC INTEREST**

**A. The LNG Terminal is Not Inconsistent with the Public Interest**

Section 3(a) of the NGA provides that, “[t]he Commission shall issue an order upon application unless, after the opportunity for hearing, it finds that the proposed exportation or importation will not be consistent with the public interest.”<sup>11</sup> Section 153.7(c) of the Commission’s regulations, which implements Section 3(a) of the NGA, requires a showing that the Project:

- (i) Will improve access to supplies of natural gas, serve new market demand, enhance the reliability, security, and/or flexibility of the applicant’s pipeline

---

<sup>11</sup> 15 U.S.C. § 717(b)(a).

system, improve the dependability of international energy trade, or enhance competition within the United States for natural gas transportation or supply...<sup>12</sup>

As shown herein, the Project is not inconsistent with the public interest.<sup>13</sup> The Commission considers its scope of review to be “limited to consideration of the impacts related to the place of importation [or export], which necessarily includes the technical and environmental aspects of any related facilities.”<sup>14</sup> The proposed Project satisfies this standard. Notwithstanding this limited scope of review, JCEP discusses below the significant benefit of the Project to the regional, state, and U.S. economies.

## **B. Market Demand**

The Project will serve global market demand for LNG. Overseas market demand will continue to drive the need for competitively priced liquefaction and transport of LNG and the need for the LNG Terminal. Demand for LNG is expected to grow nearly four percent per year, on average, between 2015 and 2020, according to the U.S. Energy Infrastructure Administration’s (“EIA”) Annual Energy Outlook (“AEO”) 2017, and the U.S. is poised to be a net exporter of natural gas by 2020.<sup>15</sup> Further, U.S. LNG exports are expected to maintain their competitive advantage going forward due to the size and quality of the upstream natural gas resources in North America and the availability of infrastructure, including existing pipelines and road and rail infrastructure. This Project is a long-term investment supported by the long-term fundamentals for LNG demand, such as replacement of declining LNG supply in traditional markets where long-term contracts

---

<sup>12</sup> 18 C.F.R. § 153.7(c)(1)(i).

<sup>13</sup> 18 C.F.R. § 153.7(c).

<sup>14</sup> See *Sabine Pass Liquefaction, LLC and Sabine Pass LNG, L.P.*, 139 FERC ¶ 61,039 at P 27, n.35 (2012) (citing *National Steel Corp.*, 45 FERC ¶ 61,100, at p. 61,333 (1988)).

<sup>15</sup> U.S. Energy Information Administration, *Annual Energy Outlook with Projections to 2050* at 66 (Jan. 5, 2017), available at [http://www.eia.gov/outlooks/aeo/pdf/0383\(2017\).pdf](http://www.eia.gov/outlooks/aeo/pdf/0383(2017).pdf).

are expiring early in the 2020s, growing energy demand, and replacement of oil-fired, coal-fired, and nuclear-powered generation in certain markets.

The Project, by virtue of its West Coast location, has the further advantage of a shorter shipping distance to major Asian markets relative to other U.S. export projects and increased U.S. imports to this region will improve the U.S. balance of trade. The distance from the Port of Coos Bay to Tokyo Bay requires nine days' shipping compared to 22 days from the Gulf of Mexico utilizing the recently expanded Panama Canal. Further, the Project's West Coast location differentiates it from the majority of LNG production facilities in the United States, which are primarily located on the Gulf Coast. In the event of shipping disruptions in the Panama Canal or disruptions on the Gulf Coast due to hurricanes or other inclement weather, the Project's West Coast location enables the United States to continue to export LNG.

The Project would also provide new market access for natural gas producers in the U.S. Rocky Mountains and western Canada. These producers have seen their access to markets in the eastern and central regions of the United States and Canada erode with the development and ramp-up of natural gas from the Marcellus and Utica shales. Two large under-utilized pipeline systems, the Ruby Pipeline and the GTN Pipeline, already exist to transport natural gas from these large gas supply basins to southern Oregon. The Pipeline would be able to access these supplies and transport them to the LNG Terminal for export.

The Project would provide clean-burning natural gas to Asian markets, which would reduce the amount of coal and oil currently being burned in these markets for electric power generation, as well as nuclear-powered generation, and increase cleaner-

burning supplies to other commercial and residential markets. JCEP continues to negotiate definitive liquefaction tolling agreements with two large LNG purchasers. JCEP is also involved in active discussions with other potential tolling customers. Additionally, JCEP intends to retain a portion of the liquefaction capacity to capture market opportunities. Specifically, JCEP has finalized the key commercial terms with JERA Co., Inc. (“JERA”) for the sale of at least 1.5 mtpa of natural gas liquefaction capacity for an initial term of 20 years, subject to customary conditions including the execution of a detailed liquefaction tolling agreement.<sup>16</sup> JERA is a joint venture of Tokyo Electric Power Company, Incorporated (“TEPCO”) and Chubu Electric Power Co., Inc. (“Chubu”) that was formed on April 30, 2015. The purpose of JERA is to ensure “the stable supply of energy on an internationally competitive basis.”<sup>17</sup> This mission includes the joint procurement of LNG. TEPCO and Chubu are the first and third largest electric utilities in Japan, which is the largest LNG market in the world, and JERA is the world’s largest purchaser of LNG.<sup>18</sup>

JCEP has reached preliminary agreement with ITOCHU Corporation (“ITOCHU”) with respect to certain key commercial terms for the purchase by ITOCHU of an additional 1.5 mtpa of natural gas liquefaction capacity for an initial term of 20 years.<sup>19</sup> With approximately 130 bases in 65 countries, ITOCHU engages in domestic

---

<sup>16</sup> Press Release, Veresen Inc. (Mar. 22, 2016), *available at* <http://veresen.mwnewsroom.com/Files/fc/fc6b2b99-8f40-46aa-96e1-46dbe00d461d.pdf>.

<sup>17</sup> Press Release, JERA Co., Inc. (Apr. 30, 2015), *available at* [http://www.jera.co.jp/english/information/20150430\\_01.html](http://www.jera.co.jp/english/information/20150430_01.html).

<sup>18</sup> *World LNG Report - 2015 Edition*, International Gas Union at 11, *available at* [http://www.igu.org/sites/default/files/node-page-field\\_file/IGU-World%20LNG%20Report-2015%20Edition.pdf](http://www.igu.org/sites/default/files/node-page-field_file/IGU-World%20LNG%20Report-2015%20Edition.pdf) (noting that Japan is the world’s single largest LNG market).

<sup>19</sup> *Veresen and ITOCHU Agree Key Terms for Jordan Cove Liquefaction Capacity*, Veresen Inc. (Apr. 8, 2016), *available at* <http://veresen.mwnewsroom.com/Files/1f/1ff8e5f9-4f7f-45bf-b7f9-0b1b4290a1e3.pdf>.

trading, import/export, and overseas trading of various products such as textiles, machinery, metals, minerals, energy, chemicals, food, information and communications technology, realty, general products, insurance, logistics services, construction, and finance, as well as business investments in Japan and overseas. ITOCHU's Energy Division handles trading of general energy-related products, including crude oil, petroleum products, liquefied petroleum gas, LNG, natural gas, and electricity as well as promoting related projects. The Energy Division also promotes exploration, development and production of oil and gas projects.

### **C. Benefits to the Local Economy**

In addition to meeting global demand for LNG, the Project will also directly benefit Coos County and the towns of Coos Bay and North Bend where the decline in timber and wood products has had a significant negative impact on the local economy. Construction of a multi-billion dollar infrastructure project will facilitate the re-building of the industrial and property tax base of the region. Excluding financing costs, the investment in the Project is estimated to be 90 percent U.S. content.

The Project enjoys strong support from the local community. JCEP has agreed to execute a Community Enhancement Plan ("CEP") under which property tax benefits available at the site would be re-sculpted by JCEP such that the tax benefit would be returned to the County, local communities, and the Port of Coos Bay under a formula that accelerates payments at the start of construction and levels payments from the commencement of operations for 15 years. The CEP will result in JCEP's payment of over \$40 million per year during operations, to be used for capital projects for the schools, the SW Oregon Community College, rehabilitation of the waterfront, and the Port of Coos Bay.



Construction of the Project will result in 6,147 peak monthly jobs (1,996 for the LNG Terminal and 4,151 for the Pipeline) and subsequent operation of the Project will directly employ 215 workers (200 for the LNG Terminal and 15 for the Pipeline). Further, the Project is expected to result in direct compensation to Oregon resident workers of approximately about \$1.5 billion. Through the Project's annual purchases of goods and services from Oregon businesses and household spending by employees, the Project will also support approximately \$96 million in additional labor income and approximately \$235 million in additional output for Oregon businesses.

The Project will also result in significant investment in and modernization of the Port of Coos Bay, which was once the largest timber port in the world but has seen utilization and investment steadily decline over time. JCEP and PCGP would directly invest in improving marine-related infrastructure and capability, such as the procurement of four state-of-the-art tractor tugs with firefighting, active ship escort, and emergency towing and rescue capability; procurement and set up of a private vessel traffic information system; and installation of three meteorological ocean data collection buoys to measure wind speed and direction, current speed and direction and tide height in real time.

**VI.**  
**STATEMENT UNDER SECTION 153.7(C)(2)**

Pursuant to Section 153.7(c)(2) of the Commission's regulations,<sup>20</sup> JCEP will not provide open access terminal and transportation services under Part 284 of the

---

<sup>20</sup> 18 C.F.R. § 153.7(c)(2).

Commission's regulations,<sup>21</sup> but rather will provide LNG terminal services pursuant to negotiated commercial arrangements.

## **VII. PRESIDENTIAL PERMIT**

The LNG Terminal will not involve any facilities at the border of the U.S. and either Canada or Mexico, and will not otherwise involve any physical connection between the U.S. and a foreign country. Therefore, neither Section 153.15(a) of the Commission's regulations nor Executive Order 10485 requires JCEP to apply for a Presidential Permit.<sup>22</sup>

## **VIII. DEPARTMENT OF ENERGY/OFFICE OF FOSSIL ENERGY**

As required by Section 153.6(a) of the Commission's regulations, JCEP states that authorization from the Department of Energy/Office of Fossil Energy ("DOE/FE") is required for the export of natural gas as LNG from the LNG Terminal. DOE/FE has granted JCEP authorization to export LNG by vessel up to the equivalent of 438 billion cubic feet ("Bcf") per year of natural gas (nine mtpa of LNG) for a 30-year term to nations with which the United States currently has, or in the future enters into, a Free Trade Agreement ("FTA") requiring national treatment for trade in natural gas and LNG.<sup>23</sup> JCEP's application for authorization to export up to the equivalent of 292 Bcf per year of natural gas (six mtpa of LNG) to non-FTA nations was filed on March 23, 2012 and was conditionally approved on March 24, 2014.<sup>24</sup> At the appropriate time, JCEP intends to file an amendment to the pending non-FTA application and the FTA authorization to reflect the new export

---

<sup>21</sup> 18 C.F.R. Pt. 284.

<sup>22</sup> See *EcoElectrica, L.P.*, 75 FERC ¶ 61,157, at 61,158, n.13 (1996).

<sup>23</sup> DOE/FE Order No. 3041, FE Docket No. 11-127-LNG (issued Dec. 7, 2011).

<sup>24</sup> DOE/FE Order No. 3413, FE Docket No. 12-32-LNG (issued Mar. 24, 2014).

capacity of the LNG Terminal. As required by Section 153.6(b) of the Commission's regulations, JCEP agrees, as a condition of the authorization requested by this Application, to file a statement that all required DOE/FE authorizations have been obtained prior to its construction of facilities.

**IX.  
OTHER RELATED APPLICATIONS**

As discussed above, PCGP is concurrently submitting an application for a certificate of public convenience and necessity under Section 7 of the NGA to construct and operate a natural gas pipeline that will supply the LNG Terminal.

**X.  
FORM OF NOTICE**

JCEP has included herewith a Form of Notice of this Application suitable for publication in the *Federal Register*.

**XI.  
LIST OF EXHIBITS**

Pursuant to Section 153.8 of the Commission's regulations, set forth below is the listing of exhibits which are included, unless stated otherwise, in this Application.

<b>Exhibit A</b> §153.8(a)(1)	A certified copy of the Certificate of Formation of Jordan Cove Energy Project L.P. is included. Also included are the Limited Partnership Agreement of Jordan Cove Energy Project L.P. and Oregon and Delaware State Authorizations.
<b>Exhibit B</b> §153.8(a)(2)	An explanation of financial and corporate relationships is included.
<b>Exhibit C</b> § 153.8(a)(3)	An opinion of counsel regarding authorized powers is included.
<b>Exhibit D</b> § 153.8(a)(4)	Agreement for border interconnects. Omitted. Not applicable.
<b>Exhibit E</b> § 153.8(a)(5)	A safety report is included in Resource Reports 11 and 13.

<b>Exhibit F</b> § 153.8(a)(7)	Environmental Report. Filed separately herein as Exhibit F-1.
<b>Exhibit G</b> § 153.8(a)(8)	A map showing the location is included.
<b>Exhibit H</b>	A list of federal authorizations is included.
<b>Exhibit Z-1</b>	A Form of Protective Agreement is included.

**XII.**  
**CONCLUSION**

For the reasons set forth above, JCEP respectfully requests that the Commission grant the instant Application for authorization to site, construct, and operate the LNG Terminal as herein described. JCEP also requests any waivers and other relief the Commission may deem necessary to grant the authorizations requested herein. JCEP respectfully requests that these authorizations be granted by November 2018.

Respectfully submitted,

*/s/ Elizabeth Spomer* \_\_\_\_\_  
Elizabeth Spomer  
President and CEO  
Jordan Cove Energy Project L.P.

September 21, 2017

**VERIFICATION**

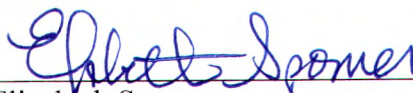
THE STATE OF TEXAS )

)

COUNTY OF HARRIS )

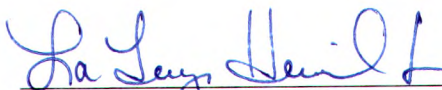
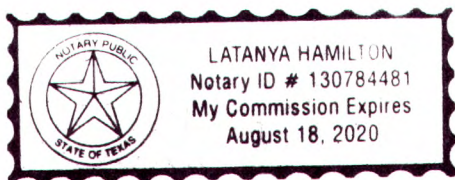
Elizabeth Spomer, being first duly sworn, states that she is President and CEO for Jordan Cove Energy Project L.P.; that she is authorized to execute this Verification; that she has read the foregoing application and is familiar with the contents thereof; and that all allegations of fact therein contained are true and correct to the best of her knowledge and belief.

Jordan Cove Energy Project L.P.



Elizabeth Spomer  
President and CEO

Subscribed and sworn to before me this 20<sup>th</sup> day of September, 2017.



Notary Public  
State of Texas

My Commission Expires:

08/18/20

**JORDAN COVE ENERGY PROJECT L.P.**

**DOCKET NO. CP17-\_\_\_-000**

**Exhibit A**

**Articles of Incorporation**

**Formation Documents for Jordan Cove Energy Project L.P.**

Attached please find the Certificate of Formation and limited partnership agreement of Jordan Cove Energy Project L.P. Also included are state authorizations for Delaware and Oregon. Jordan Cove Energy Project L.P. is wholly-owned by Jordan Cove LNG L.P. Jordan Cove Energy Project, L.L.C. is the general partner of Jordan Cove Energy Project L.P.

The officers of Jordan Cove Energy Project, L.L.C. are:

<b>Name</b>	<b>Office</b>	<b>Nationality</b>
Elizabeth Spomer	President and Chief Executive Officer	U.S.
Kevan King	Senior Vice President, General Counsel	Canada
Theresa Jang	Senior Vice President, Finance and Chief Financial Officer	Canada
David Dunlop	Vice President, Finance	Canada
Tony DiMaio	Vice President, Risk Management	Canada
Norm Birbeck	Vice President, Finance, Jordan Cove LNG	Canada
Autumn Howell	Corporate Secretary	Canada
Pam Ramotowski	Vice President, Human Resources and Administration	Canada
Tanya Yeast	Vice President, Taxation	Canada
Tony Diocee	Vice President, Projects	Canada
Imran Aizaz	Vice President, Financial Planning and Economics	U.S.
Ryan Schleicher	Vice President, Commercial	U.S.

The Directors/Managers of Jordan Cove Energy Project, L.L.C. are:

<b>Name</b>	<b>Office</b>	<b>Nationality</b>
Don Althoff	Director	U.S.
Elizabeth Spomer	President and Chief Executive Officer	U.S.
Kevan King	Senior Vice President, General Counsel	Canada
Imran Aizaz	Vice President, Financial Planning and Economics	U.S.

# Delaware

The First State

*I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "JORDAN COVE ENERGY PROJECT L.P." IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-SEVENTH DAY OF APRIL, A.D. 2017.*

*AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.*



Jeffrey W. Bullock, Secretary of State

3999253 8300

SR# 20172874012

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

Authentication: 202450012

Date: 04-27-17



# State of Oregon

OFFICE OF THE SECRETARY OF STATE  
Corporation Division

## Certificate of Existence 576N373R9

*I, DENNIS RICHARDSON, SECRETARY OF STATE, and Custodian of the Seal of said State, do hereby certify:*

**JORDAN COVE ENERGY PROJECT L.P. LIMITED PARTNERSHIP, A LIMITED PARTNERSHIP OF DELAWARE**

*is*

Authorized to Transact Business

*under the laws of The State of Oregon*

*and is active on the records of the Corporation Division as of the date of this certificate.*

*In Testimony Whereof, I have hereunto set my hand and affixed hereto the Seal of the State of Oregon.*



A handwritten signature in cursive script, reading "Dennis Richardson".

DENNIS RICHARDSON, SECRETARY OF STATE

4/27/2017

# Delaware

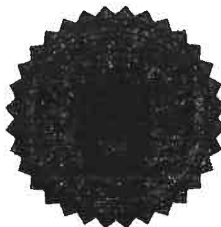
PAGE 1

*The First State*

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "JORDAN COVE ENERGY PROJECT L.P.", FILED IN THIS OFFICE ON THE TWELFTH DAY OF JULY, A.D. 2005, AT 3:28 O'CLOCK P.M.

3999253 8100

050575834



*Harriet Smith Windsor*

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 4017036

DATE: 07-13-05

**STATE OF DELAWARE  
CERTIFICATE OF LIMITED PARTNERSHIP**

- The Undersigned, desiring to form a limited partnership pursuant to the Delaware Revised Uniform Limited Partnership Act, 6 Delaware Code, Chapter 17, do hereby certify as follows:

- First: The name of the limited partnership is Jordan Cove Energy Project L.P.

- Second: The address of its registered office in the State of Delaware is 615 South DuPont Highway in the city of Dover, 19901

The name of the Registered Agent at such address is Capitol Services, Inc.

- Third: The name and mailing address of each general partner is as follows:  
Jordan Cove Energy Project L.L.C.  
125 Central Avenue, Suite 380, Coos Bay, Oregon 97420

- In Witness Whereof, the undersigned has executed this Certificate of Limited Partnership as of 12th day of July, A.D. 2005.

Jordan Cove Energy Project L.L.C.  
By: /s/ Elliot Trepper  
General Partner  
Name: Elliot Trepper  
(type or print name)

**JORDAN COVE ENERGY PROJECT L.L.C.  
125 CENTRAL AVENUE, SUITE 380,  
COOS BAY, OREGON 97420**

**July 12, 2005**

Jordan cove Energy Project L.L.C. hereby gives consent for use of  
name to Jordan Cove Energy Project L.P.

/s/ Elliot Trepper

**JORDAN COVE ENERGY PROJECT L.P.**

**LIMITED PARTNERSHIP AGREEMENT**

AMONG

**JORDAN COVE ENERGY PROJECT L.L.C.**

- AND -

**FORT CHICAGO LNG II U.S. L.P.**

- AND -

**ENERGY PROJECTS DEVELOPMENT L.L.C.**

- AND -

**EACH PERSON WHO IS ADMITTED TO THE  
PARTNERSHIP AS A LIMITED PARTNER IN ACCORDANCE  
WITH THE TERMS HEREOF**

July 12, 2005

## TABLE OF CONTENTS

### ARTICLE 1 INTERPRETATION

1.1	Definitions.....	1
1.2	Headings .....	6
1.3	Interpretation.....	6
1.4	Currency.....	7

### ARTICLE 2 RELATIONSHIP BETWEEN PARTNERS

2.1	Formation and Name of Partnership.....	7
2.2	Business of the Partnership.....	8
2.3	Business in Other Jurisdictions.....	8
2.4	Office of the Partnership.....	8
2.5	Fiscal Year .....	8
2.6	Status of Partners .....	8
2.7	Survival of Representations, Warranties, Covenants and Agreements.....	10
2.8	Limitation on Authority of Limited Partners .....	10
2.9	Power of Attorney.....	11
2.10	Limited Liability of Limited Partners .....	13
2.11	Indemnity of Limited Partners .....	14
2.12	Compliance with Laws .....	14
2.13	Other Activities of General Partner .....	14
2.14	General Partner May Hold Units .....	14
2.15	General Partner as a Limited Partner .....	14
2.16	Private Issuer Restrictions.....	14
2.17	Limitation of Interest .....	15
2.18	Security Interest .....	15

### ARTICLE 3 UNITS

3.1	Authorized Units.....	15
3.2	Terms of Offering(s).....	16
3.3	Subscription for Units .....	16
3.4	Admittance as Limited Partner .....	16
3.5	Payment of Expenses .....	17
3.6	Effective Date .....	17
3.7	Register of Limited Partners .....	17
3.8	Changes in Membership of Partnership.....	17
3.9	Notice of Change of Name or Address of Limited Partner .....	17
3.10	Inspection of Register .....	17
3.11	Transfer of Units.....	18

3.12	Transfer Form .....	19
3.13	Additional Documentation on Transfer .....	19
3.14	Amendment of Certificate and Register .....	19
3.15	Non-Recognition of Trusts or Beneficial Interests .....	19
3.16	Incapacity, Death, Insolvency or Bankruptcy .....	19
3.17	Transfers of Fractional Units .....	20
3.18	No Transfer upon Dissolution.....	20
3.19	Unit Certificates .....	20

**ARTICLE 4**  
**CAPITAL CONTRIBUTIONS AND ACCOUNTS**

4.1	Capital .....	20
4.2	General Partner Contribution .....	21
4.3	Limited Partner Contributions .....	21
4.4	Capital Contributions .....	22
4.5	Separate Capital Accounts .....	22
4.6	No Interest on Capital Account.....	23
4.7	Unpaid Capital Contributions and Loans Not Advanced .....	23
4.8	Sale of Units.....	23
4.9	Failure to Give Notice.....	24
4.10	Restriction on Transfer .....	24
4.11	Interest on Capital Contribution or Loan Advance in Default.....	24
4.12	Set-Off.....	24
4.13	Liability for Deficiency.....	24
4.14	L.L.C. Interests .....	25

**ARTICLE 5**  
**PARTICIPATION IN PROFITS AND LOSSES**

5.1	Allocation of Net Income and Losses for Accounting Purposes .....	25
5.2	Allocation of Net Losses for Tax Purposes .....	25
5.3	Allocation of Net Income for Tax Purposes .....	26
5.4	Tax Distributions and Distributable Cash.....	26
5.5	Monthly or Quarterly Distributions and Allocations .....	27
5.6	Repayments.....	27
5.7	Allocation When Transfers Occur .....	28

**ARTICLE 6**  
**WITHDRAWAL OF CAPITAL CONTRIBUTIONS**

6.1	Withdrawal.....	29
-----	-----------------	----

**ARTICLE 7**  
**POWERS, DUTIES AND OBLIGATIONS OF GENERAL PARTNER**

7.1	Powers, Duties and Obligations.....	29
7.2	Specific Powers and Duties .....	30

7.3	Loans from General Partner.....	32
7.4	Exercise of Duties.....	32
7.5	Limitation of Liability.....	32
7.6	Indemnity of General Partner.....	32
7.7	Liability of Indemnitees.....	34
7.8	Resolution of Conflicts of Interest.....	34
7.9	Other Matters Concerning the General Partner .....	34
7.10	Indemnity of Partnership.....	35
7.11	Restrictions upon the General Partner .....	35
7.12	Employment of an Affiliate .....	35
7.13	Removal of General Partner.....	36
7.14	Voluntary Withdrawal of General Partner.....	36
7.15	Condition Precedent.....	36
7.16	Transfer to New General Partner .....	36
7.17	Transfer of Title to New General Partner .....	37
7.18	Release by Partnership.....	37
7.19	New General Partner.....	37
7.20	Expenses of the Partnership.....	37

**ARTICLE 8**  
**FINANCIAL INFORMATION**

8.1	Books and Records .....	38
8.2	Reports .....	38
8.3	Right to Inspect Partnership Books and Records.....	38
8.4	Accounting Policies .....	39
8.5	Appointment of Auditor.....	39
8.6	Tax Matters .....	39

**ARTICLE 9**  
**MEETINGS OF LIMITED PARTNERS**

9.1	Requisitions of Meetings .....	42
9.2	Place of Meeting .....	42
9.3	Notice of Meeting .....	42
9.4	Record Dates.....	43
9.5	Solicitation of Proxies.....	43
9.6	Proxies.....	43
9.7	Validity of Proxies .....	43
9.8	Form of Proxy .....	44
9.9	Revocation of Proxy .....	44
9.10	Corporations and other Entities .....	44
9.11	Attendance of Others .....	44
9.12	Chairman.....	44
9.13	Quorum .....	44
9.14	Voting .....	45
9.15	Poll .....	45



<b>9.16</b>	Powers of Limited Partners; Resolutions Binding.....	45
<b>9.17</b>	Powers Exercisable by Extraordinary Resolution.....	46
<b>9.18</b>	Minutes .....	47
<b>9.19</b>	Additional Rules and Procedures.....	47

**ARTICLE 10**  
**NOTICES**

<b>10.1</b>	Address .....	47
<b>10.2</b>	Change of Address.....	47
<b>10.3</b>	Accidental Failure.....	47
<b>10.4</b>	Disruption in Mail.....	48
<b>10.5</b>	Receipt of Notice .....	48
<b>10.6</b>	Undelivered Notices.....	48

**ARTICLE 11**  
**DISSOLUTION AND LIQUIDATION**

<b>11.1</b>	Events of Dissolution.....	48
<b>11.2</b>	No Dissolution .....	48
<b>11.3</b>	Continuation After Event of Dissolution .....	49
<b>11.4</b>	Procedure on Dissolution.....	49
<b>11.5</b>	Dissolution .....	50
<b>11.6</b>	No Right to Dissolve.....	50
<b>11.7</b>	Agreement Continues.....	50

**ARTICLE 12**  
**AMENDMENT**

<b>12.1</b>	Amendment Procedures.....	50
<b>12.2</b>	Amendment Requirements.....	50
<b>12.3</b>	Amendment by General Partner.....	50

**ARTICLE 13**  
**NON-COMPETITION**  
**AND CONFIDENTIALITY**

<b>13.1</b>	Non-Competition .....	51
<b>13.2</b>	Confidentiality .....	53
<b>13.3</b>	Disclosure .....	54
<b>13.4</b>	Survival .....	55

**ARTICLE 14**  
**MISCELLANEOUS**

<b>14.1</b>	Binding Agreement.....	55
<b>14.2</b>	Time .....	55
<b>14.3</b>	Counterparts.....	55

14.4	Governing Law .....	55
14.5	Severability .....	55
14.6	Further Acts .....	55
14.7	Entire Agreement .....	56
14.8	Limited Partner Not a General Partner .....	56

**Schedules:**

- Schedule A - Contribution Agreement – Energy Projects Development L.L.C.
- Schedule B - Operating Agreement
- Schedule C - Transfer and Power of Attorney Form
- Schedule D - Distribution and Dissolution Rights – Class A Units
- Schedule E - Distribution and Dissolution Rights – Class B Units
- Schedule F - Class C Unit, Series 1 – Rights, Privileges and Conditions
- Schedule G - Transfer Restrictions
- Schedule H - Fort Chicago Additional Capital Contributions

## LIMITED PARTNERSHIP AGREEMENT

THIS AGREEMENT made as of the 12<sup>th</sup> day of July, 2005 among JORDAN COVE ENERGY PROJECT L.L.C., a limited liability company incorporated under the laws of the State of Delaware, as General Partner, FORT CHICAGO LNG II U.S. L.P., a limited partnership created under the laws of the State of Delaware, as Limited Partner, ENERGY PROJECTS DEVELOPMENT L.L.C., a limited liability company created under the laws of the state of Colorado, as Limited Partner and each Person who is admitted to the Partnership as a Limited Partner in accordance with the terms hereof.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT IN CONSIDERATION of the covenants and agreements contained in this Agreement, the Partners agree with each other as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement, except where otherwise specifically provided, the following words have the following meanings:

**"Act"** means the *Delaware Revised Uniform Limited Partnership Act*, as amended or replaced from time to time;

**"Affiliate"** when used to indicate a relationship with a specified Person, means another Person that directly, or indirectly through one or more intermediaries or otherwise, Controls, or is Controlled by, or is under common Control with, such specified Person. A corporation shall be deemed to be an Affiliate of another corporation if one of them is the Subsidiary of the other or if both are Subsidiaries of the same Person or if each of them is directly or indirectly Controlled by the same Person;

**"Agreement"** means this Limited Partnership Agreement made as of the 12<sup>th</sup> day of July, 2005 among Jordan Cove Energy Project L.L.C., as General Partner of the Partnership, Fort Chicago LNG II U.S. L.P. as Limited Partner of the Partnership, Energy Projects Development L.L.C., as Limited Partner of the Partnership and those parties referred to as Limited Partners herein, as from time to time amended, supplemented or restated;

**"Auditor"** means PricewaterhouseCoopers LLP or such other member in good standing of the American Institute of Certified Public Accountants who is appointed from time to time as auditor of the Partnership by the General Partner;

**"Book Depreciation"** means for each Fiscal Year (or other period for which Book Depreciation must be computed), the depreciation, amortization or other cost recovery deduction allowable for federal income tax purposes with respect to an asset, except that,

if the Book Value of an asset differs from its adjusted tax basis at the beginning of the year, Book Depreciation will be an amount which bears the same ratio to Book Value at the beginning of the year as the federal income tax depreciation, amortization, or other cost recovery deduction for the year bears to the beginning adjusted tax basis; provided, however, that if the adjusted tax basis of the asset at the beginning of the year is zero, Book Depreciation will be determined by an Extraordinary Resolution using any reasonable method;

**"Book Value"** with respect to any asset of the Partnership means the asset's adjusted tax basis for federal income tax purposes, except as follows:

- (a) The initial Book Value of any asset contributed to the Partnership by a Partner shall be the fair market value of the asset as of the date of contribution;
- (b) The Book Value of each asset shall be its respective fair market value, as of (i) the issuance of an interest in the Partnership to a new or existing Partner in exchange for a Capital Contribution, (ii) the distribution by the Partnership to a Partner in liquidation of the Partners' interest in the Partnership, and (iii) the liquidation of the Partnership within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g). The determination of the fair market value of property when required shall be made by the General Partner unless an independent appraiser is selected pursuant to an Extraordinary Resolution;
- (c) The Book Value of each asset distributed to any Partner will be the fair market value of the asset as of the date of distribution;
- (d) The Book Value of each asset will be increased or decreased to reflect any adjustment to the adjusted basis of the asset under Code Section 734(b) or 743(b), but only to the extent that the adjustment is taken into account in determining Capital Accounts under Treasury Regulation Section 1.704-1(b)(2)(iv)(m), provided that the Book Value will not be adjusted under this clause (d) to the extent that an adjustment under clause(b) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment under this clause; and
- (e) Book Value will be adjusted by Book Depreciation, and gain or loss on a disposition of any asset shall be determined by reference to such asset's Book Value as adjusted herein;

**"Capital Contribution"** means with respect to any Partner, the amount of money and the initial Book Value of any property (other than money) contributed to the Partnership by the Partner;

**"Certificate"** means the certificate of limited partnership for the Partnership filed under the Act and all amendments thereto and renewals, replacements or restatements thereof;

**"Class A Unit Preferred Distribution"** has the meaning set forth in Schedule D;

**"Class B Unit Preferred Distribution"** has the meaning set forth in Schedule E;

**"Class A Units"** means Class A limited partnership units of the Partnership as authorized in Article 3;

**"Class B Units"** means Class B limited partnership units of the Partnership as authorized in Article 3;

**"Class C Units"** means units of any series of Class C limited partnership units of the Partnership as authorized in Article 3;

**"Class C Unit, Series 1"** means the first series of Class C Units, designated "Class C Unit, Series 1, as authorized in Article 3;

**"Code"** means the *Internal Revenue Code* (United States of America) and the regulations thereunder, as amended from time to time;

**"Commercial Operations Date"** means the first date upon which the Facilities first commence operations on a commercial basis (following testing and start-up operations) with respect to which there is a reasonable expectation of the General Partner that customers will be billed and revenue generated on an on-going basis;

**"Confidential Information"** has the meaning set forth in Section 13.2;

**"Contribution Agreement"** means that contribution agreement to be entered into by the Partnership and Energy Projects on the date hereof substantially in the form of Schedule A;

**"Controlled"**: a Person is "Controlled" by another Person or two or more other Persons acting jointly or in concert if:

- (a) in the case of a body corporate, securities entitled to vote in the election of directors of such body corporate carrying more than 50% of the votes for the election of directors are held, directly or indirectly, by or for the benefit of the other Person or Persons, and the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such body corporate; or
- (b) in the case of a Person which is not a body corporate, more than 50% of the voting or equity interests of such entity are held, directly or indirectly, by or for the benefit of the other Person or Persons;

and "Controls", "Controlling" and "under common Control with" shall be interpreted accordingly;

**"Customers"** has the meaning set forth in Section 13.1(a)(ii);

**"Departing Partner"** has the meaning set forth in Section 7.6;

**"Distributable Cash"** means with respect to a particular period, the amount by which the Partnership's cash on hand at the end of such period (including any amounts borrowed by the General Partner on behalf of the Partnership and net proceeds received by the Partnership from the issuance of Units and any other securities of the Partnership) exceeds: (i) the amount of Tax Distributions made or to be in accordance with Section 5.4(a) with respect to such period; (ii) unpaid administration expenses of the Partnership for that and any previous period; (iii) amounts required for the business and operations of the Partnership during such period including anticipated repayments of amounts borrowed, payments of interest and fees related to amounts borrowed or available credit and debt reserve requirements of lenders; and (iv) any cash reserve which the board of directors of the General Partner in its discretion determines is necessary to satisfy the Partnership's current and anticipated obligations;

**"Energy Projects"** means Energy Projects Development L.L.C.;

**"Extraordinary Resolution"** means:

- (a) prior to the Commercial Operations Date and on such date and thereafter with respect to the matters contemplated in Sections 9.17(c), 9.17(d) (with respect to Extraordinary Resolutions requiring a greater than 75% approval), 9.17(e), 9.17(h), 9.17(m) and 9.17(n);
  - (i) a resolution approved by greater than 75% of the votes cast in person or by proxy by the Limited Partners who voted in respect of that resolution; or
  - (ii) a written resolution in one or more counterparts signed by Limited Partners holding in the aggregate greater than 75% of the votes entitled to vote on that resolution; and
- (b) on or after the Commercial Operations Date except with respect to the matters contemplated in Sections 9.17(c), 9.17(d) (with respect to Extraordinary Resolutions requiring a greater than 75% approval), 9.17(e), 9.17(h), 9.17(m) and 9.17(n);
  - (i) a resolution approved by not less than 55% of the votes cast in person or by proxy by the Limited Partners who voted in respect of that resolution; or
  - (ii) a written resolution in one or more counterparts signed by Limited Partners holding in the aggregate not less than 55% of the votes entitled to vote on that resolution;

**"Facilities"** means those facilities from time to time owned or leased by the Partnership and used in the operation of the Jordan Cove Energy Project;

**"Fiscal Year"** has the meaning set forth in Section 2.5;

**"Fort Chicago"** means Fort Chicago LNG II U.S. L.P.

**"General Partner"** means the general partner of the Partnership, currently Jordan Cove Energy Project L.L.C. or any other Person who may become the general partner of the Partnership in place of or in substitution for Jordan Cove Energy Project L.L.C., from time to time, in each case until such general partner ceases to be the general partner of the Partnership under the terms of this Agreement;

**"Indemnitee"** has the meaning set forth in Section 7.6;

**"Interest Rate"** has the meaning set forth in Section 4.11;

**"Jordan Cove Energy Project" or "Project"** means that project to be undertaken by the Partnership including the development, design, construction, ownership and/or leasing (or combination thereof) and operation of a liquid natural gas terminal, liquid natural gas storage tanks, a regassification facility, an integrated power facility, gas pipelines and related facilities near North Bend, Oregon;

**"Limited Liability Company Agreement"** means that limited liability company agreement of the General Partner;

**"Limited Partner"** means any Person who is or shall become a limited partner of the Partnership;

**"L.L.C. Interests"** means membership interests in the General Partner;

**"Operating Agreement"** means that Development and Construction Agreement to be entered into by the General Partner, on behalf of itself and the Partnership and Energy Projects on the date hereof substantially in the form of Schedule B;

**"Ordinary Resolution"** means:

- (a) a resolution approved by more than 50% of the votes cast in person or by proxy by the Limited Partners who voted in respect of that resolution; or
- (b) a written resolution in one or more counterparts signed by Limited Partners holding in the aggregate more than 50% of the votes entitled to vote on that resolution;

**"Partners"** means the General Partner and the Limited Partners and **"Partner"** means any one of them;

**"Partnership"** means Jordan Cove Energy Project L.P. formed under the laws of the State of Delaware as a limited partnership by the filing of the Certificate under the Act on July 12, 2005;

**"Person"** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal

representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

**"Project Interest"** means, in respect of any Limited Partner, such Limited Partner's Units and such Limited Partner's L.L.C. Interests;

**"Reference Rate"** has the meaning set forth in Section 4.11;

**"Register"** means the register indicating the names and addresses of the Limited Partners and the number of Units held by them, to be kept by the General Partner;

**"Requisitioning Partners"** has the meaning set forth in Section 9.1(b);

**"Restricted Area"** has the meaning set forth in Section 13.1(a)(i);

**"Sale", "Sell" or "Sold"** have the meaning set forth in Section 3.11;

**"Section 704(b) Amendments"** has the meaning set forth in Section 5.8;

**"Subscription Form"** means a subscription agreement and power of attorney in such form as approved from time to time by the General Partner;

**"Subsidiary"** means any Person which another Person Controls;

**"Transfer Form"** means a transfer and power of attorney in the form or substantially in the form set forth in Schedule C or such other form as approved from time to time by the General Partner;

**"Unit"** means a limited partnership unit of the Partnership and includes a Class A Unit, a Class B Unit, and/or a Class C Unit, as the context requires;

**"Unit Certificate"** means a certificate for Units issued in accordance with Section 3.19 in such form or forms as approved by the General Partner from time to time; and

**"Unitholder"** means the holder of a Unit as indicated on the Register.

In addition to the foregoing, certain capitalized terms which are used in this Agreement and which are defined in the Schedules hereto, shall have the meanings set forth therein.

## **1.2 Headings**

In this Agreement, the headings are for convenience of reference only, do not form a part of this Agreement and are not to be considered in the interpretation of this Agreement.

## **1.3 Interpretation**

In this Agreement:



- (a) words importing the masculine gender include the feminine and neuter genders, corporations, partnerships and other Persons, and words in the singular include the plural, and vice versa, wherever the context requires;
- (b) all references to designated Articles, Sections and other subdivisions are to be designated Articles, Sections and other subdivisions of this Agreement;
- (c) all accounting terms not otherwise defined will have the meanings assigned to them by, and all computations to be made will be made in accordance with, generally accepted accounting principles in the United States of America from time to time;
- (d) any reference to a statute will include and will be deemed to be a reference to the regulations made pursuant to it, and to all amendments made to the statute and regulations in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute referred to or the relevant regulation;
- (e) any reference to a Person will include and will be deemed to be a reference to any Person that is a successor to that Person;
- (f) any reference to a business day will be deemed to be a reference to any day which is not a Saturday, Sunday or a day which is generally observed as a holiday in the United States of America; and
- (g) "hereof", "hereto", "herein", and "hereunder" mean and refer to this Agreement and not to any particular Article, Section or other subdivision.

#### **1.4 Currency**

All references to currency herein are references to lawful money of the United States of America.

## **ARTICLE 2** **RELATIONSHIP BETWEEN PARTNERS**

### **2.1 Formation and Name of Partnership**

The General Partner and the Limited Partners agree to and do hereby form a limited partnership in accordance with the laws of the State of Delaware and the provisions of this Agreement to carry on business in common with a view to profit under the firm name and style of "**Jordan Cove Energy Project L.P.**" or any other name or names as the General Partner may determine from time to time. The General Partner shall have the right to change the name of the Partnership and to file an amendment to the Certificate recording the change of name of the Partnership. The Partnership shall be effective as a limited partnership from the date on which the Certificate is registered under the Act.

## **2.2 Business of the Partnership**

- (a) The business of the Partnership shall consist of activities relating directly or indirectly to the development, construction, ownership and operation of the Jordan Cove Energy Project. The Partnership may also engage in such other necessary or related activities as the General Partner deems advisable in order to carry on the business of the Partnership as aforesaid.
- (b) The Partnership shall not carry on any business other than as described in this Section 2.2.

## **2.3 Business in Other Jurisdictions**

- (a) The Partnership shall not carry on business in any jurisdiction unless the General Partner has taken all steps which may be required by the laws of that jurisdiction for the Limited Partners to benefit from limited liability substantially to the same extent that such Limited Partners enjoy limited liability under the Act. The Partnership shall not carry on business in any jurisdiction in which the laws do not recognize the liability of the Limited Partners to be limited unless, in the opinion of the General Partner, the risks associated with the possible absence of limited liability in such jurisdiction are not significant considering the relevant circumstances.
- (b) The Partnership shall carry on business in such a manner as to ensure, to the greatest extent commercially reasonable, the limited liability of the Limited Partners, and the General Partner shall register the Partnership in other jurisdictions where the General Partner considers it appropriate to do so.

## **2.4 Office of the Partnership**

The principal place of business of the Partnership shall be 125 Central Avenue, Suite 380, Coos Bay, Oregon 97420, or such other address in the U.S. as the General Partner may designate in writing from time to time to the Limited Partners provided that the Partnership shall at all times maintain a principal office in Oregon.

## **2.5 Fiscal Year**

Subject to the General Partner determining otherwise, the first fiscal period of the Partnership shall end on December 31, 2005 and thereafter each fiscal period shall commence on January 1 in each year and shall end on the earlier of December 31 in that year or on the date of dissolution or other termination of the Partnership. Each such fiscal period is herein referred to as a "**Fiscal Year**".

## **2.6 Status of Partners**

- (a) The General Partner represents, warrants, covenants and agrees with each Limited Partner that:

- (i) it is a limited liability company formed under the laws of the State of Delaware and is validly subsisting under such laws;
  - (ii) it has the capacity and the necessary corporate authority to act as the general partner of the Partnership and to enter into and perform its obligations under this Agreement, and such obligations do not conflict with nor do they result in a breach of the Limited Liability Company Agreement or any of its constituent documents or any agreement by which or to which it or any of its property is or may become bound or subject;
  - (iii) it will hold and continue to hold at least one Class C Unit, Series 1 while it is the general partner of the Partnership;
  - (iv) it will act in good faith in the best interests of the Partnership, subject to the provisions of this Agreement;
  - (v) it holds and shall maintain the registrations necessary for the conduct of its business and has and shall continue to have all licenses and permits necessary to carry on its business as the General Partner of the Partnership in all jurisdictions where the activities of the Partnership require such licensing or other form of registration of the General Partner;
  - (vi) it will devote all of its time for the conduct and prudent management of the business and affairs of the Partnership; and
  - (vii) it is and shall remain a "U.S. person" within the meaning of the Code.
- (b) Each of the Limited Partners severally represents, warrants, covenants and agrees with each other Partner that:
- (i) it is validly subsisting under the laws of the jurisdiction of its incorporation or creation;
  - (ii) it has the capacity and competence and the necessary corporate or other authority to enter into this Agreement;
  - (iii) it has and shall maintain the capacity and corporate, partnership or other necessary authority to be a Partner of the Partnership and to perform its obligations under this Agreement, and such obligations do not and will not conflict with or result in a breach of any of its constituent documents, or any agreement by which or to which it or any of its property is or may become bound or subject;
  - (iv) it shall provide the General Partner with such evidence regarding its ability to subscribe for Units without having received a prospectus therefor and without registration of such Units under applicable securities legislation as the General Partner may reasonably request;

- (v) it is not relying on the experience, creditworthiness or continued involvement of any Person other than the General Partner in entering into this Agreement;
- (vi) it is an "accredited investor" within the meaning of the United States *Securities Act of 1933*, as amended, and is acquiring and will hold the Units for its own account for investment purposes and not with a view to any public resale or distribution thereof;
- (vii) it has received a copy of this Agreement, all schedules thereto and all other documents to be executed and delivered in connection therewith, and is fully familiar with the contents thereof;
- (viii) it has made such investigations of the business carried on or proposed to be carried on by the Partnership as it has considered appropriate, has obtained such information with respect thereto as it has considered necessary, and has been, and will continue to be, solely responsible for making its own independent appraisal and assessment of the merits and risks of entering into this Agreement without relying on any other Person in respect thereof;
- (ix) it acknowledges that an investment in the Partnership is speculative and involves a high degree of risk; and
- (x) it acknowledges that Units in the Partnership have not been and will not be registered under the United States *Securities Act of 1933*, as amended, or under the securities or "blue sky" laws of any state, that Units may not be transferred except as provided in this Agreement, and that no such transfer may be made unless the Units are registered under the United States *Securities Act of 1933*, as amended, and any applicable state securities or "blue sky" laws or an exemption from such registration is available.

## **2.7 Survival of Representations, Warranties, Covenants and Agreements**

The representations, warranties, covenants and agreements made pursuant to Section 2.6 above shall survive execution of this Agreement and each Partner covenants and agrees to ensure that each representation, warranty, covenant and agreement made pursuant to Section 2.6 remains true so long as such Partner remains a Partner.

## **2.8 Limitation on Authority of Limited Partners**

A Limited Partner in its capacity as a Limited Partner may not:

- (a) except for its rights to vote as provided in this Agreement, take part in the administration, control, management or operation of the business of the Partnership or exercise any power in connection therewith or transact business on behalf of the Partnership;

- (b) execute any document which binds or purports to bind any other Partner or the Partnership;
- (c) hold itself out as having the power or authority to bind any other Partner or the Partnership;
- (d) have any authority or power to act for or undertake any obligation or responsibility on behalf of any other Partner or the Partnership;
- (e) except as specifically provided for herein, bring any action for partition or sale or otherwise in connection with the Partnership, any interest in any property of the Partnership, whether real or personal, tangible or intangible, or file or register or permit to be filed, registered or remain undischarged any lien or charge in respect of any property of the Partnership; or
- (f) except as specifically provided for herein, compel or seek a partition, judicial or otherwise, of any of the assets of the Partnership distributed or to be distributed to the Partners in kind in accordance with this Agreement.

Notwithstanding the foregoing, the General Partner, in respect of its ownership of Units, shall not be subject to the restrictions that otherwise apply to Limited Partners.

## **2.9 Power of Attorney**

Each Limited Partner hereby irrevocably nominates, constitutes and appoints the General Partner, with full power of substitution, as its agent and true and lawful attorney to act on its behalf with full power and authority in its name, place and stead to execute and record or file as and where required:

- (a) counterparts of this Agreement and any amendment to this Agreement, made in accordance with the terms of this Agreement, and any other instruments or documents required to continue and keep in good standing the Partnership as a limited partnership under the Act, or otherwise to comply with the laws of any jurisdiction in which the Partnership may carry on business or own or lease property or any jurisdiction where the General Partner considers it prudent to be registered in order to maintain the limited liability of the Limited Partners and to comply with the applicable laws of such jurisdiction (including such amendments to the Register as may be necessary to reflect the admission to the Partnership of subscribers for or transferees of Units as contemplated by this Agreement);
- (b) all instruments and any amendments to or renewals, replacements or restatements of the Certificate necessary to reflect any amendment to this Agreement;
- (c) any instrument required or desired in connection with the dissolution and termination of the Partnership in accordance with the provisions of this Agreement, including any elections, determinations or designations under the Code and under any similar legislation;

- (d) the documents necessary to be filed with the appropriate governmental body or authority in connection with the business, property, assets and undertaking of the Partnership;
- (e) such documents as may be necessary to give effect to the business of the Partnership as described in Section 2.2;
- (f) the documents on its behalf and in its name as may be necessary to give effect to the sale or assignment of a Unit made in accordance with the terms of this Agreement (including a sale of Units pursuant to Section 4.8 or Schedule G) or to give effect to the admission of a subscriber for or transferee of Units to the Partnership;
- (g) any return, election, determination, designation, information return or similar document or instrument as may be required at any time by any government or like authority or under the Code or under any other taxation legislation or regulations of the United States of America or of Canada or of any state, province, territory, county or other jurisdiction which relates to the affairs of the Partnership or the interest of any Person in the Partnership;
- (h) without restricting the generality of any of the foregoing, but subject to obtaining the prior approval of the Limited Partners by Extraordinary Resolution, to execute and deliver on such Limited Partner's behalf and in its name or join such Limited Partner as a party to any and all documents and instruments which the General Partner considers necessary to secure or encumber (in accordance with or in conjunction with the powers of the General Partner set forth herein) any interests of whatsoever kind or nature such Limited Partner may have or claim to have in Units or in property or assets of the Partnership (including without limitation such interests as may, following the dissolution or winding up of the Partnership, be acquired, generated or come into existence in respect of the business or operations which at or prior to the time of dissolution or winding up of the Partnership had been carried on by or for the Partnership, whether acquired, generated or brought into existence by means of the activities of a receiver, receiver and manager, trustee in bankruptcy, custodian or similar official of or pertaining to the Partnership or its business or operations or otherwise) and to make covenants, agreements and provisions pertaining thereto in order to obtain financing for the construction and operation of the Facilities, including, without restricting the generality of the foregoing, deeds (including deeds under seal), trust deeds, supplemental trust deeds, agreements, debentures, mortgages, hypothecations and security agreements but without thereby creating any recourse to or claim against any other property or assets of any Limited Partner and without restricting the generality of any of the foregoing, to execute and deliver on such Limited Partner's behalf and in its name, register, file, record or deliver caveats, security notices, financing statements and other notices, and any renewals, amendments or replacements thereof pertaining to any of the foregoing; and

- (i) all other instruments and documents on its behalf and in its name or in the name of the Partnership as may be deemed necessary by the General Partner to carry out fully this Agreement in accordance with its terms.

To evidence the foregoing, each Subscription Form and Transfer Form shall contain a power of attorney incorporating by reference, ratifying and confirming some or all of the powers set forth above.

The power of attorney granted herein is irrevocable, is a power coupled with an interest, shall continue despite the mental incompetence of the Limited Partner, shall survive the death or disability of a Limited Partner and shall survive the transfer or assignment by the Limited Partner, to the extent of the obligations of a Limited Partner hereunder, of the whole or any part of the interest of the Limited Partner in the Partnership, extends to the heirs, executors, administrators, other legal representatives and successors, transferees and assigns of the Limited Partner, and may be exercised by the General Partner on behalf of each Limited Partner in executing any instrument by a facsimile signature or by listing all the Limited Partners and executing such instrument with a single signature as attorney and agent for all of them. Each Limited Partner agrees to be bound by any representations or actions made or taken by the General Partner pursuant to this power of attorney and hereby waives any and all defenses which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under this power of attorney. Each Limited Partner declares that these powers of attorney may be exercised during any legal incapacity or mental infirmity on its, his or her part. The General Partner may require, in connection with the subscription for, or any transfer of, Units, that the Subscription Form or Transfer Form be accompanied by a certificate of legal advice signed by a lawyer who is not the attorney or the attorney's spouse or that the execution of the Subscription Form or Transfer Form be witnessed as required by applicable law.

This power of attorney shall continue in respect of the General Partner so long as it is the General Partner of the Partnership, and shall terminate thereafter, but shall continue in respect of a new General Partner as if the new General Partner were the original attorney.

A transferee of a Unit shall, upon becoming a Limited Partner, be conclusively deemed to have acknowledged and agreed to be bound by the provisions of this Agreement as a Limited Partner and shall be conclusively deemed to have provided the General Partner with the power of attorney described in this Section 2.9.

## **2.10 Limited Liability of Limited Partners**

The liability of each of the Limited Partners to the Partnership under the Act shall be limited to (a) any unpaid capital contributions that such Limited Partner agreed to make to the Partnership pursuant to this Agreement, to the extent provided in Section 17-502(a) and (b) of the Act; (b) the amount of any distribution that such Limited Partner is required to return to the Partnership pursuant to Section 17-607(b) of the Act; and (c) the unpaid balance of any other payments that such Limited Partner expressly is required, pursuant to this Agreement, to make to the Partnership.

## **2.11 Indemnity of Limited Partners**

The General Partner will indemnify and hold harmless each Limited Partner (including former Limited Partners) for all costs, expenses, damages or liabilities suffered or incurred by the Limited Partner if the limited liability of such Limited Partner is lost for or by reason of the negligence or willful misconduct of the General Partner in performing its duties and obligations hereunder.

## **2.12 Compliance with Laws**

Each Limited Partner will, on the request of the General Partner from time to time, immediately execute any documents considered by the General Partner to be necessary to comply with any applicable law or regulation of any jurisdiction, for the continuation, operation or good standing of the Partnership.

## **2.13 Other Activities of General Partner**

The General Partner shall not carry on any business other than its activities as General Partner of the Partnership.

## **2.14 General Partner May Hold Units**

The General Partner may subscribe for and acquire Units or purchase Units by private contract or in the market and shall be shown on the Register as a Limited Partner in respect of the number of Units held by the General Partner from time to time.

## **2.15 General Partner as a Limited Partner**

If the General Partner holds any Units, it shall be deemed in its capacity as the holder of such Units to be a Limited Partner with the same rights and powers as each other Limited Partner.

## **2.16 Private Issuer Restrictions**

- (a) The number of Persons who may beneficially own (within the meaning of the *Securities Act* (Alberta)), directly or indirectly, Units of the Partnership (counting two or more joint registered owners as one beneficial owner), is limited to not more than 50, exclusive of Persons: (i) who are in the employment of the Partnership, the General Partner or the employment of an Affiliate of the General Partner; or (ii) who were formerly in the employment of the Partnership, the General Partner or an Affiliate of the General Partner and while in that employment were, and have continued after that employment to be, beneficial owners of Units of the Partnership; and
- (b) Any invitation to the public to subscribe for securities of the Partnership, including Units, is prohibited.



## **2.17 Limitation of Interest**

The interest of a Partner in the Partnership consists of the rights of Partners as contained herein. Except as otherwise provided at law in regard to the General Partner, the interest of a Partner in the Partnership does not represent or include an undivided interest or other direct personal interest in the property or assets of the Partnership or the property or assets used or employed in the business or operations of the Partnership except for such interests in such property or assets as may be distributed to Partners as a result of dissolution or winding-up of the Partnership.

## **2.18 Security Interest**

Any security interest, charge, assignment, pledge, mortgage, hypothecation or other encumbrance against or in connection with the property or assets of the Partnership granted or effected by the General Partner in the name of the Partnership or the General Partner or otherwise pursuant to its rights and powers as herein set forth, shall attach to, bind, charge or otherwise encumber all interests in such property or assets (including any interests that any Partner may have or claim to have in such property or assets) and any such security interest, charge, assignment, pledge, mortgage, hypothecation or other encumbrance shall attach to, bind, charge or otherwise encumber all interests in such property or assets (including any interests that any Partner may have or claim to have in such property or assets) notwithstanding or following the dissolution or winding up of the Partnership.

## **ARTICLE 3 UNITS**

### **3.1 Authorized Units**

- (a) The Partnership is authorized to issue (i) one class of units, to be designated as "Class A Units", limited to 750,000 in number, (ii) one class of units, to be designated as "Class B Units", limited to 250,000 in number, (iii) one class of units, to be designated as "Class C Units", issuable in series, in an unlimited number, and (iv) the first series of Class C Units, to be limited in number to one Unit, and to be designated as "Class C Unit, Series 1", such units having attached thereto the rights, privileges, restrictions and conditions set forth or contemplated in this Section 3.1.
- (b) The Class A Units shall have attached thereto the following rights, privileges, restrictions and conditions: (i) the right to one vote at all meetings of Limited Partners, except meetings at which only holders of a specified class or series of Units are entitled to vote; (ii) those rights to receive distributions made by the Partnership set out in Schedule D; and (iii) those rights to receive the remaining property and assets of the Partnership upon dissolution set out in Schedule D.
- (c) The Class B Units shall have attached thereto the following rights, privileges, restrictions and conditions: (i) the right to one vote at all meetings of Limited Partners, except meetings at which only holders of a specified class or series of

Units are entitled to vote; (ii) those rights to receive distributions made by the Partnership set out in Schedule E; and (iii) those rights to receive the remaining property and assets of the Partnership upon dissolution set out in Schedule E.

- (d) Subject to complying with the terms of this Agreement, specifically including without limitation Section 9.17, the Class C Units shall have attached thereto the following rights, privileges, restrictions and conditions: (i) the Class C Units may at any time and from time to time be issued in one or more series, each series to consist of such number of units as may, before the issue thereof, be determined hereunder or by the General Partner; (ii) subject to the provisions of the Act, the General Partner may fix from time to time before the issue thereof the designation, rights, privileges, restrictions and conditions attaching to each series of the Class C Units; and (iii) the class provisions attaching to the Class C Units may be amended only with the prior approval of the holders of the Class C Units by Extraordinary Resolution. Upon the designation by the General Partner of the rights, privileges, restrictions and conditions of any series of Class C Units, the General Partner shall file an amendment to the Certificate in accordance with Section 3.14 evidencing such designation and setting out such rights, privileges, restrictions and conditions.
- (e) The Class C Unit, Series 1 shall, in addition to the rights, privileges, restrictions and conditions attached the Class C Units as a class, have attached thereto the rights, privileges, restrictions and conditions set out in Schedule F.

### **3.2 Terms of Offering(s)**

Subject to complying with the terms of this Agreement specifically including without limitation Section 9.17, the General Partner may, in its discretion, determine the terms and conditions of the offering and sale of Units or rights to acquire Units from time to time and may do all things in that regard including, without limitation, preparing and filing prospectuses, offering memoranda, private placement documents and other offering or sale documents, issuing the Units, paying the expenses of issue and entering into agreements with any Person providing for a commission or fee.

### **3.3 Subscription for Units**

Subscriptions for Units may be made for a fraction of a Unit, such fraction being expressed to a maximum of four decimal points. Each subscribing Person (who may be underwriters who have agreed to underwrite the offering) shall, unless the General Partner otherwise agrees, complete and execute the applicable Subscription Form setting forth, among other things, the total subscription price agreed to be contributed by such Person.

### **3.4 Admittance as Limited Partner**

Upon acceptance by the General Partner of any subscription for Units, all Partners will be deemed to consent to the admission of the subscriber as a Limited Partner, the General Partner will execute this Agreement on behalf of the subscriber and will cause the Register and the Certificate to be amended, and such other documents as may be required by the Act or under

legislation similar to the Act in other states or counties to be filed or amended, specifying the prescribed information and will cause the foregoing information in respect of the new Limited Partner to be included in Partnership books and records.

### **3.5 Payment of Expenses**

The Partnership will pay, to the extent contemplated by any prospectus or other offering document, all costs, disbursements and other fees and expenses incurred in connection with the offering of Units or rights to acquire Units pursuant to such prospectus or other offering document, the organization of the Partnership and the registration of the Partnership under the Act and under similar legislation of other jurisdictions.

### **3.6 Effective Date**

The rights and obligations of a subscriber for, or a transferee of, Units, as a Limited Partner under this Agreement, commence and are enforceable by and upon the Limited Partner as between the Limited Partner and the other Partners from the date on which the Register has been amended; a subscriber or a transferee will not become a Limited Partner until the Register is amended.

### **3.7 Register of Limited Partners**

The General Partner shall maintain at its principal office a Register listing all names and addresses of Limited Partners and the number of Units held by them.

### **3.8 Changes in Membership of Partnership**

Subject to Section 3.15, no change of name or address of a Limited Partner, no transfer of a Unit and no admission of a substituted Limited Partner in the Partnership shall be effective for the purposes of this Agreement until all reasonable requirements as determined by the General Partner with respect thereto have been met, including the requirements set out in this Article, and until such change, transfer, substitution or addition is duly reflected in an amendment to the Register as may be required by the Act. The names and addresses of the Limited Partners as reflected from time to time in the Register, as from time to time amended, shall be conclusive as to such facts for all purposes of the Partnership.

### **3.9 Notice of Change of Name or Address of Limited Partner**

No name or address of a Limited Partner shall be changed and no transfer of a Unit or substitution or addition of a Limited Partner in the Partnership shall be recorded on the Register, except pursuant to a notice in writing received by the General Partner.

### **3.10 Inspection of Register**

A Limited Partner, or an agent of a Limited Partner duly authorized in writing, has the right, upon not less than 10 days' notice in writing to the General Partner, to inspect and make copies from the Register at the cost of the Limited Partner during normal business hours.

### 3.11 Transfer of Units

- (a) Notwithstanding anything else herein contained, except as otherwise provided herein or in Schedule G, no Project Interest or any component thereof (Units or L.L.C. Interests of the General Partner) or any rights in respect thereof shall at any time be transferred, sold, assigned, mortgaged, pledged, encumbered, hypothecated, made subject to any security interest, be declared to be held in trust or otherwise dealt with (any such action, declaration or dealing shall herein be referred to by the terms "**Sale**", "**Sell**" or "**Sold**") by a Limited Partner or by any means become the property of or become subject to a property interest of another Person and any such prohibited act or actions if occurring in contravention of this Agreement shall be void as between or among the Partners and the Partnership, the L.L.C. Interest holders of the General Partner and the General Partner and as between or among any Partner or the Partnership and as between and among any L.L.C. Interest holder of the General Partner and the General Partner and any Person claiming any interest in any Project Interest or any component thereof (Units or L.L.C. Interests of the General Partner) as a result of such act or actions. Limited Partners may however convey or assign the proceeds of any distributions which may be received in respect of the Units under arrangements which, except as otherwise provided herein, convey no security or other interests or rights in respect of the Units as such.
- (b) Subject to the provisions of Section 2.6(b), this Article 3 and Schedule G, and compliance with applicable securities laws and the payment by the transferee of an administration fee, if any, of up to \$100, Units may be transferred by a Limited Partner or its agent duly authorized in writing to any Person, but such Person shall not be recorded on the Register as the holder of Units nor, if such Person is not a Limited Partner, be entitled to become a Limited Partner, unless such Person has delivered to the General Partner a Transfer Form completed and executed in a manner reasonably acceptable to the General Partner.
- (c) The General Partner has the right to deny the transfer of Units in respect of which there has been default hereunder including, without limitation, a default in payment of the subscription price until all amounts required to be paid on account of the subscription price, including any interest thereon, have been paid in full. Subject to Section 3.15, no transferee will become a Limited Partner until all filings and recordings required by the Act and this Agreement have been duly made. Where the transferee complies with the provisions aforesaid and is entitled to become a Limited Partner pursuant to the provisions hereof, subject to Section 3.8 and Schedule G, the General Partner shall be authorized to admit the transferee to the Partnership as a Limited Partner and the Limited Partners hereby consent to the admission of, and will admit, the transferee to the Partnership as a Limited Partner, without further act of the Limited Partners (other than as may be required by law).

### **3.12 Transfer Form**

The Transfer Form shall be in the form of Schedule C or such other form approved by the General Partner and shall be signed by the transferor and by the transferee and shall be accompanied by the Unit Certificate(s), if any, issued by the Partnership representing the Units to be transferred.

### **3.13 Additional Documentation on Transfer**

If a transferor of Units is a firm or a corporation, or purports to assign such Units in any representative capacity, or if an assignment results from the death, mental incapacity or bankruptcy of a Limited Partner or is otherwise involuntary, the transferor or its legal representative shall furnish to the General Partner such documents, certificates, assurances, court orders and other instruments as the General Partner, as applicable, may reasonably require to effect the said transfer and assignment.

### **3.14 Amendment of Certificate and Register**

The General Partner, on behalf of the Partnership, shall from time to time promptly effect filings, recordings, registrations and amendments to the Register and the Certificate and to such other documents and at such places as in the opinion of counsel to the Partnership are necessary or advisable to reflect changes in the membership of the Partnership, transfers of Units, the creation of Class C Units and dissolution of the Partnership as herein provided and to constitute a transferee as a Limited Partner.

### **3.15 Non-Recognition of Trusts or Beneficial Interests**

Except as provided herein, as required by law or as recognized by the General Partner in its sole discretion, no Person will be recognized by the Partnership or a Limited Partner as holding any Unit in trust, or on behalf of another Person beneficially entitled thereto, and the Partnership and Limited Partners will not be bound or compelled in any way to recognize (even when having actual notice) any equitable, contingent, future or partial interest in any Unit or any other rights in respect of any Unit except an absolute right to the entirety of the Unit in the Limited Partner shown on the Certificate as holder of such Unit.

### **3.16 Incapacity, Death, Insolvency or Bankruptcy**

Where a Person becomes entitled to Units on the incapacity, death, insolvency, or bankruptcy of a Limited Partner, or otherwise by operation of law, in addition to the requirements of Section 2.6(b), this Article 3 and Schedule G such entitlement will not be recognized or entered into the Register until such Person:

- (a) has produced evidence satisfactory to the General Partner of such entitlement;
- (b) has agreed in writing to be bound by the terms of this Agreement and to assume the obligations of a Limited Partner under this Agreement; and

- (c) has delivered such other evidence, approvals and consents in respect to such entitlement as the General Partner may require and as may be required by law or by this Agreement.

### **3.17 Transfers of Fractional Units**

Subject to the terms and conditions hereof, transfers of a fraction of a Unit may be made and will be recognized or entered into the Register.

### **3.18 No Transfer upon Dissolution**

No transfer of Units may be made or will be recognized or entered into the Register after the filing of the notice of dissolution prescribed by the Act pursuant to Section 11.4(e).

### **3.19 Unit Certificates**

The General Partner shall issue to each Limited Partner, upon request, one or more Unit Certificates indicating that the holder thereof is the owner of the number of Units set out thereon. Every Unit Certificate must be signed (personally or by mechanical reproduction) by at least one officer or director of the General Partner, and the validity of a Unit Certificate will not be affected by the circumstance that a person whose signature is so reproduced is deceased or no longer holds the office which he or she held when the reproduction of his or her signature in that office was authorized. A Unit Certificate may be sent through the mail by registered prepaid mail or delivered to a dealer acting on behalf of the Limited Partner and neither the General Partner nor the Partnership will be liable for any loss by a Limited Partner that results from the loss of a Unit Certificate by reason that it is so sent. If any Unit Certificate is lost, mutilated, stolen or destroyed, the General Partner shall, upon request by a Limited Partner, issue a replacement Unit Certificate to the Limited Partner upon receipt of evidence satisfactory to the General Partner of such loss, mutilation or destruction, and upon receiving such indemnification (including an indemnity bond provided at the expense of the Limited Partner) as it deems appropriate in the circumstances. The General Partner upon request by the transferee shall issue a new Unit Certificate for any Units transferred. In the case of a transfer of less than all of the Units represented by a Unit Certificate, the General Partner, upon request by the transferor, shall issue a new Unit Certificate for the balance of the Units retained by the transferor.

## **ARTICLE 4**

### **CAPITAL CONTRIBUTIONS AND ACCOUNTS**

#### **4.1 Capital**

The capital of the Partnership consists of the aggregate of all sums of money, other property or services contributed by the Partners as Capital Contributions and not withdrawn or returned to them.

## 4.2 General Partner Contribution

The General Partner has contributed the sum of \$1.00 as a Capital Contribution to the Partnership in exchange for one Class C Unit, Series 1. The General Partner shall not transfer any Units held by it to any Person other than a new General Partner pursuant to Section 7.19.

## 4.3 Limited Partner Contributions

- (a) Initially, the Limited Partners have contributed the following by way of Capital Contribution to the Partnership in consideration for the Units listed below:

<u>Limited Partner</u>	<u>Initial Capital Contribution</u>	<u>No. of Units</u>
Jordan Cove Energy Project L.L.C	\$1.00	1 Class C Unit, Series 1
Fort Chicago	\$75.00	750,000 Class A Units
Energy Projects	(See Section 4.3(d))	250,000 Class B Units

- (b) Subject to the terms and conditions set out in Schedule H and subject to Section 4.3(c), Fort Chicago agrees to make those additional capital contributions contemplated in Schedule H and such additional contributions shall not result in the issuance of further Units over and above those contemplated above.
- (c) Notwithstanding Section 4.3(b) and Schedule H, but subject to the further provisions of this Section 4.3, Fort Chicago may, in its discretion, elect by notice in writing to the General Partner to substitute for all or any part of the Capital Contributions contemplated in Schedule H, one or more loans to the Partnership. Such loans shall:
- (i) have principal and interest payments which are equivalent to the Class A Unit Preferred Distribution which would have been applicable to the substituted Capital Contribution;
  - (ii) be secured by such security for the outstanding amount as Fort Chicago may reasonably request subject to the requirements of third party lenders and the requirements of any ratings agency for the loans to be considered as equity for ratings purposes. No such security may have the effect of changing the relative priority of the Class A Units and Class B Units assuming such loans had been Capital Contributions for Class A Units;
  - (iii) be subordinated to all commercial debt of the Partnership under such terms as required by third party lenders and as required by any ratings agency to be considered as equity for ratings purposes; and

- (iv) have such additional terms and conditions as may be agreed by Fort Chicago and Energy Projects, acting reasonably.
- (d) In return for the 250,000 Class B Units to be issued to Energy Projects, Energy Projects shall contribute to the Partnership those assets and rights contemplated in the Contribution Agreement including, without limitation, all existing right, title and interest of Energy Projects in and to the Jordan Cove Energy Project, the concept thereof, the option and other rights to real property acquired for the Jordan Cove Energy Project and all intellectual property and other rights and interests associated with the Jordan Cove Energy Project.
- (e) After making the Capital Contributions described in Sections 4.3(a) and (d), the capital account of the holder of the Class A Units shall be US \$75 and the capital account of the holder of the Class B Units shall be US \$250,000.

#### **4.4 Capital Contributions**

- (a) In addition to the Capital Contributions contemplated in Section 4.3 and those contemplated in Schedule H, Capital Contributions to the Partnership may be made by the Limited Partners from time to time as may be determined by the General Partner and agreed to by the contributing Limited Partner. Capital Contributions may be made, but are not required to be made, in respect of a subscription for Units or right to acquire Units. The capital contribution of each Limited Partner is the total amount of money or property paid or value of services provided by such Limited Partner or a predecessor Partner to the Partnership in respect of Units or rights to acquire Units held by such Limited Partner.
- (b) It is the intention of the parties that future capital requirements of the Partnership beyond those contemplated in Section 4.3 and those contemplated in Schedule H be satisfied from cash flow and/or normal commercial lending arrangements without resort to the Partners. In the event that the General Partner, in accordance with the Limited Liability Company Agreement, determines that the Partnership requires capital over and above that contemplated in the previous sentence either by way of additional Capital Contribution or loan, the Limited Partners will have the option, without obligation, to make such advances pro rata to their holdings of voting Units in return for, in the case of Capital Contributions, Class C Units issued by the Partnership to the contributing Limited Partners in a series and with terms determined by the General Partner as provided in this Agreement.

#### **4.5 Separate Capital Accounts**

The General Partner will maintain a separate capital account for each Partner and will, on receipt of an amount in respect of a Capital Contribution, credit the account of the applicable Partner with such Capital Contribution and will debit the account with the amount of any Capital Contribution actually returned from time to time by the Partnership to the Partner.

The interest of a Partner will not terminate by reason of there being a negative or nil balance in the Partner's capital account. No Limited Partner shall be responsible for any losses



of any other Limited Partner, nor share in the allocation of income or loss attributable to the Units of any other Limited Partner.

If any Limited Partner shall have a deficit balance in its capital account, such Limited Partner shall have no obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit shall not be considered a debt owed to the Partnership or any other person or entity for any purpose whatsoever, provided however, a Limited Partner, in its sole discretion, may agree at any time to make a contribution to the Partnership up to the amount of any such deficit.

#### **4.6 No Interest on Capital Account**

Except as otherwise provided herein, the Partnership will not pay interest on any credit balance of the capital account or Capital Contribution of a Partner. Except as provided in this Agreement or the Act or similar applicable legislation in the United States of America, no Limited Partner is required to pay interest to the Partnership on any Capital Contribution returned to the Limited Partner or on any negative balance in its capital account.

#### **4.7 Unpaid Capital Contributions and Loans Not Advanced**

If any portion of a Capital Contribution by way of Unit subscription or requested in accordance with Section 4.4(b) and agreed to be made by the Limited Partner or loan advance requested in accordance with Section 4.4 (b) and agreed to be made by the Limited Partner is unpaid when due and owing, the General Partner will give 15 days' notice or such other notice as required by applicable law to the applicable Unitholder to pay such amount as remains unpaid on account of the Capital Contribution or loan advance and if such amount is not paid within such notice period, the unpaid portion of the Capital Contribution or loan advance (and in respect of all other unpaid Capital Contributions and loan advances) will be immediately due and owing and the General Partner may commence foreclosure proceedings in compliance with applicable laws in respect of the Units registered in the name of the holder or the General Partner may sell such Units in accordance with this Article 4 and applicable laws. Notwithstanding Article 10 hereof, notice given under this Section 4.7 shall be given by registered mail and shall be deemed to be received and shall be effective on the third business day following deposit of such notice in the mail.

#### **4.8 Sale of Units**

Subject to compliance with applicable laws, the General Partner may, on behalf of the Partnership, sell on such terms and conditions as the General Partner deems appropriate, any Units of a Unitholder which is in default in the payment of Capital Contributions or loan advances as aforesaid and in respect of which 15 days have elapsed since such payment was first due and apply the proceeds of sale:

- (a) first, toward the costs of sale (including commissions, if any);
- (b) second, toward payment of interest on the unpaid portion of the Capital Contribution or loan advance; and

- (c) third, toward payment of the unpaid portion of the Capital Contribution or loan advance.

Any surplus will be payable to the Limited Partner.

#### **4.9 Failure to Give Notice**

Any failure to give, or delay in giving, notice of default to the Unitholder will not affect the liability of such holder for payment of the Capital Contribution or loan advance as aforesaid in default.

#### **4.10 Restriction on Transfer**

If a holder of a Unit is in default in payment of a Capital Contribution or loan advance as aforesaid or is otherwise in default hereunder, the Units registered in the name of such holder may not thereafter be transferred by such holder (except pursuant to Sections 4.7 and 4.8 or Articles 5, 6, 7 or 8 of Schedule G) until the portion of the Capital Contribution which is due and owing and any interest accrued in respect thereof has been paid in full.

#### **4.11 Interest on Capital Contribution or Loan Advance in Default**

A Limited Partner liable for a Capital Contribution or loan advance as contemplated in Section 4.4, which is not paid when due and owing is liable in addition to pay interest on so much of the Capital Contribution or loan advance as from time to time remains unpaid, accruing from the due date to the date of payment at an annual rate of interest (the "**Interest Rate**") equal to the rate announced from time to time by the Partnership's principal banker as its reference rate for determining the interest rates charged by it on the United States of America dollar commercial loans to its most creditworthy customers prevailing from time to time (the "**Reference Rate**") while the amount is unpaid, plus 6%, calculated and compounded monthly. All payments on account of a Capital Contribution or loan advance which is due and owing or interest thereon, however directed, will be applied first towards the costs of the General Partner in collecting such amounts or selling the Units, secondly towards interest and thirdly towards satisfaction of the unpaid portion of the Capital Contribution or loan advance. If the Partnership does not have a principal bank, it shall be deemed to be Citibank, New York.

#### **4.12 Set-Off**

The Partnership may set-off against and withhold from any amount that would otherwise be distributed to a Limited Partner, any amount that may be due and owing to the Partnership on account of any unpaid portion of a Capital Contribution or loan advance as aforesaid of such Limited Partner and interest accrued thereon.

#### **4.13 Liability for Deficiency**

The sale of a Unit pursuant to Section 4.8 and the application of the proceeds as therein provided will not, if a deficiency remains after the sale, extinguish the liability of the former Limited Partner for any amount that may remain unsatisfied or for the interest which will continue to accrue thereon.

#### **4.14 L.L.C. Interests**

In the event of a Sale of Units pursuant to this Article 4, such Sale shall include the sale of a pro rata number of the selling parties' L.L.C. Interests at a nominal price of \$1.00 for each one percent of L.L.C. Interest.

### **ARTICLE 5 PARTICIPATION IN PROFITS AND LOSSES**

#### **5.1 Allocation of Net Income and Losses for Accounting Purposes**

The net income or loss for accounting purposes for a given Fiscal Year of the Partnership will be allocated to each Limited Partner in the same proportion as net income or loss is allocated for tax purposes to each Limited Partner as provided in Sections 5.2 and 5.3.

All income allocated to a Limited Partner will be added to the capital account maintained for the Limited Partner and any losses allocated to the Limited Partner or any amounts distributed to the Limited Partner will be deducted from such capital account.

#### **5.2 Allocation of Net Losses for Tax Purposes**

The net loss for tax purposes of the Partnership for any given Fiscal Year and all other items of loss or deductions of the Partnership which may be allocated to partners of a partnership for tax purposes shall be allocated in the following order:

- (a) First, to the holders of Class A Units in proportion to their respective cash Capital Contributions until the holders of Class A Units have received aggregate allocations of loss and deductions under this Section 5.2(a) equal to their aggregate cash Capital Contributions.
- (b) Second, to the holders of Class A Units in proportion to their respective Class A Units until such holders have received aggregate allocations of loss and deductions under this Section 5.2(b) equal to their aggregate Class A Unit Preferred Returns received by such Limited Partners under Section 2.1(a) of Schedule D.
- (c) Third, to the holders of Class B Units in proportion to their respective Capital Contribution amount under Section 4.3 of \$250,000 and any cash Capital Contributions that the holders of Class B Units may make to the Partnership until the holders of Class B Units have received aggregate allocations of loss and deductions under this Section 5.2(c) equal to their aggregate Capital Contributions.
- (d) Fourth, to the holders of Class B Units in proportion to their respective Class B Units until such holders have received aggregate allocations of loss and deductions under this Section 5.2(d) equal to their aggregate Class B Unit

Preferred Distributions received by such Limited Partners under Section 2.1(a) of Schedule E.

- (e) Fifth, seventy-five percent (75%) to the holders of Class A Units and twenty-five percent (25%) to the holders of Class B Units.

### **5.3 Allocation of Net Income for Tax Purposes**

The net income for tax purposes of the Partnership for any given Fiscal Year shall be allocated on an annual basis to each Limited Partner that holds Units that are entitled to receive distributions from the Partnership at the end of each such Fiscal Year in the following order:

- (a) First, to the holders of Class A Units and Class B Units in proportion to the Class A Unit Preferred Returns received by the holders of Class A Units and the Class B Unit Preferred Distributions received by the holders of Class B Units until the holders of Class A Units have received aggregate allocations of income under this Section 5.3(a) equal to the aggregate Class A Unit Preferred Returns received under Section 2.1(a) of Schedule D and the holders of Class B Units have received aggregate allocations of income under this Section 5.3(a) equal to the aggregate Class B Unit Preferred Distributions received under Section 2.1(a) of Schedule E.
- (b) Second, seventy-five percent (75%) to the holders of Class A Units and twenty-five percent (25%) to the holders of Class B Units until such holders have received aggregate allocations of income under this Section 5.3(b) equal to the aggregate excess distributions made to such Limited Partners under Section 2.1(b) of Schedule D and Section 2.1(b) of Schedule E, respectively.
- (c) Third, to the holders of the Class A Units and Class B Units based on the amount of losses and other deductions allocated to such holders under Section 5.2 up to the amount of losses and deductions allocated to such holders under Section 5.2.
- (d) Fourth, seventy-five percent (75%) to the holders of Class A Units and twenty-five percent (25%) to the holders of Class B Units.

### **5.4 Tax Distributions and Distributable Cash**

- (a) If and to the extent that the Partnership expects to report or does report to Unitholders items of income or gain on Form K-1 with respect to their Units in connection with the Partnership's US partnership return on Form 1065 for any Fiscal Year in excess of items of deduction or loss, without regard to the source thereof, minimum distributions (the "Tax Distributions") shall be made to the Unitholders in an amount equal to the amount of federal and state income tax that would be payable by an individual with respect to such net taxable income or gain (based on the highest combined federal and state marginal income tax rate then applicable to any individual in the United States, regardless of the actual tax rate applicable to a Unitholder to whom said net income or gain is allocated). The amount of such distributions shall be based upon the amount of net taxable

income and gain allocated to the holders of Class A Units, Class B Units and the Class C Unit, and shall be distributed within each class in proportion to the number of Units of that class held by each Unitholder relative to the total number of Units of that class outstanding. The Tax Distributions required by this Section 5.4(a) shall be made by wire transfer not later than the first due date, without regard to extensions, on which a federal income tax return reflecting such income would be required to be filed. Tax Distributions also shall be made earlier on those dates upon which federal estimated tax payments are required for individuals (such distributions for federal estimated tax payments to be based upon reasonable estimates). Any Tax Distributions to a Unitholder pursuant to this Section 5.4(a) shall be taken into account and be a part of the distributions the Unitholder is entitled to receive pursuant to Schedules D, E, and F. Any federal, state or local income tax withholding shall be treated as a Tax Distribution to the Unitholder for whose benefit the withholding has been made.

- (b) In respect of each Fiscal Year, the General Partner shall distribute to Limited Partners included in the Register on the last day of the applicable Fiscal Year that hold Units that are entitled to receive distributions of Distributable Cash from the Partnership, in accordance with the respective rights of such Units, the Distributable Cash determined in respect of that Fiscal Year. Such Distributable Cash will only be distributed to the extent that the Partnership has cash available for such payment. The payment date for Distributable Cash to be distributed in respect of a Fiscal Year shall be determined by the General Partner provided that such payment date shall not be later than 60 days after the end of such Fiscal Year.

## **5.5 Monthly or Quarterly Distributions and Allocations**

The General Partner may, in its sole discretion, choose to make distributions of Distributable Cash on a monthly or quarterly basis based on the Distributable Cash determined in respect of each calendar month or quarter. In the event that the General Partner chooses to make distributions on a monthly or quarterly basis, the provisions of this Agreement (including the provisions of this Article 5) shall be deemed to be amended so that any references to distributions of Distributable Cash and allocations of income or loss or other amounts being made on an annual basis shall become references to distributions and allocations on a monthly or quarterly basis, as the case may be.

## **5.6 Repayments**

If, as determined by the General Partner, it appears that any Limited Partner has received an amount under this Article 5 which is in excess of that Partner's entitlement, the Limited Partner will, forthwith upon notice from the General Partner, reimburse the Partnership to the extent of the excess, and failing immediate reimbursement, the General Partner may withhold the amount of the excess (with interest at the Interest Rate from time to time calculated and compounded monthly) from further distributions otherwise due the Limited Partner.

## 5.7 Allocation When Transfers Occur

If any Unit is transferred during any Fiscal Year in compliance with the provisions of this Agreement, net income, net losses, each item thereof and all other items attributable to such interest for such Fiscal Year for accounting and U.S. tax purposes shall be divided and allocated between the transferor Partner and the transferee Partner by taking into account their varying interests during the Fiscal Year in accordance with Section 706(d) of the Code, based on the portion of the year for which the transferor Partner and the transferee Partner were Partners in respect of the Units so transferred.

## 5.8 Permitted Amendments Pursuant to United States Treasury Regulations

The Partners intend that the allocation provisions set forth in this Article 5 have economic effect equivalence as described in Regulation Section 1.704-1(b)(2)(ii)(i). Notwithstanding the prior sentence, upon the written request of Fort Chicago, this Agreement shall be amended for United States federal and state income tax purposes only to include and comply with: (1) the alternate test for economic effect set forth in Regulation Section 1.704-1(b)(2)(ii)(d), (2) the rules set forth in Regulation Section 1.704-2 and (3) related provisions (the "**Section 704(b) Amendments**"). The Section 704(b) Amendments shall, to the maximum extent permitted under Code Section 704(b), provide for allocations of profits, gains, expenses, losses, deductions and other items and for distributions in a manner consistent with the allocations of such items and distributions under this Article 5. The Section 704(b) Amendments shall include, but not be limited to: (a) the alternate test for economic effect under Regulation Section 1.704-1(b)(2)(ii)(d) (including a "qualified income offset" provision, a provision prohibiting allocations to a partner that would cause or increase a deficit balance in such partner's capital account and a provision that upon liquidation of the partnership, distributions shall be made in accordance with the positive capital accounts of the partners), (b) the requirements of Regulation Section 1.704-2 (including a minimum gain chargeback and partner nonrecourse debt minimum gain chargeback), (c) provisions allocating depreciation deductions, nonrecourse deductions and excess nonrecourse liabilities in a manner consistent with the allocations set forth in this Article 5, and taking into account each of such allocation provisions in the order and priority set forth in this Article 5, (d) the provisions of Regulation Sections 1.704-1(b)(2)(iv)(f) and (g) relating to the revaluation of assets and other adjustments, and (e) a corrective allocation provision requiring that if any reallocation of losses or deductions among the Partners under the alternate economic effect test or other regulatory provisions under Code Section 704(b) is made, subsequent allocations of income and gain shall be made as necessary to offset such reallocation of losses or deductions. Notwithstanding anything else herein contained, the General Partner shall have full power and authority to amend this Agreement as contemplated by this Section 5.8, without the approval of the Limited Partners, and to execute, swear to, acknowledge, deliver, file and record whatever documents which may be required in connection therewith to implement the Section 704(b) Amendments, provided, however, that the holders of the Class A Units or the holders of the Class B Units may require that the Partnership retain a law firm reasonably acceptable to the holders of the Class A Units and the holders of the Class B Units to assist the General Partner in preparing the Section 704(b) Amendments so that such amendments correspond, as nearly as possible under Code Section 704(b), with Article 5 as if this Section 5.8 were not part of this Agreement. Such law firm shall be entitled to engage an independent accounting firm in the event that its determinations include accounting questions. If any holder

of Class A Units or Class B Units raises any concerns regarding the Section 704(b) Amendment, such law firms' determination shall be binding on the parties hereto. The fees and expenses of the law firm and any accounting firm engaged shall be for the account of the Partnership.

**ARTICLE 6**  
**WITHDRAWAL OF CAPITAL CONTRIBUTIONS**

**6.1 Withdrawal**

No Limited Partner has the right to withdraw any of its Capital Contributions or other amount or to receive any cash or other distribution from the Partnership except as provided for in this Agreement and except as permitted by law.

**ARTICLE 7**  
**POWERS, DUTIES AND OBLIGATIONS OF GENERAL PARTNER**

**7.1 Powers, Duties and Obligations**

- (a) The General Partner has:
  - (i) unlimited liability for the debts, liabilities and obligations of the Partnership;
  - (ii) subject to the terms of this Agreement, and to any applicable limitations set forth in the Act and applicable similar legislation, the full and exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of the Partnership; and
  - (iii) the full and exclusive right, power and authority to do any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document necessary for or incidental to carrying out the business of the Partnership.

An action taken by the General Partner on behalf of the Partnership is deemed to be the act of the Partnership and binds the Partnership.

- (b) Notwithstanding any other agreement the Partnership or the General Partner may enter into, all material transactions or agreements entered into by the Partnership must be approved by the board of directors of the General Partner in accordance with the Limited Liability Company Agreement.

## 7.2 Specific Powers and Duties

Subject to the terms of this Agreement, and without limiting the generality of Section 7.1, the General Partner will have full power and authority for and on behalf of and in the name of the Partnership to:

- (a) negotiate, execute and perform all agreements which require execution by or on behalf of the Partnership involving matters or transactions with respect to the Partnership's activities (and such agreements may limit the liability of the Partnership to the assets of the Partnership, with the other party to have no recourse to the assets of the General Partner, even if the same results in the terms of the agreement being less favourable to the Partnership);
- (b) open and manage bank accounts in the name of the Partnership and lend funds of the Partnership to any Person on such terms as the General Partner considers appropriate and otherwise spend the capital of the Partnership in the exercise of any right or power exercisable by the General Partner hereunder;
- (c) borrow funds or otherwise obtain credit in the name of the Partnership from time to time, including providing in the name of the Partnership from time to time guarantees, indemnities, credit support or other forms of financial assistance in respect of the indebtedness, liabilities or obligations of the Partnership;
- (d) mortgage, charge, assign, hypothecate, pledge or otherwise create a security interest in all or any property of the Partnership now owned or hereafter acquired, to secure any present and future indebtedness, liabilities or obligations and related expenses of the Partnership including, without limitation, any guarantees, indemnities, credit support or other forms of financial assistance provided to or for the benefit of any Person in respect of the indebtedness, liabilities or obligations of the Partnership;
- (e) see to the sound management of the Partnership, and to manage, control and develop all the activities of the Partnership and take all measures necessary or appropriate for the business of the Partnership or ancillary thereto;
- (f) acquire securities of entities engaged primarily in activities which are permitted activities for the Partnership as provided in Section 2.2;
- (g) maintain, improve, expand, extend, upgrade or change the assets of the Partnership from time to time subject to the limitations provided under Section 2.2;
- (h) incur all costs and expenses in connection with the Partnership;
- (i) employ, retain, engage or dismiss from employment, personnel, agents, representatives or professionals with the powers and duties upon the terms and for the compensation as in the discretion of the General Partner may be necessary or advisable in the carrying on of the activities of the Partnership;



- (j) engage agents or subcontract administrative functions to assist the General Partner in carrying out its management obligations to the Partnership including, without limitation: (i) designate one or more operators from time to time to manage the design, development, construction, operation, maintenance and/or administration of the Facilities; and (ii) the entering into of the Operating Agreement;
- (k) invest cash assets of the Partnership that are not immediately required for the activities of the Partnership in investments which the General Partner considers appropriate;
- (l) act as attorney in fact or agent of the Partnership in disbursing and collecting moneys for the Partnership, paying debts and fulfilling the liabilities and obligations of the Partnership and handling and settling any claims of the Partnership;
- (m) commence or defend any action or proceeding in connection with the Partnership;
- (n) file any return, election, determination, designation, information return or similar document or instrument as may be required at any time by any government or like authority or under the Code or under any other taxation legislation or regulations of the United States of America or of Canada or of any state, province, territory, county or other jurisdiction which relates to the affairs of the Partnership or the interest of any Person in the Partnership;
- (o) retain legal counsel, experts, advisors or consultants as the General Partner considers appropriate and rely upon the advice of such Persons;
- (p) do anything that is in furtherance of or incidental to the activities of the Partnership or that is provided for in this Agreement;
- (q) execute, acknowledge and deliver the documents necessary to effectuate any or all of the foregoing or otherwise in connection with the activities of the Partnership;
- (r) obtain any insurance coverage;
- (s) appoint a registrar and transfer agent, if necessary;
- (t) acquire or, subject to Section 9.17(i), dispose of the assets of the Partnership;
- (u) after the Commercial Operations Date and subject to Section 9.17(g), designate one or more series of Class C Units as contemplated in Section 3.1, issue further Class C Units and determine the terms and conditions of the offering of Units from time to time and to do all things in this regard in accordance with Section 3.2, provided that no Class C Units may be issued which have the effect of altering the relative economic and legal positions of either of Fort Chicago, as the Class A Unitholder, or Energy Projects, as the Class B Unitholder, to the other as they exist at the time immediately prior to such issuance without the prior written consent of the party whose relative position would be affected; and

- (v) generally carry out the objects, purposes and business of the Partnership.

No Persons dealing with the Partnership will be required to enquire into the authority of the General Partner to do any act, take any proceeding, make any decision or execute and deliver any instrument, deed, agreement or document for or on behalf of or in the name of the Partnership.

### **7.3 Loans from General Partner**

The General Partner or its Affiliates may advance or loan to the Partnership funds which may be necessary for the payment of operating expenses of the Partnership. The rate of interest and any other expenses relative to such advances or borrowings shall not exceed that which the Partnership could reasonably expect to obtain from a United States of America chartered bank with respect to similar borrowings.

### **7.4 Exercise of Duties**

The General Partner covenants that it will exercise the powers and discharge its duties under this Agreement honestly, in good faith, and in the best interests of the Partnership, and that it will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. Furthermore, the General Partner covenants that it will maintain the confidentiality of financial and other information and data which it may obtain through or on behalf of the Partnership, the disclosure of which may adversely affect the interests of the Partnership or a Limited Partner, except to the extent that disclosure is permitted as provided herein, is required by law or is in the best interests of the Partnership.

### **7.5 Limitation of Liability**

The General Partner is not personally liable for the return of any Capital Contribution made by a Limited Partner to the Partnership. Moreover, notwithstanding anything else contained in this Agreement, but subject to Sections 2.11 and 7.10, neither the General Partner nor any Affiliates thereof nor their respective officers, directors, shareholders, employees or agents are liable, responsible for or accountable in damages or otherwise to the Partnership or a Limited Partner for an action taken or failure to act on behalf of the Partnership within the scope of the authority conferred on the General Partner by this Agreement or by law provided the General Partner has acted in good faith, in a manner which the General Partner believed to be in the best interests of the Partnership.

### **7.6 Indemnity of General Partner**

- (a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, each General Partner, any former General Partner (a "**Departing Partner**"), any Person who is or was an Affiliate of the General Partner or any Departing Partner, any Person who is or was an officer, director, employee, partner, agent or trustee of the General Partner or any Departing Partner or any such Affiliate, or any Person who is or was serving at the request of the General Partner or any Departing Partner or any such Affiliate as a director,

manager, officer, employee, partner, agent or trustee of another Person (collectively, an "**Indemnitee**") shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities (joint or several), expenses (including, without limitation, legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as: (i) the General Partner, a Departing Partner or any of their Affiliates; (ii) an officer, director, manager, employee, partner, agent or trustee of the General Partner, any Departing Partner or any of their Affiliates; or (iii) a Person serving at the request of the General Partner, any Departing Partner or any of their Affiliates as a director, manager, officer, employee, agent or trustee of another Person; provided, that in each case the Indemnitee acted in good faith, in a manner which such Indemnitee believed to be in the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful. The foregoing indemnification may indemnify an Indemnitee for negligence. The termination of any action, suit or proceeding by judgment, order, settlement or conviction shall not create a presumption that the Indemnitee acted in a manner contrary to that specified above. Any indemnification pursuant to this Section 7.6 shall be made only out of the assets of the Partnership.

- (b) To the fullest extent permitted by law, expenses (including, without limitation, legal fees and expenses) incurred by an Indemnitee in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of an undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 7.6.
- (c) The indemnification provided by this Section 7.6 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the Partners, as a matter of law or otherwise, both as to actions in the Indemnitee's capacity as: (i) the General Partner, a Departing Partner or an Affiliate thereof; (ii) an officer, director, manager, employee, partner, agent or trustee of the General Partner, any Departing Partner or an Affiliate thereof; or (iii) a Person serving at the request of the General Partner, any Departing Partner or any of their Affiliates as a director, manager, officer, employee, agent or trustee of another Person, and shall continue as to an Indemnitee who has ceased to serve in such capacity and as to actions in any other capacity.
- (d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities, whether or not the Partnership would have the power to indemnify such Person against such liabilities under the provisions of this Agreement.

## **7.7 Liability of Indemnitees**

- (a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnatee shall be liable for monetary damages to the Partnership or the Limited Partners for losses sustained or liabilities incurred as a result of any act or omission if such Indemnatee acted in good faith, in a manner which the Indemnatee believed to be in the best interests of the Partnership.
- (b) The General Partner may exercise any of the powers or authority granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents (as contemplated in Section 7.2(j)), and the General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

## **7.8 Resolution of Conflicts of Interest**

Unless otherwise expressly provided in this Agreement, whenever a potential conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership or any Limited Partner, on the other hand, any resolution or course of action in respect of such conflict of interest shall be permitted and deemed approved by all Limited Partners, and shall not constitute a breach of this Agreement, or of any standard of care or duty stated or implied by law, if the resolution or course of action is fair and reasonable to the Partnership and such resolution is approved by the board of managers of the General Partner in accordance with the Limited Liability Company Agreement. The General Partner shall be authorized in connection with its resolution of any conflict of interest to consider: (i) the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests; (ii) any customary or accepted industry practices; (iii) any applicable generally accepted accounting practices or principles; and (iv) such additional factors as the General Partner determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances. Nothing contained in this Agreement, however, is intended to nor shall it be construed to require the General Partner to consider the interests of any Person other than the Partnership. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General Partner with respect to such matter shall be deemed to be fair and reasonable, shall be deemed to be in, or not opposed to, the best interests of the Partnership, and shall not constitute a breach of this Agreement or a breach of any standard of care or duty imposed herein or stated or implied under the Act or by law.

## **7.9 Other Matters Concerning the General Partner**

- (a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.
- (b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted in reliance upon the opinion

(including, without limitation, an opinion of counsel) of such Persons as to matters that the General Partner reasonably believes to be within such Person's professional or expert competence shall be presumed to have been done or omitted in good faith and in accordance with such opinion.

- (c) The General Partner shall have the right, in respect of any of its power, authority or obligations hereunder, to act through any of its duly authorized officers.

#### **7.10 Indemnity of Partnership**

Subject to Section 2.11, the General Partner hereby indemnifies and holds harmless the Partnership and each Limited Partner from and against all costs, expenses, damages or liabilities suffered or incurred by the Partnership or such Limited Partners by reason of an act of willful misconduct or gross negligence by the General Partner or of any act or omission not believed by the General Partner in good faith to be within the scope of the authority conferred on the General Partner by this Agreement.

#### **7.11 Restrictions upon the General Partner**

The General Partner's power and authority does not extend to any powers, actions or authority not enumerated in Sections 7.1 and 7.2 unless and until an Ordinary Resolution or Extraordinary Resolution (as applicable) is passed by the Partners. Further, the General Partner will not:

- (a) commingle the funds of the Partnership with the funds of the General Partner or any of its Affiliates or with the funds of any other Person;
- (b) dissolve the affairs of the Partnership except in accordance with the provisions of Article 11 hereof;
- (c) except in accordance with this Agreement, effect a sale of all or substantially all of the assets of the Partnership to any Person unless such sale or transfer is to a Subsidiary of the Partnership which, in the opinion of counsel to the Partnership, is or will be classified as a partnership for purposes of the Code; or
- (d) withdraw as General Partner except in accordance with the provisions of Section 7.14 hereof.

#### **7.12 Employment of an Affiliate**

Subject to Section 9.17(m), the General Partner may employ or retain Affiliates of the General Partner or the Limited Partners on behalf of the Partnership to provide goods or services to the Partnership provided that, if the Partnership is to reimburse the General Partner for the costs and expenses of such goods or services, the costs of such goods or services must be reasonable and competitive with the costs of similar goods and services provided by independent third parties.

### **7.13 Removal of General Partner**

- (a) Upon the passing of any resolution of the directors or shareholders of the General Partner requiring or relating to the bankruptcy, dissolution, liquidation or winding-up or the making of any assignment for the benefit of creditors of the General Partner, or upon the appointment of a receiver of the assets and undertaking of the General Partner, or upon filing an answer or other pleading admitting or failing to contest the material allegations of a petition filed in such a proceeding, the General Partner shall cease to be qualified to act as General Partner hereunder and shall be deemed to have been removed thereupon as the General Partner of the Partnership effective upon the appointment of a new general partner and the acceptance of such appointment. A new general partner shall, in such instances, be appointed by the Limited Partners by an Extraordinary Resolution after receipt of written notice of such event (which written notice shall be provided by the General Partner forthwith upon the occurrence of such event).
- (b) The General Partner may also be removed if the General Partner has committed a material breach of the Partnership Agreement, which subsists for a period of 60 days after notice, and if such removal is approved by the Limited Partners by an Extraordinary Resolution excluding for this purpose Units held by the General Partner for its own account. Any such action by the Limited Partners for removal of the General Partner under this Section 7.13(b) must also provide for the election and succession of a new general partner. Such removal shall be effective immediately following the admission of the successor general partner to the Partnership.

### **7.14 Voluntary Withdrawal of General Partner**

The General Partner has agreed not to voluntarily withdraw as general partner, provided that the General Partner may withdraw if such withdrawal is approved by an Extraordinary Resolution excluding for this purpose Units held by the General Partner for its own account, after which time the General Partner may withdraw as such by giving 90 days' notice.

### **7.15 Condition Precedent**

As a condition precedent to the resignation or removal of the General Partner, the Partnership shall pay all amounts payable by the Partnership to the General Partner pursuant to this Agreement accrued to the date of resignation or removal subject to any claims or liabilities of the General Partner to the Partnership.

### **7.16 Transfer to New General Partner**

On the admission of a new general partner to the Partnership on the resignation or removal of the General Partner, the resigning or retiring General Partner will do all things and take all steps to transfer the administration, management, control and operation of the business of the Partnership and the books, records and accounts of the Partnership to the new general partner and will execute and deliver all deeds, certificates, declarations and other documents necessary or desirable to effect such transfer in a timely fashion.

### **7.17 Transfer of Title to New General Partner**

On the resignation or removal of the General Partner and the admission of a new general partner, the resigning or retiring General Partner will, at the cost of the Partnership, transfer title to any of the Partnership's property held in the name of the General Partner to such new general partner and will execute and deliver all deeds, certificates, declarations and other documents necessary or desirable to effect such transfer in a timely fashion.

### **7.18 Release by Partnership**

On the resignation or removal of the General Partner, the Partnership will release and hold harmless the General Partner resigning or being removed, from any costs, expenses, damages or liabilities suffered or incurred by the General Partner as a result of or arising out of events which occur in relation to the Partnership after such resignation or removal other than any of the General Partner's obligations to the Partnership under Section 7.10.

### **7.19 New General Partner**

A new general partner will become a party to this Agreement by signing a counterpart hereof and will agree to be bound by all of the provisions hereof and to assume the obligations, duties and liabilities of the General Partner hereunder as from the date the new general partner becomes a party to this Agreement. The new general partner, if a corporation or a limited liability company, must qualify to do business in the State of Delaware pursuant to applicable law. The General Partner shall transfer all of the Units owned by it to the new General Partner who must hold, at all times while it is the General Partner of the Partnership, at least one Unit.

### **7.20 Expenses of the Partnership**

The Partnership will reimburse the General Partner for all direct and indirect operating, general and administrative and other costs and expenses incurred by the General Partner on behalf of the Partnership or in the performance of its duties hereunder (all of which costs and expenses shall be the Partnership's responsibility). For greater certainty, such costs and expenses for which the General Partner is to be reimbursed include the Partnership's direct and indirect operating, general and administrative and other costs and expenses, including legal and audit fees, Unitholder information costs, consulting and advisory fees incurred in connection with the Partnership's business or the evaluation of investment opportunities by the Partnership, fees paid to third parties for services rendered to the General Partner or the Partnership, expenses associated with the issuance of Units and costs incurred by the directors of the General Partner in evaluating matters relating to the Partnership. The Partnership will be responsible for the payment of any goods and services tax, if any, with respect to the costs and expenses to be reimbursed by the Partnership pursuant to this Section 7.20.

**ARTICLE 8**  
**FINANCIAL INFORMATION**

**8.1 Books and Records**

The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business. Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including, without limitation, books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard disks, magnetic tape, or any other information storage device, provided that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with generally accepted accounting principles.

**8.2 Reports**

- (a) As soon as practicable, but in no event later than 90 days after the end of each Fiscal Year, the General Partner shall cause to be mailed to each holder of a Unit as indicated on the Register as of a date selected by the General Partner in its sole discretion, an annual report containing audited consolidated financial statements prepared in accordance with generally accepted accounting principles, such statements to be reported upon by the Auditor. The Limited Partners, by Extraordinary Resolution, may waive the requirement to provide audited financial reports for any year before the year including the Commercial Operations Date.
- (b) As soon as practicable, but in no event later than 45 days after the end of each calendar quarter (except the last calendar quarter of each year), the General Partner shall cause to be mailed to each holder of a Unit as indicated on the Register as of a date selected by the General Partner in its sole discretion, a report containing unaudited consolidated financial statements of the Partnership and such other information as may be required by applicable securities laws, or the rules of any stock exchange on which any of the Units are listed for trading, or as the General Partner determines to be necessary or appropriate.

**8.3 Right to Inspect Partnership Books and Records**

- (a) In addition to other rights provided by this Agreement or by applicable law, and except as limited by Section 8.3(b), each Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a limited partner in the Partnership, upon reasonable demand and upon not less than 10 days' notice in writing to the General Partner, and at such Limited Partner's own expense, to have furnished to it:
  - (i) a current list of the name and last known address of each Limited Partner and the General Partner;



- (ii) copies of this Agreement, the Certificate, the Operating Agreement, the Limited Liability Company Agreement and amendments thereto; and
  - (iii) such other information regarding the affairs of the Partnership as is just and reasonable.
- (b) Notwithstanding Section 8.3(a), the General Partner may keep confidential from the Limited Partners for such period of time as the General Partner deems reasonable, any information that the General Partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or could damage the Partnership or that the Partnership is required by law or by agreements with third parties to keep confidential.

#### **8.4 Accounting Policies**

The General Partner is authorized to establish from time to time accounting policies with respect to the financial statements of the Partnership and to change from time to time any policy that has been so established so long as such policies are consistent with the provisions of this Agreement and with generally accepted accounting principles in the United States of America. Any inconsistencies in accounting policies with respect to financial statements between this Agreement and generally accepted accounting principles, will be resolved in favour of such generally accepted accounting principles.

#### **8.5 Appointment of Auditor**

The General Partner shall, on behalf of the Partnership, select the Auditor on behalf of the Partnership to review and report to the Partners upon the financial statements of the Partnership for and as at the end of each Fiscal Year and to advise upon and make determinations with regard to financial questions relating to the Partnership or required by this Agreement to be determined by the Auditor.

#### **8.6 Tax Matters**

- (a) **General Tax Information.** The General Partner will use reasonable efforts to send or cause to be sent to each Person who is a Limited Partner during the previous Fiscal Year, or at the date of dissolution of the Partnership, within 90 days after the end of each Fiscal Year or within 45 days of dissolution, as the case may be, or within such other shorter period of time as may be required by applicable law, all information, in suitable form, relating to the Partnership necessary for such Person to prepare their or their Affiliates' income tax returns. The General Partner shall file, on behalf of itself and the Limited Partners, annual Partnership information returns and any other information returns required to be filed under the Code and any other applicable tax legislation in respect of the Partnership and the Limited Partners.
- (b) **Preparation of U.S. Tax Returns.** The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains,

deductions, losses and other items required of the Partnership for U.S. Federal and state income tax purposes and shall furnish, as soon as reasonably practicable but no later than August 15th of each Fiscal Year (or such earlier date as may be required by law), the tax information reasonably required by the General Partner and the other Partners for U.S. Federal and state income tax reporting purposes.

(c) **U.S. Tax Elections.** Except as otherwise provided herein, the General Partner shall determine whether to make any available elections pursuant to the Code; provided, however, that the General Partner shall (i) elect for the Partnership to be taxed as a partnership for U.S. federal income tax purposes by filing, if required, Form 8832, and (ii) upon the reasonable request of any Partner, make the election under Section 754 of the Code in accordance with applicable regulations thereunder. The General Partner shall have the right to seek to revoke any such election (including, without limitation, the election under Section 754 of the Code) upon the General Partner's determination that such revocation is in the best interests of the Partners.

(d) **U.S. Tax Matters Partner.**

(i) **General.** The General Partner shall be the "tax matters partner" of the Partnership for U.S. Federal income tax purposes. Pursuant to Section 6223(c) of the Code, upon receipt of notice from the IRS of the beginning of an administrative proceeding with respect to the Partnership, the tax matters partner shall notify each other Partner. The other Partners shall provide such information to the Partnership as the General Partner shall reasonably request.

(ii) **Powers.** The tax matters partner is authorized, but not required:

(A) to enter into any settlement with the IRS with respect to any administrative or judicial proceedings for the adjustment of Partnership items required to be taken into account by a Partner for income tax purposes (such administrative proceedings being referred to as a "tax audit" and such judicial proceedings being referred to as "judicial review"), and in the settlement agreement the tax matters partner may expressly state that such agreement shall bind all Partners, except that such settlement agreement shall not bind any Partner (a) who (within the time prescribed pursuant to the Code and Regulations) files a statement with the IRS providing that the tax matters partner shall not have the authority to enter into a settlement agreement on behalf of such Partner or (b) who is a "notice partner" (as defined in Section 6231 of the Code) or a member of a "notice group" (as defined in Section 6223(b)(2) of the Code);

(B) in the event that a notice of a final administrative adjustment at the Partnership level of any item required to be taken into account by a partner for tax purposes (a "final adjustment") is mailed or

otherwise given to the tax matters partner, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the U.S. Tax Court or the United States Claims Court, or the filing of a complaint for refund with the District Court of the United States for the district in which the Partnership's principal place of business is located;

- (C) to intervene in any action brought by any other Partner for judicial review of a final adjustment;
- (D) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file an appropriate pleading (petition, complaint or other document) for judicial review with respect to such request;
- (E) to enter into an agreement with the IRS to extend the period for assessing any tax which is attributable to any item required to be taken into account by a Partner for tax purposes, or an item affected by such item; and
- (F) to take any other action on behalf of the Partners of the Partnership in connection with any tax audit or judicial review proceeding to the extent permitted by applicable law or regulations.

The taking of any action and the incurring of any expense by the tax matters partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the tax matters partner, and the provisions relating to indemnification of the General Partner set forth in Section 7.6 of this Agreement shall be fully applicable to the tax matters partner in its capacity as such.

- (iii) **Reimbursement.** The tax matters partner shall receive no compensation for its services. All third-party costs and expenses incurred by the tax matters partner in performing its duties as such (including legal and accounting fees) shall be borne by the Partnership. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm and a law firm to assist the tax matters partner in discharging his duties hereunder, so long as the compensation paid by the Partnership for such services is reasonable.
- (e) **Organizational Expenses for U.S. Tax Purposes.** The Partnership shall elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a 180 month period as provided in Section 709 of the Code.

**ARTICLE 9**  
**MEETINGS OF LIMITED PARTNERS**

**9.1 Requisitions of Meetings**

- (a) The General Partner may call a general meeting of Limited Partners entitled to vote at such time and place as it deems appropriate in its absolute discretion for the purpose of considering any matter set forth in the notice of meeting provided, however, that the General Partner shall call an annual meeting of Limited Partners entitled to vote to be held not later than 15 months after holding the last preceding annual meeting.
- (b) In addition, where Limited Partners holding not less than 50% of the aggregate votes attached to the outstanding Units of any class entitled to vote in respect of Ordinary Resolutions (the "**Requisitioning Partners**") give notice signed by each of them to the General Partner, requesting a meeting of the Limited Partners and stating the purpose of such meeting, the General Partner shall, within 60 days of receipt of such notice, convene such meeting, and if it fails to do so, any Requisitioning Partner may convene such meeting by giving notice in accordance with this Agreement.
- (c) Every meeting of Limited Partners, however convened, will be conducted in accordance with this Agreement.

**9.2 Place of Meeting**

Every meeting of Limited Partners shall be held in the City of Coos Bay, Oregon or at such other place in Canada or in the United States of America as the General Partner (or Requisitioning Partners, if the General Partner fails to call such meeting in accordance with Section 9.1) may designate. Parties may attend meetings in person, by video or conference call, provided that each party can hear and speak to all other attendees. The General Partner shall provide conference call accessibility to all Parties.

**9.3 Notice of Meeting**

Notice of any meeting of Limited Partners will be given to each Limited Partner entitled to receive such notice not less than 21 days (but not more than 60 days) prior to such meeting, and will state:

- (a) the time, date and place of such meeting; and
- (b) in general terms, the nature of the business to be transacted at the meeting in sufficient detail to permit a Limited Partner to make a reasoned decision thereon.

Notice of an adjourned meeting of Limited Partners need not be given if the adjourned meeting is held within 14 days of the original meeting. Otherwise, but subject to Section 9.13, notice of adjourned meetings shall be given not less than 10 days in advance of the adjourned

meeting and otherwise in accordance with this section, except that the notice need not specify the nature of the business to be transacted if unchanged from the original meeting.

#### **9.4 Record Dates**

For the purpose of determining the Limited Partners who are entitled to vote or act at any meeting of Limited Partners or any adjournment thereof, or for the purpose of any other action, the General Partner may fix a date not more than 60 days prior to the date of any meeting of Limited Partners or other action as a record date for the determination of Limited Partners entitled to vote at such meeting or any adjournment thereof or to be treated as Limited Partners of record for purposes of such other action, and any Limited Partner who was a Limited Partner holding voting Units at the time so fixed shall be entitled to vote at such meeting or any adjournment thereof even though it, he or she has since that date disposed of its, his or her Units, and no Limited Partner becoming such after that date shall be a Limited Partner of record for purposes of such action. A Person shall be a Limited Partner of record at the relevant time if the Person's name appears in the Register as amended and supplemented at such time.

#### **9.5 Solicitation of Proxies**

If proxies are solicited from Limited Partners in connection with a meeting of Partners, the Person or Persons soliciting such proxies shall prepare an information circular or other applicable disclosure statement which shall contain, to the extent that it is relevant and applicable, the information prescribed for such information circulars or disclosure statements by the *Securities Exchange of 1934*, as amended, if applicable and in compliance with all other applicable federal or state laws.

#### **9.6 Proxies**

Any Limited Partner entitled to vote at a meeting of Limited Partners may vote by proxy if a form of proxy has been received by the General Partner or the chairman of the meeting for verification prior to the commencement of the meeting.

#### **9.7 Validity of Proxies**

A proxy purporting to be executed by or on behalf of a Limited Partner will be considered to be valid unless challenged at the time of or prior to its exercise. The Person challenging the proxy will have the burden of proving to the satisfaction of the chairman of the meeting that the proxy is invalid and any decision of the chairman concerning the validity of a proxy will be final. Proxies shall be valid only at the meeting with respect to which they were solicited, or any adjournment thereof, but in any event shall cease to be valid one year from their date. A proxy given on behalf of joint holders must be executed by all of them and may be revoked by any of them, and if more than one of several joint holders is present at a meeting and they do not agree which of them is to exercise any vote to which they are jointly entitled, they will for the purposes of voting be deemed not to be present. A proxy holder need not be a holder of a Unit.

## **9.8 Form of Proxy**

Every proxy will be substantially in the form as may be approved by the General Partner or as may be satisfactory to the chairman of the meeting at which it is sought to be exercised.

## **9.9 Revocation of Proxy**

A vote cast in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death, incapacity, insolvency or bankruptcy of the Limited Partner giving the proxy or the revocation of the proxy unless written notice of such death, incapacity, insolvency, bankruptcy or revocation shall have been received by the chairman of the meeting prior to the commencement of the meeting.

## **9.10 Corporations and other Entities**

A Limited Partner which is a corporation, limited liability company or other non-individual may appoint an officer, director, manager or other authorized person as its representative to attend, vote and act on its behalf at a meeting of Limited Partners.

## **9.11 Attendance of Others**

Any officer or director of the General Partner, legal counsel for the General Partner, a Limited Partner and the Partnership and representatives of the Auditor will be entitled to attend any meeting of Limited Partners. The General Partner has the right to authorize the presence of any Person at a meeting regardless of whether the Person is a Limited Partner. With the approval of the General Partner, that Person is entitled to address the meeting.

## **9.12 Chairman**

The General Partner may nominate a Person, including, without limitation, an officer, director or manager of the General Partner (who need not be a Limited Partner), to be chairman of a meeting of Limited Partners and the person nominated by the General Partner will be chairman of such meeting unless the Limited Partners elect another chairman by Ordinary Resolution.

## **9.13 Quorum**

A quorum at any meeting of Limited Partners will consist of one or more Limited Partners present in person or by proxy holding at least 51% of the aggregate votes attached to the outstanding Units entitled to be voted at the meeting. If, within half an hour after the time fixed for the holding of such meeting, a quorum for the meeting is not present, the meeting:

- (a) if called by or on the requisition of Limited Partners, will be terminated; and
- (b) if called by the General Partner, will be held at the same time and place on the day which is 14 days later (or if that date is not a business day, the first business day after that date). The General Partner will give three days' notice to all Limited Partners of the date of the reconvening of the adjourned meeting and at such

meeting the quorum will consist of the Limited Partners then present in person or represented by proxy.

#### **9.14 Voting**

Every question submitted to a meeting of Limited Partners:

- (a) which requires an Extraordinary Resolution under this Agreement will be decided by a poll; and
- (b) which does not require an Extraordinary Resolution will be decided by an Ordinary Resolution on a show of hands unless otherwise required by this Agreement or a poll is demanded by a Limited Partner, in which case a poll will be taken;

and in the case of an equality of votes, the chairman will not have a casting vote and the resolution will be deemed to be defeated. The chairman will be entitled to vote in respect of any Units held by him or for which he may be a proxyholder. On any vote at a meeting of Limited Partners, a declaration of the chairman concerning the result of the vote will be conclusive.

On a poll, each Person present at the meeting will have that number of votes provided for in this Agreement and in the rights, privileges, restrictions and conditions attaching to each Unit in respect of which it, he or she is shown on the Register as the Unitholder at the record date and for each Unit in respect of which it, he or she is the proxyholder. Each Limited Partner present at the meeting and entitled to vote thereat will have one vote on a show of hands. If Units are held jointly by two or more Persons and only one of them is present or represented by proxy at a meeting of Limited Partners, such Limited Partner may, in the absence of the other or others, vote with respect thereto, but if more than one of them is present or represented by proxy, they shall vote together on the whole Units held jointly.

The General Partner, as such for its own account, shall not be entitled to vote on any poll or on a show of hands at any meeting of Limited Partners. Any Limited Partner who is in default of payment of the subscription price for or Capital Contributions or loans in respect of its, his or her Units as contemplated in Section 4.4 shall not be entitled to vote in respect of any of its, his or her Units.

#### **9.15 Poll**

A poll requested or required will be taken at the meeting of Limited Partners or an adjournment of the meeting in such manner as the chairman directs.

#### **9.16 Powers of Limited Partners; Resolutions Binding**

The Limited Partners shall have only the powers set forth in this Agreement and any additional powers provided by law or in the rights, privileges, restrictions and conditions attaching to its, his or her Units. Subject to the foregoing sentence, any resolution passed in accordance with this Agreement will be binding on all the Partners and their respective heirs,

executors, administrators, successors and assigns, whether or not any such Partner was present in person or voted against any resolution so passed.

### **9.17 Powers Exercisable by Extraordinary Resolution**

The following powers shall only be exercisable by Extraordinary Resolution passed by the Limited Partners entitled to vote thereon:

- (a) approval of the withdrawal of the General Partner as provided in Section 7.14(a);
- (b) dissolving the Partnership, except as otherwise provided for under Section 11.1;
- (c) waiving any default on the part of the General Partner on such terms as the Limited Partners may determine;
- (d) amending, modifying, altering or repealing any Extraordinary Resolution previously passed by such Limited Partners;
- (e) amending this Agreement pursuant to Section 12.1;
- (f) an approval referred to in Section 2.9(h);
- (g) issuing further Class C Units or determining the terms and conditions of the offering of such Units;
- (h) appointing a General Partner;
- (i) subject to Schedule G, Section 5.3, effecting a sale of all or any material portion of the assets of the Partnership;
- (j) admitting any Person as a Partner in the Partnership other than pursuant to a transfer permitted herein;
- (k) approving any merger or reorganization of the Partnership;
- (l) filing for bankruptcy, assigning the Partnership's assets for the benefit of creditors, or any similar act of insolvency;
- (m) approving any payments to or the making or entering into any contract or agreement with any Affiliate of any Partner;
- (n) providing a guaranty for, or pledging any Partnership assets as security for, any indebtedness or obligation of any Person other than the Partnership; or
- (o) any other act under this Agreement that expressly requires an Extraordinary Resolution.

provided that for the purpose of the approval required for matters referred to in Sections 9.17(a), (c) and (d) (if the General Partner was not permitted to vote on the original Extraordinary



Resolution), Units owned by the General Partner for its own account shall not be permitted to vote on any resolutions and shall be deemed to not be outstanding.

### **9.18 Minutes**

The General Partner will cause minutes to be kept of all proceedings and resolutions at every meeting and will cause all such minutes and all resolutions of the Limited Partners consented to in writing to be made and entered into books to be kept for that purpose. Any minutes of a meeting signed by the chairman of the meeting will be deemed evidence of the matters stated in them and such meeting will be deemed to have been duly convened and held and all resolutions and proceedings shown in them will be deemed to have been duly passed and taken.

### **9.19 Additional Rules and Procedures**

To the extent that the rules and procedures for the conduct of a meeting of the Limited Partners are not prescribed in this Agreement, the rules and procedures will be determined by the General Partner.

## **ARTICLE 10**

### **NOTICES**

### **10.1 Address**

Any notice or other written communication which must be given or sent under this Agreement shall be given by first-class mail or personal delivery to the postal address of the General Partner and the Limited Partners set forth for each such Partner on the signature page of this Agreement, or any other new address following a change of address in conformity with Section 10.2, and the General Partner will maintain such addresses, as may be changed hereunder, in the Partnership's Register .

### **10.2 Change of Address**

A Limited Partner may, at any time, change its address for the purpose of service by written notice to the General Partner. The General Partner may change its address for the purpose of service by written notice to all the Limited Partners.

### **10.3 Accidental Failure**

An accidental omission in the giving of, or failure to give, a notice required by this Agreement will not invalidate or affect in any way the legality of any meeting or other proceeding in respect of which such notice was or was intended to be given if the failure did not prejudice any party's rights hereunder.

#### **10.4 Disruption in Mail**

In the event of any disruption, strike or interruption in the applicable postal service after mailing and before receipt or deemed receipt of a document, it will be deemed to have been received on the sixth business day following full resumption of the postal service.

#### **10.5 Receipt of Notice**

Subject to Section 10.4, notices given by first-class mail shall be deemed to have been received on the third business day following the deposit of such notice in the mail and notices given by delivery shall be deemed to have been received on the date of their delivery.

#### **10.6 Undelivered Notices**

If the General Partner sends a notice or document to a Unitholder in accordance with Section 10.1 and the notice or document is returned on three consecutive occasions because the Unitholder cannot be found, the General Partner is not required to send any further notices or documents to the Unitholder until the Unitholder informs the General Partner in writing of the Unitholder's new address.

### **ARTICLE 11 DISSOLUTION AND LIQUIDATION**

#### **11.1 Events of Dissolution**

The Partnership shall follow the procedure for dissolution established in Section 11.4 upon the occurrence of any of the following events or dates:

- (a) the election of the General Partner to dissolve the Partnership, if approved by the passage of an Extraordinary Resolution;
- (b) the sale, exchange or other disposition of all or substantially all of the property of the Partnership, if approved as provided herein;
- (c) the removal or resignation of the General Partner unless the General Partner is replaced as provided herein or in the resolution removing the General Partner; or
- (d) December 31, 2076.

#### **11.2 No Dissolution**

The Partnership shall not come to an end by reason of the death, bankruptcy, assignment of property for the benefit of creditors, insolvency, mental incompetency or other disability of any Limited Partner or upon transfer of any Units or upon the issue or conversion of Units.

### **11.3 Continuation After Event of Dissolution**

Upon the occurrence of an event described in Section 11.1(c), if within 90 days thereafter, holders of Units entitled to vote thereon, by an Ordinary Resolution so elect, the Limited Partners shall reconstitute the Partnership and continue its business on the same terms and conditions set forth in this Agreement by forming a new limited partnership on terms identical to those set forth in this Agreement and having as a general partner a Person approved by the holders pursuant to an Extraordinary Resolution. Upon any such election by Extraordinary Resolution, all Partners shall be bound thereby and shall be deemed to have approved thereof. Unless such an election is made within the applicable time period as set forth above, the Partnership shall conduct only activities necessary to wind up its affairs. If such an election is so made, then:

- (a) the reconstituted Partnership shall continue until the end of the term set forth in Section 11.1(d) unless earlier dissolved in accordance with this Article 11; and
- (b) all necessary steps shall be taken to cancel this Agreement and the Certificate and to enter into and, as necessary, to file a new partnership agreement and certificate of limited partnership, and the successor general partner may for this purpose exercise the powers of attorney granted the General Partner pursuant to Section 2.10.

### **11.4 Procedure on Dissolution**

Upon the occurrence of any of the events set forth in Section 11.1, the General Partner (or in the event of an occurrence specified in Section 11.1(c), such other Person as may be appointed by Ordinary Resolution of the Limited Partners entitled to vote thereon) shall act as a receiver and liquidator of the assets of the Partnership and shall:

- (a) sell or otherwise dispose of such part of the Partnership's assets as the receiver shall consider appropriate;
- (b) pay or provide for the payment of the debts and liabilities of the Partnership and liquidation expenses;
- (c) if there are any assets of the Partnership remaining, distribute to the Unitholders indicated on the Certificate on the date of dissolution holding Units entitled to receive such distribution from the Partnership, subject to Sections 3.18 and 4.12, any Class A Unit Preferred Distributions, Class B Unit Preferred Distributions or Distributable Cash then unpaid to Unitholders in accordance with the provisions hereof as if the date of dissolution was the last day of the Fiscal Year;
- (d) if there are any assets of the Partnership remaining, distribute such remaining assets to the Unitholders indicated in the Register on the date of dissolution who are holding Units entitled to receive assets of the Partnership on the dissolution of the Partnership, subject to Sections 3.18 and 4.12, in accordance with the respective rights of such Units;

- (e) file the notice of dissolution prescribed by the Act and satisfy all applicable formalities in such circumstances as may be prescribed by the laws of other jurisdictions where the Partnership is registered. In addition, the General Partner shall give prior notice of the dissolution of the Partnership by mailing to each Limited Partner such notice at least 21 days prior to the filing of the declaration of dissolution prescribed by the Act; and
- (f) file any elections, determinations or designations under the Code or under any similar legislation which may be necessary or desirable.

### **11.5 Dissolution**

The Partnership shall be dissolved upon the completion of all matters set forth in Section 11.4.

### **11.6 No Right to Dissolve**

Except as provided for in Section 11.1, no Limited Partner shall have the right to ask for the dissolution of the Partnership, the winding-up of its affairs or the distribution of its assets.

### **11.7 Agreement Continues**

Notwithstanding the dissolution of the Partnership, this Agreement shall not terminate until the provisions of Section 11.4 and 11.5 shall have been satisfied.

## **ARTICLE 12 AMENDMENT**

### **12.1 Amendment Procedures**

Except as provided in Section 12.3 or 5.8, all amendments to this Agreement shall be made in accordance with the following requirements. Amendments to this Agreement may be proposed solely by the General Partner or by Requisitioning Partners pursuant to Section 9.1(b). Each such proposal shall contain the text of the proposed amendment. If an amendment is proposed, the General Partner shall seek the approval of the Limited Partners entitled to vote thereon by an Extraordinary Resolution.

### **12.2 Amendment Requirements**

Notwithstanding the provisions of Sections 12.1 and 12.3, no amendment to this Agreement may: (i) give any Person any additional right to dissolve the Partnership; or (ii) modify the amendment provisions in this Article 12.

### **12.3 Amendment by General Partner**

Each Limited Partner agrees that the General Partner (pursuant to its powers of attorney from the Limited Partners or as expressly provided herein), without the approval of any Limited

Partner may amend any provision of this Agreement, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

- (a) a change in the name of the Partnership or the location of the principal place of business of the Partnership;
- (b) admission, substitution, withdrawal or removal of Limited Partners in accordance with this Agreement;
- (c) subject to Section 3.1, and except as otherwise provided in any series provisions of any series of Class C Units, a change that, in the sole discretion of the General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of the Partnership as a limited partnership in which the Limited Partners have limited liability under the applicable laws;
- (d) subject to Section 3.1, and except as otherwise provided in any series provisions of any series of Class C Units, a change that, in the sole discretion of the General Partner, is reasonable and necessary or appropriate to enable Partners to take advantage of, or not be detrimentally affected by, changes in the Code or other taxation laws; or
- (e) subject to Section 3.1, and except as otherwise provided in any series provisions of any series of Class C Units, a change that does not materially adversely affect the Limited Partners.

**ARTICLE 13**  
**NON-COMPETITION**  
**AND CONFIDENTIALITY**

**13.1 Non-Competition**

- (a) Each Partner hereby covenants and agrees with the Partnership and each of the other Partners that, commencing on the date hereof and ending 48 months after the date on which it ceases to hold any Project Interest, it will not, and it will not allow any of its Affiliates, without the prior written consent of the other Partners:
  - (i) directly or indirectly, whether on its own behalf, or as a consultant, partner, investor or lender of any person, firm, partnership, trust, corporation or other entity, sponsor, promote, be engaged or interested in or otherwise in any manner take part in any business or other commercial activity, howsoever carried on or conducted, which competes with the business or proposed business of the Partnership, whether directly or indirectly, anywhere within the geographic areas of: (i) in the case of Energy Projects and any Partner other than Fort Chicago, the west coast of North America; and (ii) in the case of Fort Chicago, the coast and all major waterways of the states of Oregon and Washington (collectively the

"**Restricted Area**"), and will not allow its name or any part thereof to be used in or employed by any such business;

- (ii) solicit or entice, or attempt to solicit or entice, any of the customers or suppliers of the Partnership and all persons who are not customers or suppliers but who have been canvassed or solicited by the Partnership (collectively the "**Customers**"), to become a customer or supplier of any person, firm, trust, corporation or other entity that competes with the Partnership anywhere within the Restricted Area; or
  - (iii) solicit or entice, or attempt to solicit or entice, any of the employees of the Partnership or the General Partner to enter into employment or service with any person, firm, trust, corporation or other entity that competes with the Partnership anywhere within the Restricted Area, or entertain any offers from or enter into discussions with or employ or hire any such employees.
- (b) Each Partner confirms that all restrictions in Section 13.1(a) herein are reasonable and necessary to protect the interests of the Partnership and the other Partners.
- (c) The parties acknowledge and confirm that:
- (i) they have each been independently advised by counsel with respect to the provisions of this Agreement;
  - (ii) the parties have negotiated the provisions hereof on an equal footing based on equal bargaining power at the time of entering into of this Agreement;
  - (iii) no party was required or induced to enter into this Agreement; and
  - (iv) the provisions hereof are reasonable and do not go beyond what is necessary to protect the interests of the Partnership and the Partners.
- (d) Each Partner understands and agrees that the other Partners and the Partnership will suffer irreparable harm in the event that a Partner breaches any of its obligations under this Section and that monetary damages would be inadequate to compensate the Partnership or the other Partners for such breach. Accordingly, each Partner agrees that in the event of a breach or a threatened breach by it of any of the provisions of this Agreement, the Partnership or the other Partners will be entitled, in addition to any other rights, remedies or damages which may be available to the Partnership or the other Partners, at law or in equity, to obtain an interim and permanent injunction in order to prevent or restrain any such breach or threatened breach of this Agreement by a Partner, or by any or all of a Partner's partners, employers, employees, servants, agents, representatives, and any other persons directly or indirectly acting for, or on behalf of, or with, such Partner. Each Partner further agrees that the Partnership or the other Partners shall be entitled to injunctive relief without having to prove damages and shall be entitled to all of their costs and expenses incurred in order to obtain relief from any breach

of a Partner's obligations under this Section, including reasonable solicitor and client legal costs and disbursements.

- (e) Concurrently with the execution of this Agreement, Energy Projects shall cause Robert Braddock, Elliot Trepper, Geoffrey Mitchell, and J. Thomas Wilson, voting members of Energy Projects, to deliver to each of the Partnership and Fort Chicago individual covenants substantially in the form of this Section 13.1.
- (f) Notwithstanding anything else herein contained, this Section 13.1 shall terminate and become null and void in the event that: (i) each of Fort Chicago and Energy Projects sell their Project Interests, effective as of the date of the last of such sales; or (ii) the Project is no longer being pursued by any one of the Partnership, Energy Projects, Fort Chicago or the individuals referred to in Section 13.1(e).

### 13.2 Confidentiality

- (a) In this Section 13.2, "**Confidential Information**" means any and all confidential and proprietary information, records, trade secrets and documentation of the Partnership relating to the permitting, design, engineering, construction, commissioning, management and operation of the Facilities hereinbefore or hereafter disclosed by the Partnership to any Partner or any Affiliate thereof.
- (b) Each Partner hereby acknowledges that prior to the date hereof it has had, and it will in the future have, access to and will be entrusted with Confidential Information. Each Partner covenants and agrees on its own behalf and on behalf of its Affiliates, that all Confidential Information disclosed to it (i) shall be kept in strict confidence by such Partner and its Affiliates, (ii) shall not be used, dealt with or exploited for any purpose or purposes other than the express purposes of the Partnership, and (iii) shall not be disclosed to any Person or Persons other than to the parties hereto unless otherwise required by law. Each Partner shall take all reasonable steps necessary to maintain the confidential nature of the Confidential Information.
- (c) The restrictions set forth in Section 13.2(b) above shall not apply to any part of the Confidential Information which (i) is at the time of disclosure or thereafter becomes a part of the public domain through no violation of this Agreement, (ii) as confirmed by the written records of the Partner, was in the lawful possession of such Partner prior to its disclosure hereunder, (iii) is hereafter lawfully acquired by the Partner through a third party which, to the best of the Partner's knowledge, is not under an obligation of confidence to the Partnership, General Partner or either of them and which third party was not in a contractual or fiduciary relationship with the Partnership, General Partner or either of them, (iv) is disclosed following receipt of the express written consent of the General Partner on behalf of the Partnership to such disclosure being made, or (v) subject to Subsection 13.2(e) below, any Partner or any Affiliate thereof is legally compelled to disclose.

- (d) Each Partner further acknowledges the competitive value and sensitive nature of the Confidential Information to the Partnership and its Affiliates, the disclosure of which to any competitor of the Partnership or its Affiliates or to the general public or to any Person would be highly detrimental to the best interests of the Partnership and its Affiliates. Each Partner agrees that the right to maintain the confidentiality of such Confidential Information, and the right to preserve the goodwill of the Partnership and its Affiliates, constitute proprietary rights which the Partnership and its affiliates are entitled to protect.
- (e) If a Partner or an Affiliate thereof becomes legally compelled to disclose any of the Confidential Information, the Partner or Affiliate which is legally compelled shall provide the General Partner of the Partnership with prompt written notice of same so that the General Partner may seek a protective order or other appropriate remedy. If such protective order or remedy is not obtained, the Partner or Affiliate shall furnish only that portion of the Confidential Information which is legally required and will exercise all reasonable commercial efforts to obtain reliable assurance that the Confidential Information will be accorded confidential treatment.
- (f) All Confidential Information including, without limitation, sketches, drawings, reports, notes, records, papers, documents, copies, reproductions, reprints, translation, data or information (whether of a technical, engineering, operational, economic or other nature) received from the Partnership and in the possession of a Partner or its Affiliates or of a director, officer or employee of a Partner or its Affiliates shall be and remain the sole property of the Partnership and each Partner shall hand same over (or cause same to be handed over) to the General Partner of the Partnership at any time upon demand after the Partner and all its Affiliates cease to be a Unit holder hereunder, provided that such Partner and all of its Affiliates may make and retain copies of any Confidential Information necessary or desirable to support its financial records.
- (g) Notwithstanding the restrictions set forth in this Section 13.2, any Partner may disclose Confidential Information, to the extent reasonably necessary, to prospective lending institutions of such Partner or to prospective transferees of such Partner's interests in the Partnership as a Partner thereof; provided however that such Person or Persons shall be informed at the time of such disclosure of its confidential nature and provided with the confidentiality terms of this Agreement, and that such Person or Persons shall first agree in writing to comply with and be bound by all the terms and conditions of this Section 13.2.

### **13.3 Disclosure**

The parties hereto hereby agree that all notices to third parties, including employees of the parties and all other public announcements concerning the transactions contemplated by this Agreement and/or the on-going business of the Partnership, shall require the prior approval of the General Partner, such approval not to be unreasonably withheld or delayed, unless such disclosure shall be required to meet timely disclosure obligations of any party under applicable



securities laws and stock exchange rules in circumstances where prior consultation with the other party is not practicable.

#### **13.4 Survival**

The provisions of Sections 13.1, 13.2 and 13.3 shall survive the termination of this Agreement and the withdrawal of a Partner and its Affiliates from the Partnership prior to termination of this Agreement for any reason whatsoever

### **ARTICLE 14** **MISCELLANEOUS**

#### **14.1 Binding Agreement**

Subject to the restrictions on assignment and transfer herein contained, this Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

#### **14.2 Time**

Time shall be of the essence hereof.

#### **14.3 Counterparts**

This Agreement, or any amendment to it, may be executed in multiple counterparts, each of which will be deemed an original agreement. This Agreement may also be executed and adopted in any Subscription Form, Transfer Form or similar instrument signed by a Limited Partner with the same effect as if such Limited Partner had executed a counterpart of this Agreement. All counterparts and adopting instruments shall be construed together and shall constitute one and the same agreement.

#### **14.4 Governing Law**

This Agreement and the Schedule hereto shall be governed and construed exclusively according to the laws of the State of Delaware and the laws of the United States of America applicable thereto and the parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the State of Delaware.

#### **14.5 Severability**

If any part of this Agreement is declared invalid or unenforceable, then such part shall be deemed to be severable from this Agreement and will not affect the remainder of this Agreement.

#### **14.6 Further Acts**

The parties will perform and cause to be performed such further and other acts and things and execute and deliver or cause to be executed and delivered such further and other documents

as counsel to the Partnership considers necessary or desirable to carry out the terms and intent of this Agreement.

**14.7 Entire Agreement**

This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof.

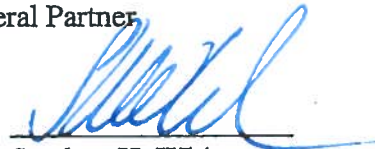
**14.8 Limited Partner Not a General Partner**

If any provision of this Agreement has the effect of imposing upon any Limited Partner (other than the General Partner) any of the liabilities or obligations of a general partner under the Act, such provision shall be of no force and effect to the extent of such specific imposition.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date set out above.

**JORDAN COVE ENERGY PROJECT L.L.C., as  
General Partner**

By:



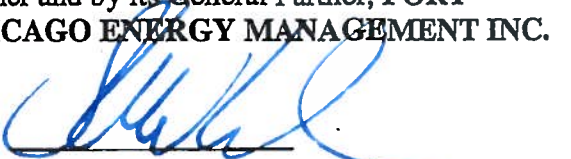
Stephen H. White  
Manager

Notice address:

215 Central Avenue, Suite 380  
Coos Bay, Oregon 97420  
Telephone (541) 266-7510  
Facsimile (541) 266-7510

**FORT CHICAGO LNG II U.S. L.P., as Limited  
Partner and by its General Partner, FORT  
CHICAGO ENERGY MANAGEMENT INC.**

By:



Stephen H. White  
President and Chief Executive Officer

Notice address:

Suite 2150, Stock Exchange Tower  
300 - 5<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3C4  
Telephone (403) 213-3639

**ENERGY PROJECTS DEVELOPMENT L.L.C.,  
as Limited Partner**

By:

  
\_\_\_\_\_  
Elliot L. Trepper,  
President

Notice address:

1274 Silvertip Lane  
Evergreen, Colorado 80439  
Telephone  
Facsimile

**Schedule A**  
**Contribution Agreement – Energy**  
**Projects Development L.L.C.**

## CONTRIBUTION AGREEMENT

This CONTRIBUTION AGREEMENT (this "Agreement") is entered into this 22nd day of July, 2005, and is from Energy Projects Development, LLC, a Colorado limited liability company ("Energy Projects") to Jordan Cove Energy Project L.P., a Delaware limited partnership ("Jordan Cove"). Either of Energy Projects or Jordan Cove may be referred to herein individually as a "Party" or collectively as the "Parties."

### BACKGROUND

1. Jordan Cove is a limited partnership formed under the laws of the State of Delaware, pursuant to that certain Limited Partnership Agreement dated as of July 12, 2005 (the "LP Agreement").
2. Pursuant to Section 4.3(d) of the LP Agreement, Energy Projects has agreed to contribute to Jordan Cove the rights and property described in this Agreement in consideration for 250,000 Class B Units.
3. Capitalized terms used herein but not defined herein will have the meaning given to such terms in the LP Agreement.

NOW, THEREFORE, in consideration of the foregoing, the Parties hereby agree as follows:

### ARTICLE I CONTRIBUTION

1.1 Contribution. Subject to the terms and conditions of this Agreement and the LP Agreement, in consideration for the issuance by Jordan Cove to Energy Projects of 250,000 Class B Units, Energy Projects hereby grants, conveys, assigns, transfers and delivers to Jordan Cove, as a contribution, effective as of the Contribution Date, all of Energy Project's right, title and interest in and to the Jordan Cove Energy Project, the concept thereof, the option and other rights to real property acquired for the Jordan Cove Energy Project and all intellectual property and other rights and interests associated with the Jordan Cove Energy Project, including, but not limited to the agreements and permits set forth on Schedule A, attached hereto and made a part hereof (collectively, the "Contributed Assets," and individually, a "Contributed Asset"). The term "Contribution Date" means the date of formation of Jordan Cove, as evidenced by the filing of the Certificate under the Act.

1.2 Reservation. If the grant, conveyance, assignment, transfer or delivery attempted to be made hereunder of any of the Contributed Assets would be ineffective as between Energy Projects and Jordan Cove without the consent of any third person, or would serve as a cause for termination or invalidation of any such Contributed Asset, or would cause or serve as a cause for the loss of ownership thereof, then such Contributed Asset shall be temporarily excluded from the aforesaid grant, conveyance, assignment, transfer and delivery. However, Energy Projects will, to the greatest extent permitted, hold such Contributed Asset in trust for the exclusive use and benefit of Jordan Cove until such consent has been obtained and shall make every reasonable effort to obtain the necessary consents to effect the contribution of such Contributed Asset temporarily excluded. Upon the obtaining of such consent no further grant, conveyance, assignment, transfer or

delivery shall be required, but full and complete title to such Contributed Asset shall automatically become vested in Jordan Cove by virtue of this Agreement.

1.3 Representations and Warranties. Energy Projects represents and warrants to Jordan Cove as follows:

- (a) Energy Projects is, and at the Contribution Date will be, the sole owner of the Contributed Assets with good and valid title thereto, free and clear of any and all liens. No person other than Jordan Cove has any right, option, agreement, privilege or arrangement capable of becoming an agreement for the acquisition of any of the Contributed Assets or any interest therein from Energy Projects;
- (b) To the knowledge of Energy Projects, without special inquiry, in the conduct of its business relating to the Contributed Assets, Energy Projects has complied in all material respects with all applicable laws having a material effect on the Contributed Assets;
- (c) Schedule A lists all operative contracts and other instruments to which Energy Projects is a party and/or relating to the Jordan Cove Energy Project. Energy Projects is not, and, to the knowledge of Energy Projects, no other party to any such contract or instrument is, in material default under any such contract or instrument and there has not occurred any event which, with the lapse of time or giving of notice or both, would constitute a material default under any such contract or instrument. Each such contract or instrument is valid, binding, enforceable and in full force and effect, as applicable;
- (d) there is no suit, action, application, litigation, claim, complaint, investigation (including, without limitation, investigations under environmental, human rights or health and safety laws) or administrative, governmental, arbitration or other proceeding (whether or not purportedly on behalf of Energy Projects) ("Proceeding"), including, without limitation, appeals and applications for review in any court or before any arbitrator or before or by any regulatory body or governmental or non-governmental body, in progress, pending, or to the knowledge of Energy Projects, threatened against or relating to the Contributed Assets or the rights of Energy Projects to enter into this Agreement or perform its obligations hereunder; and to the knowledge of Energy Projects, no basis for a Proceeding exists; and
- (e) there is not presently outstanding against Energy Projects any judgment, decree, injunction, rule, order or award of any court, governmental department, commission, board, bureau, agency, instrumentality or arbitrator relating to the Contributed Assets or any settlement agreement binding upon it relating to the Contributed Assets.

Energy Projects disclaims all other representations and warranties of every kind and character with respect to the Contributed Assets. This Agreement is made, however, with full rights of substitution

and subrogation of Energy Projects by Jordan Cove in and to all covenants, warranties and other rights of indemnification, if any, by others heretofore given or made with respect to any of the Contributed Assets

1.4 Effect of Contribution. Subject to Section 1.3, Jordan Cove assumes, and will be responsible for, all liabilities with respect to, and all obligations for performance due under, the Contributed Assets.

**ARTICLE II**  
**MISCELLANEOUS**

2.1 Further Assurances. To further effect the contribution of the Contributed Assets, from time to time, Energy Projects will execute and deliver, or cause to be executed and delivered, any additional documents or instruments necessary to transfer to Jordan Cove all right, title and interest of Energy Projects in and to the Contributed Assets.

2.2 Governing Law. This Agreement and the Schedule hereto shall be governed and construed exclusively according to the laws of the State of Delaware and the laws of the United States of America applicable thereto and the parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the State of Delaware.

2.3 Counterparts. This Agreement may be executed in one or more counterparts, each of which is an original of this Agreement and all of which, taken together, is one and the same agreement.

*[Signature page follows]*

IN WITNESS WHEREOF, each of the Parties has executed this Agreement as of the date first written above, to be effective as of the Contribution Date.

**ENERGY PROJECTS DEVELOPMENT L.L.C.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**JORDAN COVE ENERGY PROJECT L.P.**

By: Jordan Cove Energy Project L.L.C.,  
Its general partner

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## Schedule A

### I. Project Documents

- A. Real Property Purchase Option Agreement, between Energy Projects Development, LLC and Roseburg Forest Products Co. September 1, 2004
  - 1. Notice: 1<sup>st</sup> Extension of Option Period Complete NOI Phase (Milestone 2.3(b)(viii)) April 15, 2005
- B. Contract for Reimbursement of County Costs Energy Projects Development, LLC and Coos County acting by and through its Board of Commissioners February 9, 2005
- C. Notice of Intent to Build the Jordan Cove Energy Project – Liquefied Natural Gas Storage Tank and Importation Facility. Filed with the Oregon Department of Energy November 22, 2004
  - 1. Project Order for the Jordan Cove Energy Project Issued by the Oregon Department of Energy March 24, 2005

### II. Service Agreements

- A. GRI, Geotechnical & Environmental Consultants Master Service Agreement dated April 28, 2004
  - 1. Task Order #1: Phase 1 Environmental Assessment Executed April, 28, 2005, Work In Progress
  - 2. Task Order #2: Preliminary Geotechnical Investigation Executed May 18, 2005, Work In Progress
  - 3. Task Order #3: Phase 2 Environmental Assessment Proposal Received, Expected Authorization: July 15, 2005
- B. Parsons Brinckerhoff Quade & Douglas (PB Ports) Master Service Agreement dated April 13, 2005
  - 1. Task Order #1: Preliminary Marine Issues Evaluation Executed April 13, 2005, Report Issued June 6, 2005

2. Task Order #2: Field Investigation, Current/Tide Data  
June 16, 2005.
- C. TRC Environmental Corporation  
Master Service Agreement dated May 25, 2005.
1. Task Order #1: Project Management  
Executed May 25, 2005.
  2. Task Order #2: FERC Filing  
Executed May 25, 2005
  3. Task Order #2A: Engineering Coordination  
Executed May 25, 2005
  4. Task Order # 2B: Agency Consultations  
Executed May 25, 2005
  5. Task Order #2C: Alternatives Evaluation  
Executed May 25, 2005
  6. Task Order #4: Resource Reports  
Executed May 25, 2005
- D. Litzinger Engineering, Inc.  
No Formal Contract  
Assign all work-products (calculations, Flowsheets, Layout Drawings)
- E. Navigant Consulting, Inc.  
Master Service Agreement dated June 22, 2005.
1. Task Order #1: Preliminary Market Analysis  
Executed June 22, 2005.

**Schedule B  
Operating Agreement**

f

**DEVELOPMENT AND CONSTRUCTION  
AGREEMENT**

**BETWEEN**

**JORDAN COVE ENERGY PROJECT L.L.C.**

**AND**

**JORDAN COVE ENERGY PROJECT L.P.**

**AND**

**ENERGY PROJECTS DEVELOPMENT L.L.C.**

## DEVELOPMENT AND CONSTRUCTION AGREEMENT

This Development and Construction Agreement ("**Agreement**") dated as of the 12<sup>th</sup> day of July, 2005, between Jordan Cove Energy Project L.L.C., as General Partner, on behalf of Jordan Cove Energy Project L.P., a limited partnership organized under the laws of Delaware (the "**Partnership**") and Energy Projects Development L.L.C., a limited liability corporation incorporated under the laws of Colorado (the "**Operator**").

### WITNESSETH:

**WHEREAS**, the Partnership was formed on July 12, 2005 to develop, design, construct, own and operate a LNG terminal, LNG storage tanks, a regassification facility, an integrated power facility and related facilities near North Bend, Oregon;

**AND WHEREAS**, the Partnership is governed by a Limited Partnership Agreement dated July 12, 2005 among the General Partner, Fort Chicago LNG II U.S. L.P. and the Operator, as it may be amended or amended and restated from time to time (the "**Partnership Agreement**");

**AND WHEREAS**, pursuant to Section 7.2(j) of the Partnership Agreement, the General Partner has the right to engage agents or subcontract administrative functions to assist the General Partner in carrying out its management obligations to the Partnership including, without limitation the right to designate an operator to manage the design, development and construction of the Facilities;

**AND WHEREAS**, the General Partner, on behalf of the Partnership, desires that Operator, provide certain administrative functions to assist the General Partner in carrying out its management obligations to the Partnership including, without limitation, to manage the design, development, and construction of the Facilities, and to provide certain administration services to the Partnership;

**AND WHEREAS**, the Operator is willing and able to provide such services on the terms and conditions set fourth below;

**NOW THEREFORE**, in consideration of the representations, covenants and premises hereinafter set forth, the Parties agree as follows:

### **ARTICLE 1** **DEFINITIONS**

The terms capitalized in this Agreement and not otherwise defined herein shall have the same meanings given such terms in the Partnership Agreement. In addition, the following words and terms used herein (including the recitals hereto) shall have the meanings set forth below (such meanings to be equally applicable to the singular and plural forms of the terms defined):

"**Agreement**" has the meaning set forth in the opening paragraph;

"**Board of Managers**" means the Board of Managers of the General Partner from time to time;

"**Chairman**" means the chairman of the Board of Managers of the General Partner from time to time;

"**LNG**" means liquid natural gas;

"**Loaned Employee**" means an individual employed by a Partner or an Affiliate of a Partner which is on loan to the General Partner or Partnership pursuant to the terms of an agreement between the General Partner or Partnership and the Partner or the Affiliate of a Partner,

"**Operator**" has the meaning set forth in the opening paragraph;

"**Partnership**" has the meaning set forth in the opening paragraph;

"**Partnership Agreement**" has the meaning set forth in the second recital;

"**Party**": in this Agreement each of the Partnership and the Operator may be referred to individually as a Party or collectively as the Parties; and

"**Service Providers**" has the meaning set forth in Section 4.1.

## **ARTICLE 2**

### **RELATIONSHIP OF THE PARTIES**

#### **2.1 Designation of Operator**

- (a) Subject, specifically to Section 2.1(b) and, generally, to the other terms and conditions hereof, the General Partner, on behalf of the Partnership, hereby engages the Operator, and the Operator hereby accepts such engagement, to, generally, assist the General Partner in carrying out its management obligation to the Partnership including, without limitation, to manage the design, development, and construction, of the Facilities and to provide certain administrative services to the Partnership as set forth in this Agreement.
- (b) Specifically, the Operator shall, on behalf of the General Partner, perform those obligations of the General Partner under the Partnership Agreement as contemplated herein or as may be mutually agreed from time to time.
- (c) In the performance of its obligations hereunder, the Operator shall, at all times, report to and act at the direction of the Chairman (or any officer of the General Partner designated by the Chairman), and, where applicable, the Board of Managers.

#### **2.2 Standard of Performance by Operator**

The Operator covenants that it will exercise the powers and discharge its duties under this Agreement honestly, in good faith, and in the best interests of the Partnership, and that it will

exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. Furthermore, without limiting Section 6.2 hereof, the Operator covenants that it will not disclose financial and other information and data which it may obtain through or on behalf of the Partnership, the disclosure of which may adversely affect the interests of the Partnership or a Limited Partner, except to the extent that disclosure is permitted as provided herein or in the Partnership Agreement, is required by law or is in the best interests of the Partnership. Without limiting the generality of the foregoing, the Operator shall perform its duties and obligations under this Agreement, and all agreements executed with any contractor, subcontractor, materialmen or consultants shall require that such parties carry out their duties and obligations, in accordance with sound, workmanlike and prudent practices of the LNG industry and in compliance with all applicable laws, statutes, ordinances, safety codes, environmental regulations and rules and regulations of governmental authorities in effect at the applicable time.

### **2.3 Execution of Contracts, Etc.**

Contracts, documents or instruments in writing requiring the signature of the General Partner, on behalf of the Partnership, may be signed by the Chairman of the General Partner alone or any person or persons authorized by resolution of the Board of Managers (including, without limitation, if so authorized, the Operator) and all contracts, documents or instruments in writing so signed shall be binding upon the General Partner, on behalf of the Partnership, without any further authorization or formality. The Board of Managers may from time to time by resolution appoint any Person or Persons on behalf of the General Partner either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing (including, without limitation, if so authorized, the Operator). The term "**contracts, documents or instruments in writing**" as used in this Section shall include deeds, mortgages, hypothecs, charges, cheques, drafts, orders for the payment of money, notes, acceptances, bills of exchange, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of securities and all paper writings. Except as specifically authorized from time to time in accordance with the foregoing, the Operator shall not have authority to bind the General Partner or the Partnership.

### **2.4 Limitation of Authority**

Notwithstanding any other provision in this Agreement and subject to Section 2.3, unless otherwise directed by the Board of Managers or Chairman in writing, the Operator shall not execute any contract or otherwise commit the Partnership or General Partner to any obligation to any third-party which will have material financial or adverse operational impact on the Partnership, or which is not in the ordinary course of business.

### **2.5 Coordination of Directions to the Operator**

The primary contact between the Operator and the Partnership will be between the President of the Operator and the Chairman of the General Partner (or any officer of the General Partner or Operator designated by such individuals from time to time).

### **2.6 Single-Purpose Entity**

The Operator shall be and remain a single-purpose entity, and it will not engage in any activity other than the activities related to the development of the Jordan Cove Energy Project, the ownership of its limited partnership interests in the Partnership, and those activities required or authorized under the terms of this Agreement.

**ARTICLE 3**  
**OPERATOR'S RESPONSIBILITIES, DUTIES AND OBLIGATIONS AND RIGHT TO**  
**REQUEST INSTRUCTIONS**

**3.1 Operator's Responsibilities, Duties and Obligations**

Subject to the overall supervision of the General Partner and subject to the budgetary approvals required under this Agreement, the Operator will provide services to the General Partner and to the Partnership to develop and manage the design, permitting, construction, commissioning and initial operations of the Jordan Cove Energy Project, which will include the following activities, or cause such activities to be conducted, as necessary to perform its responsibilities, duties and obligations under this Agreement:

- a) arrange for a detailed engineering study to be contracted by the General Partner to provide a cost estimate and analysis of the feasibility of developing and constructing the Jordan Cove Energy Project.
- b) arrange for collection of data, preparation of applications, and preparation of an environmental impact study, to be contracted by the General Partner, as required by regulatory agencies.
- c) Assess the Facilities and contractual arrangements available for transporting natural gas from the Facilities.
- d) Identify and assess LNG supply markets and make recommendations to the Partnership regarding supply arrangements.
- e) Evaluate the customer market or LNG services, develop services to be provided, develop forms of contracts or tariffs for services, and obtain pre-construction commitments from customers for services at the Facilities.
- f) Prepare and file all regulatory filings and other approvals required to construct and operate the Facilities.
- g) Identify and arrange for the General Partner to enter into arrangements for construction and permanent financing with third-party lenders.
- h) Provide or arrange for the General Partner to contract for the day-to-day management and administrative services to the Partnership, including, but not limited to, legal, accounting, financial, marketing, contracting, construction supervision, operational planning, budgeting, engineering design and other technical services, insurance, administration, tax services and regulatory matters.



- i) Perform the planning, marketing, designing, engineering, accounting, financing and (subject to execution by the General Partner) contracting functions related to construction of the Facilities, including but not limited to: (i) construction of the Facilities; (ii) preparing environmental assessments and necessary studies; (iii) obtaining necessary federal, state and local permits for design and construction; (iv) acquiring terminal site rights-of-way, temporary work space and land in fee, including, subject to Section 7.2, prosecution of eminent domain and condemnation proceedings; (v) designing and preparing material and construction specifications; and (vi) soliciting, awarding, negotiating and arranging to be executed by the General Partner construction and material procurement contracts using competitive bid procedures whenever practicable and in the economic interest of the Partnership.
- j) Procure and furnish all labor, material, equipment, services and supplies necessary to construct, test and place the Facilities in service, including but not limited to; (i) supervision and inspection of construction, testing and placing in service; (ii) performance of administrative functions on behalf of the Partnership in connection with construction activities; (iii) purchasing any supply of LNG and/or natural gas necessary for installation and testing of the Facilities; and (iv) arranging for the General Partner to contract for and maintain in force adequate insurance, and requiring all contractors and subcontractors to have and maintain adequate insurance.
- k) Use its reasonable efforts to resist the perfection of or remove and discharge any liens against the property of the Partnership unless otherwise instructed and, to the extent permitted by law, keep the Partnership's property free of all liens, other than liens that arise in the ordinary course of business.
- l) Upon completion of construction and testing, provide to the Partnership and file with the regulatory agencies having jurisdiction, as requested or required, any information regarding construction of the Facilities including completion reports (in hard copy and electronic format); provided that unless required to be filed sooner by any regulatory agency having jurisdiction, the Operator shall have up to one (1) year following the in-service date of the Facilities to prepare and provide as-builts.
- m) Maintain accurate and itemized tax and book accounting records for the Partnership for the design, planning and construction of the Facilities together with any information reasonably required by the Partnership relating to such records.
- n) Prepare forecasts, budgets, returns, statements, reports, and other filings as the General Partner may request.
- o) Assist the General Partner and the Partnership to maintain custody of their funds in one or more banking institutions selected by the General Partner and assist the General Partner and the Partnership in investing and disbursing such funds as required and permitted herein or as otherwise directed by the General Partner.

- p) As instructed by any tax advisor to the Partnership and/or the General Partner, prepare and file all returns and render and pay from Partnership or General Partner bank accounts (prior to delinquency), all taxes presently and hereafter attributable to or arising from the development or construction of the Facilities.
- q) Make reports at each meeting of the General Partner, and be available at all reasonable times to consult with the Partnership regarding all responsibilities, duties, obligations and actions of the Operator in the form and at the times reasonably requested by the General Partner. Further, at the reasonable request of any Partner, the Operator shall consult with and provide information to the Partner regarding responsibilities, duties, obligations and actions of the Operator.
- r) Except as otherwise provided by applicable laws or governmental regulations or as otherwise directed by the General Partner (and unless delivered to the General Partner), retain all records, tax materials, books of account, plans, designs, contracts (including appendices), material specifications, vendor data, studies, reports and other documents related to the Partnership and the Facilities for at least three years from the date of completion of the activity to which such records relate (or such longer period as may be required by law or otherwise directed by the Partnership).
- s) Report to the Partnership as soon as practicable all non-routine occurrences that the Operator determines may have a significant adverse impact upon the construction of the Facilities and make a follow-up report at any appropriate time on the Operator's response to each non-routine occurrence. Non-routine occurrences include but are not limited to: (i) any environmental occurrence that must be reported to any local, state or federal authority; (ii) any incident that results in injury or death to any Person; and (iii) any incident resulting in significant damage to the Facilities, the property of any other Person or interruption of business.
- t) Negotiate, prepare, present to the General Partner for execution and administer any and all interconnect agreements between the Partnership and any other Person constructing upstream or downstream facilities that will interconnect with the Facilities.
- u) Arrange to pay and discharge (solely from General Partner or Partnership bank accounts) in a timely manner all obligations properly incurred by the Operator on behalf of the Partnership to third parties.
- v) Perform such other duties as are requested by the General Partner, or as are necessary or appropriate to discharge the Operator's responsibilities, duties and obligations under this Agreement.

### **3.2 Budgets**

As soon as practicable, but in no event later than sixty (60) days after the effective date of this Agreement, the Operator shall prepare and submit for approval of the General Partner a revision to the initial budget prepared and approved by the Parties in connection with the formation of the Partnership. Thereafter, on or before each September 1, the Operator shall prepare and submit

for approval of the General Partner an estimate of expenditures (including expenditures for capital items) and operating income and expenses for the General Partner and the Partnership which the Operator anticipates for the ensuing year, broken down into such individual line items, including appropriate contingency amounts, and with such supporting documentation and data as the General Partner may reasonably require. Except as the General Partner may otherwise direct, the budget approved by the General Partner and then in effect shall constitute authorization of the Operator to cause the Partnership or General Partner to incur the expenditures contained in such budget. The Operator shall not cause the Partnership or the General Partner to incur expenditures in excess of approved budget amounts except in response to an emergency that endangers life, property or the Jordan Cove Energy Project, or as the General Partner may direct.

### **3.3 Material, Equipment and Supplies**

All material, equipment and supplies will be owned by the Partnership and purchased or furnished for the account of the Partnership. So far as is reasonably practical and consistent with efficient and economical operation, only such material shall be obtained for the development of the Facilities as may be required for immediate use, and the accumulation of surplus stock shall be avoided. To the extent reasonably prudent, the Operator shall cause the Partnership to take advantage of discounts available by early payments.

### **3.4 Amendments to the Operator's Responsibilities, Duties and Obligations**

The General Partner and the Operator may agree to supplement, reduce, modify or amend the authorizations and responsibilities delegated to the Operator hereunder.

### **3.5 The Operator's Right to Request Instructions from the General Partner**

The Operator may at any time request instructions from the General Partner with respect to any matter contemplated by this Agreement and may defer action on such matter pending the receipt of such instructions. Subject to Section 2.2, the Operator shall be fully protected in acting in accordance with the instructions of the General Partner or in failing to act pending the receipt of instructions from the General Partner, and shall have no liability for any good faith act in compliance with such instructions, or for its good faith failure to act pending receipt of requested instructions.

## **ARTICLE 4**

### **EMPLOYEES, CONSULTANTS AND CONTRACTORS**

#### **4.1 Employees, Consultants and Contractors**

The Operator shall assist the General Partner and the Partnership in arranging for them to employ, retain or contract with the Persons (including contractors, consultants, professional service or other organizations, and employees) (the "**Service Providers**") required in order for the Operator to perform its duties and responsibilities hereunder in an efficient and economically prudent manner. The Operator shall arrange for the General Partner or Partnership, as applicable, to pay all reasonable expenses in connection with such employment or retention of or contracts with such Persons, including compensation, salaries, wages, fees, overhead and

administrative expense incurred by them, and, if applicable, social security taxes, workers' compensation insurance, retirement and insurance benefits and other such employee-related expenses.

#### **4.2 Affiliates of Partners**

The Operator shall be authorized to arrange for the General Partner or Partnership to utilize, as agreed with the Partners from time to time, the services of the Partners and their Affiliates, provided that such services are utilized on terms materially no less favorable to the General Partner or Partnership than those prevailing at the time for comparable services of unaffiliated independent parties.

#### **4.3 Hiring of Employees**

No Service Providers shall be retained by the Operator without prior written authorization by the General Partner. No benefit plans applicable to Service Providers may be adopted by the Partnership or General Partner without the prior written authorization of the General Partner. The Loaned Employees shall continue to be employees of the Partner or its Affiliate for compensation and employee benefit purposes. The Operator will not be in breach of its obligations under this Agreement for failing to perform any obligation that would have been performed if the General Partner had approved of the hiring of or contracting with any Service Providers recommended by the Operator.

#### **4.4 Non-Discrimination**

In performing under this Agreement, the Operator will not discriminate against any Service Provider or applicants for employment because of race, creed, color, religion, sex, national origin, age or because of physical or mental handicaps or disabilities in regard to any position for which he or she is qualified and will comply with all applicable federal and state laws and regulations. All agreements executed by the Partnership or General Partner with any Service Provider shall provide that such persons shall abide by the provisions of this Section 4.4.

### **ARTICLE 5** **REIMBURSEMENT OF OPERATOR EXPENSES**

#### **5.1 Accounting and Compensation**

The General Partner, on behalf of itself and the Partnership shall reimburse the Operator for, or pay directly, all traveling and other out-of-pocket expenses actually and properly incurred by it in the course of its duties hereunder. Such out-of-pocket expenses shall include all the Operator's reasonable overhead costs incurred by the Operator in carrying out its responsibilities, duties and obligations under this Agreement including but not limited to the costs for telephone, photocopying, audio visual, word processing, printing, office space, furniture and general office supplies will be charged on the basis of costs incurred. For all such expenses the Operator shall furnish to the General Partner statements and vouchers as or when required. It is the intent of the Parties that the Operator shall carry out its services hereunder on a fully reimbursed basis, pursuant to the provisions of this Agreement without profit or loss except as contemplated in the next sentence of this Section; to the extent that the Operator incurs such profit or loss appropriate

adjustments will promptly be made to eliminate such profit or loss. In addition, the Partnership will pay the Operator the sum of \$24,000 per month as compensation for the services of the Operator's own officers and members, which services will be provided consistent with past practices. The monthly payment will be paid on the first of each month effective April 1, 2005 and continue through and including the Commercial Operations Date.

## **ARTICLE 6** **INTELLECTUAL PROPERTY**

### **6.1 Inventions and Copyrights**

Any (i) inventions, whether patentable or not, developed or invented, or (ii) copyrightable material, developed by the Operator at the expense of the Partnership shall, unless otherwise directed, be the exclusive property of the Partnership which shall have the exclusive right to the exploitation thereof.

### **6.2 Confidentiality**

The Operator shall comply with the provisions applicable to confidential information in the same manner as set out in Sections 13.2 and 13.3 of the Partnership Agreement, which provisions are incorporated herein by reference as if set out in full.

### **6.3 License to Operator**

Each Partner which is a signatory to this Agreement hereby grants to the General Partner and the Operator on behalf of itself and the Partnership, for the term of this Agreement, an irrevocable, royalty-free, non-exclusive and non-assignable license to use, for the purposes of the business of the Partnership, during the term of this Agreement, any confidential information provided to the Partnership, or the Operator by such Partner and designated as such by such Partner, or generated by the General Partnership, the Partnership or the Operator on behalf of such Partner during the term of the Partnership Agreement. For purposes of this Section 6.3, confidential information shall include, but shall not be limited to, inventions (whether patented or not) and copyrighted or copyrightable material. As a condition precedent to the effectiveness of the aforesaid license to use, the Operator hereby expressly agrees that it will utilize such confidential information solely in connection with the performance of its duties, obligations and responsibilities hereunder and further expressly agrees that it will be subject to and bound by the provisions set forth in Section 13.2 of the Partnership Agreement as if it were a Partner, which provision is incorporated herein by reference as if set out in full. Upon termination of this Agreement, the Operator shall, upon written request by the General Partner, return all confidential information which has been provided to it, together with all reproductions thereof in the Operator's possession, pursuant to the aforesaid license to use to the Person from which it obtained such confidential information.

## **ARTICLE 7** **INDEMNIFICATION, LITIGATION, INSURANCE AND LIABILITY**

### **7.1 Indemnity**

The Operator shall, in the performance of its obligations herein, have the same obligations as the

General Partner under Section 2.11 and 7.10 of the Partnership Agreement and shall be entitled to the benefits of Sections 7.5, 7.6, 7.7 and 7.9 of the Partnership Agreement as if it were the General Partner as referred to therein.

## **7.2 Litigation Decisions**

Any and all claims, damages or causes of action against the General Partner, the Partnership, any Partner, or the Operator in favor of any third party arising out of the design or construction of the Facilities shall be settled or litigated and defended by the Operator in accordance with its best judgment and discretion when: (i) the amount involved is \$200,000 or less; (ii) no injunctive or similar relief is sought; (iii) no criminal sanction is sought; and (iv) no environmental or safety matters are involved. Otherwise, any decision to settle, litigate or defend such claims, damages or causes of action shall be made by the applicable Party, and any settlement or defense thereof by such Party shall be controlled by such Party. The Operator shall not commence litigation on behalf of the General Partner or Partnership against third parties, including eminent domain and condemnation proceedings, without the prior written authorization of the General Partner. All reasonable expenses incurred by the Operator under this Section will be paid by the Partnership.

## **7.3 Notice of Litigation.**

The Operator shall give the General Partner written notice of any litigation against the General Partner, the Partnership, any Partner or against the Operator in connection with the business of the Partnership as soon as practicable after the Operator receives notice of such litigation.

# **ARTICLE 8**

## **TERM AND TERMINATION**

### **8.1 Term**

This Agreement shall become effective as of the date first above written and shall continue until terminated pursuant to Section 8.2 or 8.3 below.

### **8.2 Termination Upon Dissolution of Partnership**

This Agreement shall terminate effective on the date the Partnership has been dissolved, the winding-up of the Partnership's business has been completed and the Partnership assets have been liquidated, as contemplated in the Partnership Agreement.

### **8.3 Termination by Either Party**

This Agreement may be terminated by either party upon 30 days advance written notice if: (i) the other Party is in material default of any of its obligations under this Agreement and does not remedy such default (if capable or remedy) within 60 days of being so requested in writing by the other Party, or if such default is not capable of remedy within such 60 day period, does not commence within such period and diligently proceed with action for the remedy thereof; (ii) the other Party is declared bankrupt, or makes an assignment of the benefit of creditors, or generally becomes unable to meet its financial obligations as they become due, or (iii) any foreclosure, execution or attachment issues against the other Party whereby all or a material part of its assets

or properties are taken by a creditor or by other legal authority and such Party is unable to gain relief from such action within 60 days following the occurrence of such action. This Agreement may be terminated by either Party upon 30 days advance written notice at any time after the Commercial Operations Date.

#### **8.4 The Operator's Costs, Expenses and Actions Upon Termination**

In addition to any costs for which the Partnership may be obliged to reimburse the Operator pursuant to Article 5 of this Agreement, upon any termination of this Agreement, the Partnership shall pay to the Operator any and all costs and expenses reasonably incurred by the Operator in connection with the winding up of the Operator's responsibilities, duties and obligations and the transfer of any assets of the Partnership held pursuant to this Agreement to the Partnership or any other entity as may be directed in writing by the General Partner. In event of the termination of this Agreement, the Operator shall transfer to the Partnership, or to any other entity as may be directed in writing by the General Partner, any and all assets of the Partnership held by the Operator pursuant to this Agreement, including but not limited to all permits, licenses, contract rights, books, records and other real and personal property whether tangible or intangible.

### **ARTICLE 9** **SURVIVAL OF OBLIGATIONS**

#### **9.1 Survival of Obligations**

The termination of this Agreement shall not discharge any Party from any obligation which it owes to another Party by reason of any transaction, commitment or agreement entered into, or any loss, cost, damage, expense or liability which shall occur or arise (or the circumstances, events or basis of which shall occur or arise) prior to or as a result of such termination. It is the intent of the Parties that any obligation owed by a Party to another Party (whether the same shall be known or unknown at the termination hereof, will survive termination of this Agreement.

#### **9.2 Sufficiency and Delivery of Notice**

Unless otherwise specifically provided in this Agreement, any written notice or other communication given pursuant to this Agreement shall be sufficiently delivered if delivered in accordance with the Partnership Agreement.

### **ARTICLE 10** **GENERAL**

#### **10.1 Effect of Agreement**

This Agreement and the Partnership Agreement as referred to herein, reflects the whole and entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral and written, among the Parties with respect to the subject matter hereof. This Agreement can be amended only by the written agreement of the Operator and the Partnership.

#### **10.2 Counterparts**

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

### **10.3 Headings**

The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

### **10.4 Waiver**

No waiver by any Party of any defaults by any other Party in the performance of any provision, condition or requirement herein shall be deemed to be a waiver of, or in any manner release the other Party(ies) from, performance of any other provision, condition or requirement herein, nor shall such waiver be deemed to be a waiver of, or in any manner a release of, the other Party(ies) from future performance of the same provision, condition or requirement. Any delay or omission of any Party to exercise any right hereunder shall not impair the exercise of any such right, or any like right, accruing to it thereafter. No waiver of a right created by this Agreement by one Party shall constitute a waiver of such right by the other Party(ies) except as may otherwise be required by law with respect to Persons not parties hereto. The failure of one Party to perform its obligations hereunder shall not release the other Party(ies) from the performance of such obligations.

### **10.5 Assignability**

This Agreement shall not be assigned by either Party without the prior written consent of the other Party, which consent may be arbitrarily withheld. The licenses granted by the individual Partners in Section 6.3 of this Agreement shall not be subject to assignment. This Agreement and all of the obligations and rights herein established shall extend to and be binding upon and shall inure to the benefit of the respective successors and permitted assigns of the respective Parties hereto.

### **10.6 References to Money**

All references in this Agreement to, and transactions hereunder in, money shall be to or in dollars of the United States of America.

### **10.7 Severability**

Should any provision of this Agreement be deemed in contradiction with the laws of any jurisdiction in which it is to be performed or unenforceable for any reason, such provisions shall be deemed null and void, but this Agreement shall remain in force in all other respects. Should any provision of this Agreement be or become ineffective because of changes in applicable laws or interpretations thereof or should this Agreement fail to include a provision that is required as a matter of law, the validity of the other provisions of this Agreement shall not be affected thereby. If such circumstances arise, the Parties hereto shall negotiate in good faith appropriate modifications to this Agreement to reflect those changes that are required by law.

### **10.8 Third Persons**



Except as contemplated herein, nothing expressed or implied is intended or shall be construed to confer upon or give any Person not a Party hereto any rights or remedies under or by reason of this Agreement.

#### **10.9 Laws and Regulatory Bodies**

- (a) This Agreement and the obligations of the Parties hereunder are subject to all applicable laws, rules, orders and regulations of governmental authorities having jurisdiction and, in the event of conflict between any provision hereof and any such laws, rules, orders and regulations, such laws, rules, orders and regulations shall control.
- (b) This Agreement shall be governed and construed exclusively according to the laws of the State of Delaware and the laws of the United States of America applicable thereto and the Parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the State of Delaware.

#### **10.10 Remedies Exclusive**

Remedies provided under the provisions of this Agreement shall be the exclusive remedies available to the Parties hereto.

#### **10.11 Approval or Action of the Partnership or its General Partner**

Unless otherwise specified, when the approval or other action of the Partnership is required under this Agreement such requirement shall be satisfied by the written approval of the General Partner.

#### **10.12 Certain Interpretive Matters**

Unless the context otherwise requires: (i) all references to Sections are to Sections of this Agreement; (ii) the words "**hereof**", "**herein**" and "**hereunder**" and words of similar import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; (iii) each term in this Agreement has the meaning assigned to it herein or in the Partnership Agreement; and (iv) "**or**" is disjunctive but not necessarily exclusive.

#### **10.13 No Drafting Presumption**

No presumption shall operate in favor of or against any Party hereto as a result of any responsibility that any Party may have had for drafting this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representative as of this 12<sup>th</sup> day of July, 2005.

**JORDAN COVE ENERGY PROJECT L.L.C.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**JORDAN COVE ENERGY PROJECT L.P., by  
its General Partner JORDAN COVE ENERGY  
PROJECT L.L.C.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**ENERGY PROJECTS DEVELOPMENT L.L.C.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Each of Fort Chicago LNG II U.S. L.P. and Energy Projects Development L.L.C. are executing this Agreement in their individual capacities as Limited Partners of the Partnership solely with respect to Sections 6.3.

**FORT CHICAGO LNG II U.S. L.P., in its limited capacity as a Limited Partner of JORDAN COVE ENERGY PROJECT L.P. by its General Partner FORT CHICAGO ENERGY MANAGEMENT INC.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**ENERGY PROJECTS DEVELOPMENT L.L.C., in its limited capacity as a Limited Partner of JORDAN COVE ENERGY PROJECT L.P.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**Schedule C**  
**Transfer and Power of Attorney Form**

I, the undersigned, a Limited Partner of JORDAN COVE ENERGY PROJECT L.P. (the "Partnership") hereby transfer, assign and sell to:

\_\_\_\_\_  
(Name of Transferee)

\_\_\_\_\_  
(Address)

\_\_\_\_\_ limited partnership units ("Units") in the Partnership registered in my name and constitute the above-named transferee as a substitute Limited Partner to the extent of the said number of Units and I agree to execute and deliver to the General Partner any documents required to effect a valid transfer of the said Units or which are necessary or advisable, in the opinion of the General Partner, to preserve the status of the Partnership as a limited partnership. I agree that the power of attorney previously granted to the General Partner will be effective for the purpose of executing and filing all certificates, amendments and other instruments necessary to give effect to this transfer.

DATED at \_\_\_\_\_, Province/State/Territory of \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
(Signature of Limited Partner)

\_\_\_\_\_  
(Surname) (Given Name) (Please Print)

\_\_\_\_\_  
(Address – No Post Office Box)

\_\_\_\_\_  
(City, Province/State, Postal/Zip Code)

Notes:

The above-named transferee accepts this transfer and agrees to be bound, as a party to and as a Limited Partner in the Partnership, by the terms of the Agreement, as from time to time amended as if it had personally executed the Agreement, and hereby ratifies, for all legal purposes, execution of the Agreement on its behalf and all actions taken on its behalf pursuant thereto. The transferee declares that it (and any beneficial owner of the Units to be registered in its name), if a corporation or limited capacity company, is validly subsisting under the laws of the jurisdiction of its incorporation, has the capacity and competence and, if a corporation, it has the necessary corporate authority, to execute this transfer and to enter into the Agreement and that the representations, warranties, covenants and agreements in Section 2.6(b) are true and correct as of the date hereof.

In consideration of the General Partner accepting this transfer and conditional thereon:

- (a) the transferee agrees to be bound as a Limited Partner in the Partnership by the terms of the Agreement as from time to time amended and in effect and the transferee hereby expressly ratifies and confirms the power of attorney given to the General Partner in Section 2.9 therein; and

- (b) the transferee hereby irrevocably constitutes and appoints the General Partner, with full power of substitution, as his/her true and lawful attorney and agent, with full power and authority in his/her name, place and stead to execute and deliver, for an on his/her behalf the Agreement, the Certificate and any amendments thereto.

The power of attorney granted herein and in the Agreement is irrevocable, is a power coupled with an interest, shall continue despite the mental incompetence of the transferee, shall survive the death or disability of the transferee and shall survive the transfer or assignment by the transferee, to the extent of the obligations of the transferee under the Agreement, of the whole or any part of the interest of the transferee in the Partnership, extends to the heirs, executors, administrators, other legal representatives and successors, transferees and assigns of the transferee, and may be exercised by the General Partner on behalf of each Limited Partner in executing any instrument by a facsimile signature or by listing all the Limited Partners and executing such instrument with a single signature as attorney and agent for all of them. The transferee agrees to be bound by any representations or actions made or taken by the General Partner pursuant to such power of attorney and hereby waives any and all defenses which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under such power of attorney. The transferee declares that these powers of attorney may be exercised during any legal incapacity or mental infirmity on its part.

Unless otherwise indicated, capitalized terms used herein shall have the meaning ascribed thereto in the Limited Partnership Agreement (the "Agreement") dated as of \_\_\_\_\_, 2005 relating to the Partnership.

DATED at \_\_\_\_\_, Province/State/Territory of \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Signature of Transferee)

\_\_\_\_\_  
(Surname) (Given Name) (Please Print)

\_\_\_\_\_  
(Address—No Post Office Box)

\_\_\_\_\_  
(City, Province/State, Postal/Zip Code)

**Schedule D**  
**Certain Rights – Class A Units**

**ARTICLE 1**  
**DEFINITIONS**

**1.1 Definitions**

In this Schedule D, except where otherwise specifically provided, the following words have the following meanings:

**"Class A Unit Preferred Distribution"** means [See Section 1.2 of this Schedule D];

**"Class A Unit Preferred Return"** has the meaning set forth in Section 1.2 of this Schedule D;

**"Commencement Date"** means December 31 of the year in which the Commercial Operations Date occurs;

**"Liquidation Distribution"** has the meaning set forth in Section 3.1 of this Schedule D;

**"Payment Date"** means each date during the fifteen year period following the Commencement Date on which the General Partner determines to make a Class A Unit Preferred Distribution in accordance with Section 5.4(b) of the Agreement; and

**"Return Period"** has the meaning set forth in Section 1.2(c)(i) of this Schedule D.

In addition to the above, words used in this Schedule D which are defined in the Agreement shall have the meanings set forth therein.

**1.2 "Class A Unit Preferred Distribution"**

- (a) The Class A Unitholders will be paid the "Class A Unit Preferred Distribution", which will equal a return on equity provided for development (before construction) equal to a premium after-tax rate of return of 30%, (compounded annually) plus a return on equity provided for the construction financing at a premium after-tax rate of return of 10.25% (compounded annually) (collectively, the **"Class A Unit Preferred Return"**) plus a return of both development and permanent equity. As used in this Agreement, the after-tax return is calculated assuming that the Class A Unitholders pay U.S. federal and Oregon state income taxes at the highest marginal rates applicable to corporations, and only those income taxes (including any income taxes imposed after the date hereof) will be considered in calculating the after-tax returns.
- (b) Absent liquidation of the Partnership, upon which the Class A Unit Preferred Distribution will be paid upon liquidation, the Class A Unit Preferred Distribution will be paid to the Class A Unitholders over a 15-year period. Each year, the Class A Unit Preferred Distribution will equal the amount required to pay the

Class A Unitholders the premium after-tax rates of return on the outstanding portion of the equity investment, plus a return of the equity investment in an amount that will amortize the premium return and the equity investment over the 15-year period. The payments will be calculated to pay the premium return and the equity in 15 approximately equal annual payments.

- (c) Before the earlier of October 1, 2006 or the date on which construction of the Facilities first commences, the Parties, acting reasonably and in good faith, shall mutually agree on the calculation and further terms of the "Class A Unit Preferred Distribution" and all consequential amendments to the Agreement and this Schedule D as reasonably required to reflect the Parties agreement , having regard to the following general principles and parameters:
- (i) The payments of the Class A Unit Preferred Distribution will be calculated and paid similar to a mortgage amortization with equal payments over a 15-year period. However, the payments may be subject to recalculation from time to time during the 15-year term, as described below. Upon any recalculation, the recalculation will include payments that will result in a return of the investment over the remainder of the 15-year term, plus the premium after-tax rate of return on the outstanding investment. The 15-year period (the "**Return Period**") will begin as of the Commercial Operations Date, with the first payment due at the end of that Fiscal Year. The first payment will be prorated for the number of days from the Commercial Operations Date to the end of that year, plus the premium after-tax rate of return accrued during that period.
  - (ii) Within 60 days following the Commercial Operations Date, the parties will calculate the total development equity, plus the cumulative and compounded return on that amount accrued up to of the Commercial Operations Date at the 30% rate, and the total permanent equity, plus the cumulative and compounded return on that amount accrued up to the Commercial Operations Date at the 10.25% rate. These amounts will be aggregated, and a weighted average return on the aggregate amount will be calculated (using 30% on the development equity and compounded return, and 10.25% on the permanent equity and compounded return). Then, using the then-effective tax rates, estimated depreciation rates, and other tax attributes of the Partnership that the Class A Unitholders will receive, the parties will estimate the amount required to return to the Class A Unitholders their investment and pay them an after-tax return equal to the weighted average return calculated above on the outstanding amounts over the 15-year return period.
  - (iii) In making the calculation of after-tax return, the calculation will assume that the Class A Unitholders will pay Oregon state income taxes on the net income allocated to them at the highest marginal rates effective on income of Oregon corporations and US income taxes on the net income allocated to them at the highest marginal rates effective on income of US corporations. The amounts required to be distributed to the Class A Unit

Unitholders will be grossed up to account for these applicable income taxes. For example, a portion of the Class A Unit Preferred Distribution payments are a return of investment and not subject to taxes, and other portions of the distributions will not be taxable due to the allocations of deductions and losses from the Partnership

- (iv) The 15-year distribution schedule will initially assume the application of the then-current tax rates, estimated deductions, and other tax attributes will remain in effect over the course of the 15-year return period, and the calculations will be made to levelize the Class A Unit Preferred Distributions over the term. The parties recognize that the portion of the distributions that will be taxable to the Class A Unitholders will be lower (or even zero) in the initial years of the return period and larger in the later years of the return period, but for the purposes of calculating the distribution schedule, the calculation will average the effects of these inputs over the term, to levelize the payments.
- (d) Appropriate adjustments will be made for changes in tax rates, differences in assumptions to actual, etc., and recalculated for the remainder of the 15-year return period.
- (e) Upon any sale or other liquidating event, the Class A Unit Preferred Distribution will be determined as of that date, with appropriate adjustments to distributions being made to give to the Class A Unitholders the Class A Unit Preferred Return and the remainder of any unpaid equity as of the date of that event, and the Class A Unitholders will reimburse the Partnership (or offset other distributions) to the extent that it has been paid more than the Class A Unit Preferred Distribution.
- (f) If on any Payment Date the Class A Unit Preferred Distribution payable on such date is not paid in full on all of the Class A Units then issued and outstanding, such distribution or the unpaid part of it shall accrue additional premium rates of return at the weighted average return rate from the scheduled date of payment until paid, and payment of any accrued and unpaid Class A Unit Preferred Distributions will be paid first and in priority to any other distributions (other than tax distributions) under this Agreement.

### **1.3 Arbitration**

If the parties are unable to reach agreement as to the calculation and payment of the Class A Unit Preferred Distribution contemplated in Section 1.2 of this Schedule D, then the General Partner shall, on the expiry of the period referred to therein, request that Deloitte & Touche, Certified Public Accountants, resolve any remaining non-agreed matters within 60 days after the same have been submitted to them. Such accountants shall be entitled to engage an independent law firm in the event that its determinations include legal questions. Such accountants' determination of all non-agreed matters shall be final and binding on the parties hereto. The fees and expenses of the accountants and any law firm engaged shall be for the account of the Partnership.



**ARTICLE 2**  
**DISTRIBUTION RIGHTS**

**2.1 Distribution Rights**

Subject to the prior rights and privileges attaching to any other class or series of Units of the Partnership, including the tax distributions required under the terms of Section 5.4(a) of the Agreement:

- (a) the holders of the Class A Units shall be entitled to receive, in priority to distributions payable in respect of the Class B Units, the Class C Unit, Series 1 and any Units ranking as to distributions of the Class A Unit Preferred Distribution junior to the Class A Units, and the Partnership shall pay, if, as and when declared by the Board of Managers of the General Partner, fixed cumulative preferential cash distributions each in the amount of the Class A Unit Preferred Distribution accrued as of each Payment Date payable on the Payment Dates but only if, and to the extent, the Board of Managers of the General Partner determines Distributable Cash is available to make the payment. If on any Payment Date the Class A Unit Preferred Distribution payable on such date is not paid in full on all of the Class A Units then issued and outstanding, such distribution or the unpaid part of it shall be paid on a subsequent date or dates to be determined by the Board of Managers of the General Partner on which the Partnership shall have sufficient Distributable Cash to make such distribution; and
- (b) the holders of the Class A Units shall be entitled to receive equally on a unit for unit basis with the holders of Class B Units and any Units ranking equally as to distributions of Distributable Cash made in excess of (i) the Class A Unit Preferred Distributions and (ii) the Class B Unit Preferred Distributions and the Partnership shall pay, if, as and when declared by the Board of Managers of the General Partner, out of the moneys of the Partnership properly applicable to the payment of distributions, distributions of such Distributable Cash. The General Partner shall make distributions under this Section 2.1(b) at least once per Fiscal Year to the extent Distributable Cash is available therefor.

**ARTICLE 3**  
**DISSOLUTION RIGHTS**

**3.1 Dissolution Rights**

Subject to the prior rights and privileges attaching to any other class or series of units of the Partnership, including, without limitation, any declared and unpaid Class B Unit Preferred Distribution, in the event of the liquidation, dissolution or winding-up of the Partnership, whether voluntary or involuntary, or any other distribution of assets of the Partnership among its Partners for the purpose of winding up its affairs (a "**Liquidation Distribution**"), the holders of Class A Units, after the payment of all debts and other liabilities of the Partnership, shall be entitled to receive:

- (a) in priority to the holders of Class B Units, the Class C Unit, Series 1 and any other Units ranking as to a Liquidation Distribution junior to the Class A Units, an amount equal to the Class A Unit Preferred Distribution including any unreturned investment and the unpaid Class A Unit Preferred Return on those amounts through the date of distribution (determined at the rate as provided in Section 1.2(a) of this Schedule D), which for such purpose shall be calculated as if the Unit A Preferred Return rate continued to accrue on the unreturned investment for the period from the later of the date of issue and the date of expiry of the last period for which the Class A Unit Preferred Distribution has been paid in full, up to the date of commencement of such Liquidation Distribution; and
- (b) equally on a unit for unit basis with holders of Class B Units and any other Units ranking as to a Liquidation Distribution equally with the Class A Units the remaining property and assets of the Partnership.

### **3.2 Priority**

For greater certainty, except for distributions for Taxes under Section 5.4(a) which shall be paid first, the amounts described in section 3.1(a) shall be paid to the holders of Class A Units before any amount shall be paid or any property or assets of the Partnership shall be distributed to the holders of Class B Units, the holder of the Class C Unit, Series 1 or to the holders of any other Units ranking junior to the Class A Units as to Liquidation Distribution.

**Schedule E**  
**Certain Rights – Class B Units**

**ARTICLE 1**  
**DEFINITIONS**

**1.1 Definitions**

In this Schedule E, except where otherwise specifically provided, the following words have the following meanings:

**"Class B Unit Preferred Distribution"** means an amount equal to the lesser of: (i) Distributable Cash; and (ii) \$500,000;

**"Liquidation Distribution"** has the meaning set forth in Section 3.1 of this Schedule E; and

**"Payment Date"** means each date during the fifteen year period following the Commencement Date on which the General Partner determines to make a Class B Unit Preferred Distribution in accordance with Section 5.4(b) of the Agreement.

In addition to the above, words used in this Schedule E which are defined in the Agreement shall have the meanings set forth therein.

**ARTICLE 2**  
**DISTRIBUTION RIGHTS**

**2.1 Distribution Rights**

Subject to the prior rights and privileges attaching to any other class or series of Units of the Partnership:

- (a) the holders of the Class B Units shall be entitled to receive in priority to distributions payable in respect of the Class C Unit, Series 1 and any Units ranking as to distributions of the Class B Preferred Unit Distribution junior to the Class B Units, and the Partnership shall pay, if, as and when declared by the Board of Managers of the General Partner, fixed non-cumulative preferential cash distributions each in the amount of the Class B Unit Preferred Distribution on the Payment Dates but only if, and to the extent the Board of Managers of the General Partner determines Distributable Cash is available to make the payment; and
- (b) the holders of the Class B Units shall be entitled to receive equally on a unit for unit basis with the holders of Class A Units and any Units ranking equally as to distributions of Distributable Cash made in excess of (i) the Class A Unit Preferred Distributions and (ii) the Class B Unit Preferred Distributions and the Partnership shall pay, if, as and when declared by the Board of Managers of the

General Partner, out of the moneys of the Partnership properly applicable to the payment of distributions, distributions of Distributable Cash. The General Partner shall make distributions under this Section 2.1(b) at least once per Fiscal Year to the extent Distributable Cash is available therefor.

### **ARTICLE 3**

#### **DISSOLUTION RIGHTS**

#### **3.1 Dissolution Rights**

Subject to the prior rights and privileges attaching to any other class or series of units of the Partnership, including, without limitation, any accrued and unpaid Class A Unit Preferred Distribution, in the event of the liquidation, dissolution or winding-up of the Partnership, whether voluntary or involuntary, or any other distribution of assets of the Partnership among its Partners for the purpose of winding up its affairs (a "**Liquidation Distribution**"), the holders of Class B Units, after the payment of all debts and other liabilities of the Partnership, shall be entitled to receive:

- (a) in priority to distributions payable with respect to the Class C Unit, Series 1 and any Units ranking as to distributions of the Class B Preferred Unit Distributions junior to the Class B Units, a pro-rata portion of the Class B Unit Preferred Distribution equal to the number of days from the beginning of the Fiscal Year that elapse before the date that the payment is made, divided by 365, but only to the extent that the Board of Managers of the General Partner determines Distributable Cash is available to make the payment; and
- (b) equally on a unit for unit basis with holders of Class A Units and any other Units ranking as to Liquidation Distribution equally with the Class B Units, the remaining property and assets of the Partnership.

**Schedule F**  
**Class C Unit, Series 1 – Rights, Privilege, Restrictions and Conditions**

**ARTICLE 1**  
**RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS**

**1.1 Distribution Rights**

Subject to the prior rights and privileges attaching to any other class or series of Units of the Partnership the holder of the Class C Unit, Series 1 shall be entitled to receive equally on a unit for unit basis with the holders of Class A Units, Class B Units and any Units ranking as to distributions of Distributable Cash equally with the Class C Unit, Series 1 and the Partnership shall pay, if, as and when declared by the Board of Managers of the General Partner, out of the moneys of the Partnership properly applicable to the payment of distributions, distributions of Distributable Cash. The General Partner shall make distributions under this Section 1.1 at least once per Fiscal Year to the extent Distributable Cash is available therefor.

**1.2 Dissolution Rights**

Subject to the prior rights and privileges attaching to any other class or series of units of the Partnership, including, without limitation, any accrued and unpaid Class A Unit Preferred Distribution and any declared but unpaid Class B Unit Preferred Distribution, in the event of the liquidation, dissolution or winding-up of the Partnership, whether voluntary or involuntary, or any other distribution of assets of the Partnership among its Partners for the purpose of winding up its affairs (a "**Liquidation Distribution**"), the holder of Class C Unit, Series 1 shall be entitled to receive equally on a unit for unit basis with holders of Class A Units, Class B Units and any other Units ranking as to Liquidation Distribution equally with the Class C Unit, Series 1 the remaining property and assets of the Partnership.

**Schedule G**  
**Transfer Restrictions**

**ARTICLE 1**  
**DEFINITIONS**

**1.1 Definitions**

In this Schedule G, except where otherwise specifically provided, the following words have the following meanings:

**"Closing"** has the meaning set forth in Subsection 8.1(a) of this Schedule G;

**"Disposing Limited Partner"** has the meaning set forth in Section 7.2 of this Schedule G;

**"Disposing Limited Partner's Project Interest"** has the meaning set forth in Section 7.2 of this Schedule G;

**"Disposition"** has the meaning set forth in Section 7.1 of this Schedule G;

**"Exercise Notice"** has the meaning set forth in Section 7.3 of this Schedule G;

**"Limited Partner's Loans"** means all outstanding loans from time to time owing by the Partnership to a Limited Partner;

**"Limited Partners' Notice"** has the meaning set forth in Section 7.4 of this Schedule G;

**"Majority"** has the meaning set forth in Section 5.2 of this Schedule G;

**"Minority"** has the meaning set forth in Section 5.2 of this Schedule G;

**"Offering Limited Partner"** has the meaning set forth in Section 3.1 of this Schedule G;

**"Offeror"** has the meaning set forth in Section 8.1 of this Schedule G;

**"Offer Purchase Notice"** has the meaning set forth in Section 3.3 of this Schedule G;

**"Offer Transfer Notice"** has the meaning set forth in Section 3.2 of this Schedule G;

**"Piggy Back Notice"** has the meaning set forth in Section 6.1 of this Schedule G;

**"Piggy Back Project Interest"** has the meaning set forth in Section 6.2 of this Schedule G;

**"Piggy Back Right"** has the meaning set forth in Section 6.1 of this Schedule G;

**"Purchaser"** has the meaning set forth in Section 8.1 of this Schedule G;

**"Refusal Purchase Notice"** has the meaning set forth in Section 4.3 of this Schedule G;  
**"Refusal Transfer Notice"** has the meaning set forth in Section 4.2 of this Schedule G;  
**"Seller"** has the meaning set forth in Section 6.1 of this Schedule G; and  
**"Selling Limited Partner"** has the meaning set forth in Section 4.1 of this Schedule G.

In addition to the above, words used in this Schedule G which are defined in the Agreement shall have the meanings set forth therein.

## **ARTICLE 2**

### **CERTAIN TRANSFERS OF PROJECT INTERESTS**

#### **2.1 Prohibitions**

In the event that a Sale of part only of a Project Interest is permitted hereunder, such Sale shall include the same percentage of the holder's total Units and total L.L.C. Interests.

#### **2.2 Overriding Provisions**

Notwithstanding anything contained in the Agreement or this Schedule G:

- (a) no Sale of L.L.C. Interests to any Person shall be made until after such Person agrees in writing to be bound by and to observe the terms and provisions of the Limited Liability Company Agreement and a Person so agreeing shall be deemed to be a party to the Limited Liability Company Agreement;
- (b) Sales of Project Interests must comply with Sections 3.8, 3.9, 3.11(b), 3.11(c), 3.12, 3.13, 3.15, 3.16, 3.18, 4.2, 4.7, 4.10 and 4.14 of the Agreement, as applicable;
- (c) prior to the Commercial Operations Date, no Sales of Project Interests may be made by Energy Projects without the prior written consent of Fort Chicago, in its sole discretion.

#### **2.3 Certain Approved Sales**

Notwithstanding anything contained in the Agreement or this Schedule G, the following Sales of Project Interests shall be permitted subject only to Sections 2.1 and 2.2 of this Schedule G:

- (a) any Sale by Fort Chicago to an Affiliate of Fort Chicago;
- (b) any Sale by Fort Chicago of up to 20% of its Project Interest to Energy Fundamentals Group;
- (c) any Sales made pursuant to Sections 4.7, 4.8 or 7.19 of the Agreement;

- (d) subject to Sections 7.1(e) and (f) of this Schedule G, Sales pursuant to or in connection with an amalgamation, reorganization, arrangement, merger or other business combination of a Limited Partner and the surviving or continuing entity is the Limited Partner; and
- (e) at any time and from time to time any Limited Partner may hypothecate, mortgage, pledge, charge, encumber or otherwise grant a security interest in any of its Units to a *bona fide* creditor as security for any loan or other indebtedness provided that:
  - (i) such creditor delivers a written undertaking to and in favour of the General Partner that, upon written request from the General Partner, the creditor will forthwith subordinate any right or interest it may have in respect of such hypothecation, mortgage, pledge, charge, encumbrance or security interest (including, without limitation, in respect of any acknowledgements and distributions contemplated in Section 2.3(e)(iii) of this Schedule G) to and in favour of any hypothecation, mortgage, pledge, charge, encumbrance or security interest granted by the Limited Partner or by the General Partner on the Limited Partner's behalf pursuant to the power of attorney in Section 2.9(h) of the Agreement in favour of any creditor providing financing to the Partnership with respect to the Facilities (provided, however, that such creditor of the Limited Partner will not be required to so subordinate in favour of any creditor whose financing is already subordinated by agreement or otherwise to any other financing provided to the Partnership with respect to the Facilities;
  - (ii) such creditor delivers a written undertaking to the General Partner in favour of the other Limited Partners from time to time that, if such creditor exercises any of its remedies in respect of such hypothecation, mortgage, pledge, charge, encumbrance or security interest, the creditor shall not foreclose on or otherwise retain such Units but shall sell them in accordance with and subject to the provisions hereof; and
  - (iii) if a Limited Partner hypothecates, mortgages, pledges, charges, encumbers or otherwise grants a security interest in any of its Units pursuant to Section 2.3(e) of this Schedule G then the General Partner will, upon receipt of a written request from such Limited Partner, deliver a written acknowledgement to the creditor specified by the Limited Partner in the request acknowledging such hypothecation, mortgage, pledge, charge, encumbrance or security interest and confirming that such hypothecation, mortgage, pledge, charge, encumbrance or security interest has been reflected in the Register and that, upon receipt by the General Partner of a written order from such creditor setting forth an address for service, all distributions by the Partnership in respect of such Units following the receipt by the General Partner of such order shall be made to such creditor at such address for service until such creditor delivers a release of the acknowledgement to the General Partner and the Limited Partner hereby agrees that by delivering the written request to the General Partner, the



Limited Partner shall be deemed to have authorized the General Partner to make, and consents to the making of, all such distributions pursuant to any such written order.

## 2.4 Securities Transactions

The provisions of this Agreement relating to Project Interests shall apply *mutatis mutandis* to any units, shares or other securities into which such Project Interests or the components thereof may be converted, changed, reclassified, redivided, redesignated, redeemed, subdivided or consolidated; to any units, shares or other securities of the Partnership or General Partner that are received as a stock dividend or distribution payable in units, shares or other securities; and to any units, shares or other securities of the Partnership or General Partner or of any successor or continuing entities to the Partnership or General Partner that may be received on a reorganization, amalgamation, consolidation or merger, statutory or otherwise.

## **ARTICLE 3** **RIGHTS OF FIRST OFFER**

### 3.1 Offer To Sell

If any Limited Partner or Limited Partners (herein collectively referred to as an "**Offering Limited Partner**") desires to Sell all or a portion of its Project Interest and has not received a third party offer to purchase as contemplated in Section 4.1 of this Schedule G, it shall first offer such Project Interest to the other Limited Partners in accordance with this Article 3.

### 3.2 Transfer Notice

The Offering Limited Partner shall give a written notice (the "**Offer Transfer Notice**") to the other Limited Partners of its intention to Sell such Project Interest, which Offer Transfer Notice shall set out:

- (a) the portion of its Project Interest which it proposes to Sell; and
- (b) an offer to Sell to the other Limited Partners setting out the price and terms of payment which the Offering Limited Partner is willing to accept for such Project Interest (it being understood that such offer must be for cash consideration) and other material terms of sale.

### 3.3 Purchase Notice

The other Limited Partners shall have the right, during the 30 day period following receipt of the Offer Transfer Notice, to elect to purchase all (but not less than all) of the Project Interest being offered for Sale by the Offering Limited Partner upon the terms contained in the Offer Transfer Notice by giving written notice (the "**Offer Purchase Notice**") to the Offering Limited Partner accepting the offer contained in the Offer Transfer Notice. If there is more than one other Limited Partner at the time the Offering Limited Partner desires to Sell such Project Interest and they each elect as aforesaid to purchase the Project Interest being Sold by the Offering Limited Partner then the Project Interest shall be allocated among them *pro rata*

according to their existing beneficial ownership of voting Units and their respective Offer Purchase Notices together with the Offer Transfer Notices shall constitute several contracts for the purchase and Sale of the Project Interests allocated to them respectively.

### **3.4 Failure To Purchase**

If none of the other Limited Partners give to the Offering Limited Partner an Offer Purchase Notice within the 30 day period referred to in Section 3.3 of this Schedule G or if the Sale of the Project Interest of the Offering Limited Partner fails to close as contemplated in Section 3.5 of this Schedule G, then the other Limited Partners shall be deemed to have refused to purchase the Project Interest referred to in the Offer Transfer Notice and the Offering Limited Partner may, subject to the exercise of the Piggy Back Rights of the other Limited Partners set out in Article 6 of this Schedule G, within 120 days after the later of the expiration of such 30 day period or the failure to close as contemplated in Section 3.5 of this Schedule G, as the case may be, Sell the Project Interest set forth in the Offer Transfer Notice to any *bona fide* third party purchaser at a price and on terms which shall not be more favourable to the proposed purchaser than those specified in the Offer Transfer Notice. If no such Sale is consummated, the rights of the Limited Partners shall revive in respect of such Project Interest and if the Offering Limited Partner shall thereafter desire to Sell its Project Interest under Section 3.1 of this Schedule G it shall again give notice under this Article 3 and so on from time to time.

### **3.5 Closing**

It shall be a condition of the Closing of any purchase and Sale under this Article 3 for the benefit of the purchasing Limited Partner or Limited Partners, as the case may be, that the Offering Limited Partner deliver against payment a representation and warranty dated the day of closing to the effect that the Offering Limited Partner has good right and lawful authority to Sell the subject Project Interest, that the subject Project Interest is not subject to any contractual or other restrictions (other than pursuant to this Agreement, the Limited Liability Company Agreement or the Certificate), and that such Project Interest is beneficially owned by the Offering Limited Partner free and clear of any liens, encumbrances, mortgages, pledges, charges or security interests of any kind whatsoever, other than security interests or encumbrances on such interests securing Partnership obligations. The purchase and Sale of the Project Interest shall be completed in accordance with the terms set out in Article 8 of this Schedule G.

## **ARTICLE 4** **RIGHTS OF FIRST REFUSAL**

### **4.1 Offer To Sell**

If any Limited Partner (a "**Selling Limited Partner**") receives an offer to purchase all or a portion of its Project Interest for cash from a *bona fide* third party offeror and desires to Sell such Project Interest, it shall first offer such Project Interest to the other Limited Partners in accordance with this Article 4

## 4.2 Transfer Notice

The Selling Limited Partner shall give a written notice (the "**Refusal Transfer Notice**") to the other Limited Partners of its intention to Sell all or a portion of its Project Interest, which Refusal Transfer Notice shall set out:

- (a) the name and address of such third party offeror (as well as the name of the person(s) controlling such offeror) together with an executed copy of such offer to purchase with all the terms and conditions of such offer contained therein (it being understood that such offer must be for cash consideration); and
- (b) any other material terms of the proposed Sale to the third party offeror, including the number of Units in the Partnership and percentage interest in the General Partner proposed to be sold.

## 4.3 Purchase Notice

The other Limited Partners shall have the right, during the 30 day period following receipt of the Refusal Transfer Notice, to elect to purchase the entire Project Interest being Sold by the Selling Limited Partner upon the terms contained in the Refusal Transfer Notice (except that Closing shall be 30 days after the date of the making of such election) by giving written notice (the "**Refusal Purchase Notice**") to the Selling Limited Partner accepting the offer contained in the Refusal Transfer Notice. If there is more than one other Limited Partner at the time the Selling Limited Partner desires to Sell its Project Interest and they each elect as aforesaid to purchase the Project Interest being Sold by the Selling Limited Partner then the Project Interest shall be allocated among them *pro rata* according to their existing beneficial ownership of voting Units and their respective Refusal Purchase Notices together with the Refusal Transfer Notices shall constitute several contracts for the purchase and Sale of the Project Interests allocated to them respectively.

## 4.4 Failure To Purchase

If none of the other Limited Partners give to the Selling Limited Partner a Refusal Purchase Notice within the 30 day period referred to in Section 4.3 of this Schedule G or if the Sale of the Project Interest of the Selling Limited Partner fails to close as contemplated in Section 4.5 of this Schedule G, then the other Limited Partners shall be deemed to have refused to purchase the Project Interest referred to in the Refusal Transfer Notice and the Selling Limited Partner may, subject to the exercise of the Piggy Back Rights of the other Limited Partners set out in Article 6 of this Schedule G, within 120 days after the later of the expiration of such 30 day period or the failure to close as contemplated in Section 4.5 of this Schedule G, as the case may be, Sell its Project Interest to the third party offeror identified in the Refusal Transfer Notice at a price and on terms which shall not be more favourable to the proposed purchaser than those specified in the Refusal Transfer Notice. If no such Sale is consummated, the rights of the Limited Partners shall revive in respect of such Project Interest and if the Selling Limited Partner shall thereafter desire to Sell its Project Interest under Section 4.1 of this Schedule G it shall again give notice under this Article 4 and so on from time to time.

## 4.5 Closing

It shall be a condition of the Closing of any purchase and Sale under this Article 4 for the benefit of the purchasing Limited Partner or Limited Partners, as the case may be, that the Selling Limited Partner deliver against payment a representation and warranty dated the day of Closing to the effect that the Selling Limited Partner has good right and lawful authority to Sell the subject Project Interest, that the subject Project Interest is not subject to any contractual or other restrictions (other than pursuant to this Agreement, the Limited Liability Company Agreement or the Certificate), and that such Project Interest is beneficially owned solely by the Selling Limited Partner free and clear of any liens, encumbrances, mortgages, pledges, charges, security interests, demands or adverse claims of any kind whatsoever, other than security interests or encumbrances on such interests securing Partnership obligations. The purchase and Sale of the Project Interest shall be completed in accordance with the terms set out in Article 8 of this Schedule G.

## **ARTICLE 5** **DRAG-ALONG RIGHTS**

### 5.1 Effective Time of Drag-Along Rights

The rights of the Limited Partners to Sell Project Interests or assets provided for in this Section 5 will not be effective until the Commercial Operations Date.

### 5.2 Sale of Project Interests

Subject to Section 5.1 of this Schedule G and subject to the prior rights of a Limited Partner to exercise its rights of first offer pursuant to Article 3 of this Schedule G or its rights of first refusal pursuant to Article 4 of this Schedule G, Limited Partners representing no less than 50.1% of the total number of voting Units included in all Project Interests (the "**Majority**") shall have authority, as agent for the remaining Limited Partners (the "**Minority**") and the Partnership, at any time to enter into and execute an agreement on behalf of all of the Limited Partners, the Partnership and the General Partner for the sale of all, but not less than all, of the Project Interests and such agreement(s) shall be binding upon the remaining Limited Partners so long as such agreement(s) is with an unrelated, third party and on an arm's-length basis, negotiated in a bona fide manner, and, provides that all of the Limited Partners shall Sell their Project Interests on identical terms, and the Majority shall be entitled to perform all acts and execute and deliver all documents as they deem reasonably necessary to consummate the transactions contemplated thereby, for and on behalf of the remaining Limited Partners, and each remaining Limited Partner shall, immediately upon the request of the Majority, execute such agreements and related documents that comply with this Section 5.2, and perform all such acts as may from time to time be reasonably required to consummate the transactions contemplated thereby. The Majority shall undertake commercially reasonable efforts to notify the Minority of the terms and conditions of any proposed sale so as to permit the Minority to undertake appropriate assessments pursuant to the Agreement. Upon any Sale in accordance with this Section 5.2, the proceeds therefrom shall be paid to the Limited Partners in the same manner that such proceeds would have been distributed to the Limited Partners if the proceeds had been paid

for the assets of the Partnership and then the Partnership had liquidated and dissolved in accordance with the Agreement.

### **5.3 Sale of Assets**

Subject to Section 5.1 of this Schedule G, the Majority shall be entitled, and shall have authority as agent for the Partnership at any time, without the approval of the remaining Limited Partners, (i) to enter into and execute an agreement or agreements for and on behalf of the Partnership for the sale, lease, or exchange of any or all of the assets of the Partnership, so long as such agreement or agreements are with an unrelated third-party and on an arm's-length basis, negotiated in a *bona fide* manner; and (ii) to enter into, execute and deliver all documents, and perform all acts as are reasonably necessary to consummate the transactions contemplated thereby; and in such event the Partnership and the remaining Limited Partners shall, immediately upon the request of the Majority, execute such agreements, and related documents that comply with this Section 5.3, and perform all such acts as may from time to time be reasonably required to consummate the transactions contemplated thereby.

### **5.4 Notice**

Upon electing to invoke the provisions of Section 5.2 or 5.3 of this Schedule G, the Majority shall, as soon as practicable, give written notice of the same to the remaining Limited Partners. Failure of the Majority to give such notice in a timely manner or at all shall not affect the rights of the Majority pursuant to Section 5.2 or 5.3 of this Schedule G.

### **5.5 Waiver**

The remaining Limited Partners, the Partnership and the General Partner hereby waive any rights which any of them may have:

- (a) to disapprove of or pre-empt the transaction pursuant to the Act or any other statute or common law; and
- (b) pursuant to the Act or any other statute or common law, regarding notice, voting rights, appraisal rights or any other similar rights.

## **ARTICLE 6** **PIGGY BACK RIGHTS**

### **6.1 Notice of Proposed Sale**

Subject to the prior rights of a Limited Partner to exercise its rights of first offer pursuant to Article 3 or its rights of first refusal pursuant to Article 4 of this Schedule G, if any Limited Partner or Limited Partners (herein collectively referred to as the "**Seller**") desires to Sell its Project Interest to a third party purchaser, then the Seller shall provide written notice of such decision to the remaining Limited Partners. Such notice (the "**Piggy Back Notice**") shall identify the third party purchaser, if any, and shall specify and incorporate the price, terms and conditions of the proposed Sale. Each remaining Limited Partner shall, within 30 days following the receipt of such Piggy Back Notice, deliver written notice to the Seller as to whether or not it

wishes to exercise its right to require the Seller to Sell its Project Interest, together with the Seller's Project Interest (a "**Piggy Back Right**") referred to in Section 6.2 of this Schedule G. The Piggy Back Notice shall be deemed to also be the Offer Transfer Notice contemplated in Article 3 of this Schedule G or the Refusal Transfer Notice contemplated in Article 4 of this Schedule G, as applicable, and shall include any additional information necessary for Offer Purchase Notices or Refusal Transfer Notices, as applicable. The 30 day period contemplated in this Section 6.1 and the 30 day period contemplated in Section 3.3 of this Schedule G or the first 30 day period contemplated in Section 4.3 of this Schedule G, as applicable, shall run concurrently.

## **6.2 Piggy Back Right**

A Limited Partner who delivers written confirmation that it wishes to exercise its Piggy Back Rights in the time period specified in Section 6.1 of this Schedule G shall be entitled, at its option, to require that the Project Interest held by it (the "**Piggy Back Project Interest**") be Sold along with the Seller's Project Interest on the terms disclosed in the Piggy Back Notice. The purchase and Sale of the Project Interest of the Seller and the Piggy-Back Project Interest shall be completed within 120 days after the later of: (i) the expiration of the 30 day period referred to in Section 6.1 of this Schedule G; or (ii) the failure to close any Sale in accordance with Section 3.5 or Section 4.5 of this Schedule G (as the case may be). If no such Sale is consummated, the rights of the Limited Partners under Section 6.1 of this Schedule G shall revive and if the Seller shall thereafter desire to Sell all or a portion of its Project Interest to a third party purchaser it shall again give notice under this Article 6 and so on from time to time.

## **6.3 Failure To Purchase**

If the Seller notifies the remaining Limited Partners that it intends to Sell all or a portion of its Project Interest and the remaining Limited Partners fail to deliver a notice of intention to exercise a Piggy Back Right to the Seller within the 30 day period referred to in Section 6.1 of this Schedule G, and no right of first offer is exercised pursuant to Article 3 of this Schedule G and no right of first refusal is exercised pursuant to Article 4 of this Schedule G within the period allowed thereunder or the Sale fails to close in accordance with Section 3.5 of this Schedule G or Section 4.5 of this Schedule G, then the Seller may, within 120 days after the later of: (i) the expiration of the 30 day period referred to in Section 6.1 of this Schedule G; or (ii) the failure to close any Sale in accordance with Section 3.5 of this Schedule G or Section 4.5 of this Schedule G (as the case may be), Sell its Project Interest to the third party purchaser identified in the Piggy Back Notice at a price and on terms which shall not be more favourable to the proposed purchaser than those specified in the Piggy Back Notice given by the Seller. If no such Sale is consummated, the rights of the Limited Partners under Section 6.1 of this Schedule G shall revive and if the Seller shall thereafter desire to Sell its Project Interest under Section 6.1 of this Schedule G it shall again give notice under this Article 6 and so on from time to time.

## **6.4 Preference of Right of First Refusal**

It is understood and agreed that any Piggy Back Rights a Limited Partner may have pursuant to this Article 6 shall not apply to the purchase of the Seller's Project Interest by an existing Limited Partner under a right of first offer or right of first refusal exercised pursuant to Article 3 or Article 4 of this Schedule G, respectively.

## 6.5 Closing

Subject to the provisions of this Article 6, the purchase and Sale of the Project Interest and the Piggy Back Project Interest to a third party purchaser shall be completed in accordance with the terms set out in Article 8 of this Schedule G. Upon any Sale in accordance with this Article 6 which includes the exercise of Piggy Back Rights, the proceeds therefrom shall be paid to the applicable Limited Partners in the same manner that such proceeds would have been distributed to such Limited Partners if all of the assets of the Partnership had been sold (at a price equivalent to what would have been received assuming the sale of 100% of the Project Interest at the per Unit price offered) then the Partnership had liquidated and distributed the proceeds in accordance with the Agreement.

## **ARTICLE 7**

### **TRANSFER BY OPERATION OF LAW OR IN SPECIAL CIRCUMSTANCES**

#### 7.1 Disposition

For the purposes of this Article 7, a "**Disposition**" shall occur where the following occurs in relation to a Limited Partner:

- (a) a receiver or receiver-manager is appointed over its affairs or it is petitioned into bankruptcy or makes an assignment for the benefit of its creditors or files for protection from its creditors under insolvency legislation;
- (b) any of its Project Interest or any part thereof is seized or attached in any way for the payment of any judgment or order and has not been released within 30 days;
- (c) an order is made by a court of competent jurisdiction purporting to deal with the ownership of the issued capital of such Limited Partner, or any portion thereof;
- (d) legal or beneficial interest in any of its Project Interest is transferred to a third party pursuant to the exercise of a security interest which had been granted with respect to such Project Interest in connection with debt other than the Partnership's debt;
- (e) with respect to any Limited Partner other than Fort Chicago LNG II U.S. L.P., a change occurs in Control in the Person or group of Persons or any combination thereof which Controls directly or indirectly such Limited Partner;
- (f) with respect to Fort Chicago, it ceases to be Controlled by an Affiliate of Fort Chicago, Energy Partners L.P.; or
- (g) it is dissolved, wound-up or liquidated.

#### 7.2 Option

In the event of a Disposition by a Limited Partner (the "**Disposing Limited Partner**"), the Disposing Limited Partner or its receiver, trustee or other authorized representative shall

notify the Partnership within 3 days of such Disposition. Such Disposition shall be deemed to be a grant to the Partnership and the General Partner, as applicable, of an option to purchase all of the Project Interest attributable to the Disposing Limited Partner (the "**Disposing Limited Partner's Project Interest**") and, failing the exercise of the option by the Partnership and the General Partner, as applicable, or upon the failure of the Partnership and the General Partner, as applicable, to purchase the Disposing Limited Partner's Project Interest, to the other Limited Partners of an option to purchase the Disposing Limited Partner's Project Interest. The purchase price of the Disposing Limited Partner's Project Interest to be purchased pursuant to and under the option granted by this Article 7 shall be equal to the fair value of the Disposing Limited Partner's Project Interest as mutually agreed upon by the Partners or as determined under Section 7.8 of this Schedule G.

### **7.3 Exercise Of Option By Partnership and the General Partner**

The Partnership and the General Partner, as applicable, shall have the right, during the 45 day period following its receipt of notice of the Disposition from the Disposing Limited Partner or its receiver, trustee, or other authorized representative, to exercise the option and to elect to purchase the Disposing Limited Partner's Project Interest by giving written notice (the "**Exercise Notice**") to the Disposing Limited Partner stating that they are exercising the option. The purchase and Sale by the Partnership and the General Partner of the Disposing Limited Partner's Project Interest shall be completed within 30 days following the later of the delivery by the Partnership and the General Partner of the Exercise Notice to the Disposing Limited Partner and the determination of the purchase price of the Disposing Limited Partner's Project Interest.

### **7.4 Unaccepted Project Interest**

If the Partnership and the General Partner fail to elect to exercise the option within the 45 day period referred to in Section 7.3 of this Schedule G, or exercise the option but fail to complete the purchase of the Disposing Limited Partner's Project Interest within the period referred to in Section 7.3 of this Schedule G, then the Partnership and the General Partner shall give written notice to the other Limited Partners advising them accordingly together with a copy of the Exercise Notice (if any) and the other Limited Partners shall have the right, during the 30 day period following their receipt of such notice, to exercise their option and to elect to purchase the Disposing Limited Partner's Project Interest by giving written notice (the "**Limited Partners' Notice**") to the Disposing Limited Partner stating that they are exercising their option. If there is more than one Limited Partner at the time of Disposition and if one or more of them together elect as aforesaid to purchase the Project Interest being Sold by the Disposing Limited Partner, then such Project Interest shall be allocated among the purchasing Limited Partners *pro rata* to their existing ownership of voting Units. The completion of the purchase and Sale of the Disposing Limited Partner's Project Interest shall take place not more than 30 days after the later of the delivery by the other Limited Partner(s) to the Disposing Limited Partner of the Limited Partners' Notice(s) and the determination of the purchase price of the Disposing Limited Partner's Project Interest.

### **7.5 Failure To Exercise**

If neither the Partnership and the General Partner nor the other Limited Partners gives to the Disposing Limited Partner an Exercise Notice or Limited Partners' Notice prior to the expiry



of the option periods referred to in Sections 7.3 and 7.4 of this Schedule G, or if the Sale of the Disposing Limited Partner's Project Interest fails to close as contemplated in Section 7.7 of this Schedule G, then the Partnership and the General Partner and the other Limited Partners shall be deemed to have refused to purchase the Disposing Limited Partner's Project Interest and their respective options shall expire.

## **7.6 Optional Terms of Payment**

Either the Partnership and the General Partner, under Section 7.3 of this Schedule G, or any Limited Partner, under Section 7.4 of this Schedule G may, in the case of a Disposition pursuant to Section 7.1 of this Schedule G of this Schedule G at its option, in lieu of delivery of the purchase price by way of cash on Closing, purchase the Disposing Limited Partner's Project Interest which it has agreed to purchase, by delivery of a promissory note providing for payment of the purchase price in not more than five (5) equal consecutive yearly installments commencing on the last day of the next following calendar year with interest thereon at the Reference Rate. Such purchaser shall deliver simultaneously at Closing a pledge agreement and power of attorney as security for such promissory note, in form and substance satisfactory to the Disposing Limited Partner or other applicable party, acting reasonably provided that such pledge and other security documents may, in the case provided by any Limited Partner, be provided in accordance with Section 2.3(e) of this Schedule G and, in any case, not conflict with or cause a default under any Partnership indebtedness.

## **7.7 Closing**

Subject to the provisions of this Article 7, the Closing of any purchase and sale under this Article 7 shall be made on the terms and conditions set forth in Article 8 of this Schedule G. For greater certainty, it shall be a condition of the Closing of any purchase and sale under this Article 7 for the benefit of the Partnership and the General Partner or purchasing Limited Partners, as the case may be, that the Disposing Limited Partner deliver against payment of the purchase price by cash or promissory note, a release and discharge of any and all claims of the Disposing Limited Partner against the Partnership and the General Partner and a representation and warranty dated the day of Closing to the effect that the Disposing Limited Partner has good right, title and lawful authority to Sell the Disposing Limited Partner's Project Interest, that the Disposing Limited Partner's Project Interest is not subject to any contractual or other restrictions (other than pursuant to this Agreement, the Limited Liability Company Agreement or the Certificate), and that the Disposing Limited Partner's Project Interest is beneficially owned solely by the Disposing Limited Partner free and clear of any liens, encumbrances, mortgages, pledges, charges, security interests, demands and adverse claims, of any kind whatsoever, other than security interests or encumbrances on such interests securing Partnership obligations.

## **7.8 Fair Value**

If the Partners cannot agree upon the fair value of any Project Interest subject to Sale under this Article 7, then the Partnership shall retain a nationally recognized investment banking firm to determine the value of the Partnership as a going concern. The value will be determined on the basis of the prices paid for similar businesses either in private sales or based on the price of publicly traded equities of similar businesses. The fair value will be determined for the Partnership's business as a whole, then the fair value of the subject Project Interest will equal that

portion of the total fair value that the holders of such Project Interests would receive if the assets of the Partnership were sold for such amount and then liquidated and the sales proceeds distributed in accordance with the Agreement.

## **ARTICLE 8**

### **TERMS OF PURCHASE AND SALE**

#### **8.1 Terms of Sale**

In the event of any Sale of a Project Interest by a Limited Partner (the "**Offeror**") as provided in this Schedule G to a third party, the Partnership, the General Partner or another Limited Partner or Limited Partners (such parties being referred to as a "**Purchaser**") the following conditions shall apply:

- (a) the date scheduled for closing (the "**Closing**") shall be that specified in this Schedule G or such other date as may, subject to the terms of this Schedule G, be agreed to by the parties to the Agreement and, if applicable, any third party;
- (b) any amount payable under the agreement of purchase and sale or other agreed transaction shall be paid in United States funds by way of cash, certified cheque or bank draft, unless payment is permitted by promissory note (as provided in certain circumstances in this Schedule G);
- (c) if, upon the date set for Closing, the Offeror shall be indebted to the Partnership in an amount recorded on the books of the Partnership and verified by the auditors of the Partnership, the Offeror shall satisfy and discharge all or any portion of such indebtedness. If the Offeror does not satisfy these amounts the Purchaser shall, to the extent that funds are available from the purchase price, satisfy and discharge all or any portion of such indebtedness and shall receive and take credit against the purchase price for the amount or amounts so paid on account of any such indebtedness;
- (d) if, on the date of Closing, the Partnership shall be indebted to the Offeror pursuant to any Limited Partner's Loans, in an amount recorded on the books of the Partnership and verified by the auditors of the Partnership, such indebtedness shall be paid to the Offeror by the Partnership or bought-out by the Purchaser at the time of Closing in the same manner that the purchase price is paid;
- (e) except as otherwise provided in this Schedule, if, on the date of Closing, the Offeror is responsible on any covenant for liabilities or obligations of the Partnership, the Purchaser shall procure for the Offeror and deliver to it at the time of Closing releases from any such covenants or guarantees;
- (f) if by reason of any lien, charge or encumbrance, or any succession, inheritance, estate, probate or similar duties, taxes, levies or liens existing or assessed against the Offeror, the Offeror is unable to make delivery of the Offeror's Project Interest to the Purchaser within the time limited therefor, the Purchaser shall be at liberty to make payment to the holder of such lien or charge or the governmental

authority imposing such duties, taxes, levies or liens, which payment shall be and be deemed to be payment to the Offeror and shall be applied in reduction of the unpaid balance of the purchase price;

- (g) the Offeror shall contemporaneously with the completion of the transaction execute and deliver to the Purchaser all such notices, documents and other assurances as may be necessary to enable the Purchaser to exercise voting control of the Project Interest of the Offeror;
- (h) the Purchaser shall deliver to the Offeror a covenant to save harmless and keep indemnified the Offeror, its heirs, executors, administrators, successors and assigns, from and against all losses, costs, expenses and damages whatsoever which may be incurred by reason of any action or other proceeding or claim which shall or may be brought or instituted against the Offeror in respect of any debt or obligation of the Partnership that may arise subsequent to the completion of the transaction, including, without limiting the generality of the foregoing, any claim that may thereafter arise that is based upon any section of the Code or any amendments thereto and that are related to tax periods after the Closing, and the Offeror shall provide the Purchaser with a similar indemnity for the period prior to Closing;
- (i) if, on the date of Closing, the Offeror shall without just cause refuse to complete the transaction, the Chairman, President, Vice-President or Secretary of the General Partner shall have the right separately upon such default (without prejudice to any other rights which the Purchaser may have) upon payment by the Purchaser of the balance due on Closing (less or plus any adjustment herein permitted) to the credit of the Offeror in the Partnership's principal bank, or to the solicitors for the Partnership on behalf of and in the name of the Offeror, to complete the transaction as aforesaid and the Offeror hereby irrevocably constitutes the Chairman, President, Vice-President and Secretary of the General Partner the true and lawful attorneys of the Offeror to complete the transaction and to execute any and every document necessary in that behalf;
- (j) between the date of any offer and the Closing of any ensuing transaction, neither the Partnership, the Offeror nor the Purchaser shall do, cause or permit to be done anything except in the ordinary course of business of the Partnership;
- (k) on Closing, the Offeror shall deliver a general release by the Offeror in favour of the Partnership and the General Partner;
- (l) the Project Interest shall be transferred by the Offeror free and clear of all liens and encumbrances other than those that secure obligations of the Partnership; and
- (m) if the Purchaser is a third party, it shall execute a counterpart of this Agreement, the Limited Liability Company Agreement and the Operating Agreement.

**ARTICLE 9**  
**GENERAL**

**9.1 Endorsement on Unit and L.L.C. Interest Certificates**

All certificates representing Units or L.L.C. Interests now or hereafter owned by the Limited Partners during the currency of the Agreement (whether such Units or L.L.C. Interests are issued initially or with respect to transfer or otherwise) shall have endorsed thereon in bold type the following legend:

"THE UNITS/L.L.C. INTERESTS REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF (I) A LIMITED PARTNERSHIP AGREEMENT AMONG THE GENERAL PARTNER, FORT CHICAGO LNG II U.S. L.P., ENERGY PROJECTS DEVELOPMENT L.L.C. (AND OTHER LIMITED PARTNERS FROM TIME TO TIME), AND (II) A LIMITED LIABILITY COMPANY AGREEMENT OF THE GENERAL PARTNER , EACH MADE EFFECTIVE THE 12<sup>TH</sup> DAY OF JULY, 2005, AND EACH AS AMENDED FROM TIME TO TIME, AND SUCH UNITS/L.L.C. INTERESTS ARE NOT TRANSFERABLE ON THE BOOKS OF THE PARTNERSHIP OR GENERAL PARTNER EXCEPT IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF SUCH AGREEMENTS."

**Schedule H**  
**Fort Chicago – Additional Capital Contributions**

**ARTICLE 1**  
**FUNDING OF DEVELOPMENT COSTS -**  
**JORDAN COVE ENERGY PROJECT**

**1.1 Agreement to Make Additional Capital Contributions -- Development**

Subject to the terms and conditions of this Schedule H and subject to Section 4.3(c) of the Agreement, Fort Chicago agrees to fund the development costs of the Jordan Cove Energy Project by way of additional Capital Contribution to the Partnership.

**1.2 Project Budget and Project Schedule**

Exhibit 1 to this Schedule H includes the current Jordan Cove Energy Project budget and schedule. The Jordan Cove Energy Project budget and the Jordan Cove Energy Project schedule are the Partners' best estimates of the costs and schedule for the development phase of the Jordan Cove Energy Project, but the Partners acknowledge that the costs and schedule may vary significantly from the budget and schedule. Through the Operating Agreement, the Partnership has contracted with Energy Projects to provide development services to the Partnership. During the development phase, Energy Projects will provide budget estimates, reports to the Partners and funding notices to the Partnership.

**1.3 Funding Mechanism**

- (a) Not less than seven days prior to the commencement of each month during the development phase of the Jordan Cove Energy Project (each such month, a "**Month**"), Energy Projects shall compute and deliver to the Partnership, and to each Partner, a bona fide estimate of the amount of additional Capital Contribution required to fund development costs for such Month. Subject to the terms and conditions of this Schedule H and subject to Section 4.3 of the Agreement, Fort Chicago will pay to Energy Projects, on behalf of and as a contribution to the Partnership, such estimated amount on the first day of such Month.
- (b) Energy Projects will deliver to Fort Chicago within 20 days after the end of each Month a written statement (the "**Statement**") setting out in reasonable detail the amount of the actual development costs for such Month, together with a reconciliation of the actual expenses compared to budget. If the amount of the estimated Capital Contribution paid by Fort Chicago during such Month differs from the actual amount of development costs expended for such Month, Fort Chicago shall pay such difference to the General Partner or the General Partner shall credit the next Month's requested estimated Capital Contribution payment from Fort Chicago with such difference, as applicable.

- (c) If Fort Chicago disputes the accuracy of any Statement, Fort Chicago shall nevertheless make payment in accordance with the Statement, but payment will not be a waiver of any dispute or claim with respect thereto.
- (d) Fort Chicago may only dispute a Statement and claim a re-adjustment by notice given to Energy Projects and the General Partner within 6 months after the delivery of the Statement to Fort Chicago.
- (e) The amount of actual additional Capital Contributions made by Fort Chicago to the Partnership as contemplated in this Schedule H shall be those amounts determined once the procedures set forth above have been completed.

#### **1.4 Election to Cease Funding**

- (a) Fort Chicago may, for any reason, on 60 day's prior written notice to the General Partner, the Partnership and the other Limited Partners, elect to terminate its obligations under this Schedule H to provide any further development funding effective at the end of such notice period. Pending the end of such notice period, Fort Chicago shall continue to provide development funding in accordance with this Schedule H only to the extent necessary to fund non-terminable obligations of the Partnership incurred prior to, but due during, such 60 day period.
- (b) If Fort Chicago elects to cease funding as contemplated in Section 1.4(a) of this Schedule H, then, on the effective date of the cessation of funding, Fort Chicago shall surrender to the Partnership and General Partner for cancellation, as applicable, its Project Interest. Upon withdrawal, Fort Chicago will have no further right, obligation or liability with respect to the Partnership or General Partner except: (i) the obligations contemplated in Section 1.4(a) of this Schedule H; and (ii) the return of its Capital Contribution and Limited Partner's Loans plus the return on such amounts as specifically provided below. Energy Projects has the right to appoint a third party to receive Fort Chicago's Project Interest, on an "as is" "where is" basis and the right to continue and reconstitute the Partnership and the General Partner without interruption.
- (c) If Fort Chicago withdraws as contemplated in Section 1.4(b) of this Schedule H, and if, thereafter, Energy Projects carries on with an alternative funding source through the Partnership with one or more new Partners or otherwise to develop the Jordan Cove Energy Project, then the Partnership will, at its option, either:
  - (i) immediately upon receiving funding from an alternative, third-party funding source (specifically excluding any funding from any then-existing Limited Partner or Affiliate of any such Limited Partner) reimburse Fort Chicago for all of the Capital Contributions and Limited Partner's Loans plus simple interest at the Reference Rate calculated from the dates of advance; or
  - (ii) on the Commercial Operations Date reimburse Fort Chicago for all of its Capital Contributions and Limited Partner's Loans plus interest at a rate

equal to the rate of return included in the Class A Unit Preferred Distribution calculated from the dates of advance.

### **1.5 Agreement to Make Additional Capital Contributions - Construction**

The Parties anticipate that, after the development is completed, the Partnership will obtain construction financing, and commitments for permanent financing following the Commercial Operations Date, from third-party lenders. Subject to the Project meeting Fort Chicago's investment criteria, (in its sole discretion) Fort Chicago intends to provide the additional equity required for the construction and permanent financing, subject to the terms and conditions of this Schedule H and subject to the Agreement. If the additional equity is provided by Fort Chicago, the additional investment will be provided to the Partnership as agreed from time to time by Fort Chicago, subject to the Agreement. Fort Chicago may not contribute more equity as part of its investment in the Partnership than the minimum amount required to obtain the financing on commercially reasonable terms from nationally known lenders in the energy industry, and that would generally be required to obtain a credit rating from Standard & Poors for the debt of the Partnership, secured by a first lien on all of the assets of the Partnership, of BBB+ or its equivalent.

**Exhibit 1 to Schedule H  
Current Project Schedule**



JORDON COVE ENERGY PROJECT									
DEVELOPMENT BUDGET / COST REPORT									
INDICATES DETAILS ON PAGE 1	CONTROL BUDGET (From 4/1/2005)				NOTE: EXPENDITURES CURRENT THRU 5/31/06			ISSUE DATE	02/07/2006
	ORIGINAL	APPVD CO	ADJUSTMENTS	REVISED	COMMITTED TO DATE	EXPENDED FROM 4/1/05	EST. COST TO COMPLETE	TOTAL AT COMPLETION	OVER (UNDER)
<b>PUBLIC RELATIONS</b>									
P/R Planning, Consulting	5,200.00	-	-	5,200.00	3,104.15	3,104.15	2,095.85	5,200.00	-
Briefing Documents, Web Site	5,200.00	-	-	5,200.00	342.30	342.30	4,857.70	5,200.00	-
Outreach Program Costs	13,000.00	-	-	13,000.00	77.83	77.83	12,922.17	13,000.00	-
Miscellaneous P/R Costs	2,600.00	-	-	2,600.00	-	-	2,600.00	2,600.00	-
<b>SUBTOTAL</b>	<b>26,000.00</b>			<b>26,000.00</b>	<b>3,524.28</b>	<b>3,524.28</b>	<b>22,475.72</b>	<b>26,000.00</b>	
<b>SITE ACQUISITION AND RELATED</b>									
Legal Expense	5,000.00	-	-	5,000.00	-	-	5,000.00	5,000.00	-
Option Payments	-	-	-	-	-	-	-	-	-
Survey, Appraisal, Tax Partition	15,000.00	-	-	15,000.00	-	-	15,000.00	15,000.00	-
Other Miscellaneous Expense	2,000.00	-	-	2,000.00	-	-	2,000.00	2,000.00	-
<b>SUBTOTAL</b>	<b>22,000.00</b>			<b>22,000.00</b>			<b>22,000.00</b>	<b>22,000.00</b>	
<b>ENGINEERING</b>									
Site Survey and Wetlands	5,000.00	-	-	5,000.00	1,679.50	1,679.50	3,320.50	5,000.00	-
Geological, Geotechnical (GRI) [PG 2]	160,000.00	-	-	160,000.00	127,000.00	2,700.00	71,000.00	199,000.00	39,000.00
PB Ports and Marine [PG 2]	60,000.00	-	-	60,000.00	44,056.00	18,325.00	70,950.00	119,000.00	59,000.00
Other (To Be Defined)	20,000.00	-	-	20,000.00	-	-	20,000.00	20,000.00	-
Marine Sediment Survey	25,000.00	-	-	25,000.00	-	-	25,000.00	25,000.00	-
Breakdown TBD	-	-	-	-	-	-	-	-	-
Conceptual Engineering (LL/HZ)	100,000.00	-	-	100,000.00	65,000.00	20,562.00	-	65,000.00	(35,000.00)
FEED / EPC Contractor									
Breakdown TBD	2,040,000.00	-	-	2,040,000.00	-	-	2,040,000.00	2,040,000.00	-
Breakdown TBD	-	-	-	-	-	-	-	-	-
Legal Expense: EPC Contract	80,000.00	-	-	80,000.00	-	-	80,000.00	80,000.00	-
<b>SUBTOTAL</b>	<b>2,490,000.00</b>			<b>2,490,000.00</b>	<b>297,729.50</b>	<b>43,266.50</b>	<b>2,310,270.50</b>	<b>2,548,000.00</b>	<b>58,000.00</b>
<b>PIPELINES</b>									
<b>COUNTY / NWNG PIPELINE</b>									
Legal Expense	13,000.00	-	-	13,000.00	-	-	13,000.00	13,000.00	-
Other Expense	2,000.00	-	-	2,000.00	-	-	2,000.00	2,000.00	-
<b>NORTHERN PIPELINE</b>									
Route Feasibility Study	225,000.00	-	-	225,000.00	225,000.00	225,000.00	-	225,000.00	-
From 2/05 EPA Briefing	-	-	-	-	-	-	-	-	-
Legal: PA, Other	13,000.00	-	-	13,000.00	-	-	13,000.00	13,000.00	-
Other Expense	2,000.00	-	-	2,000.00	-	-	2,000.00	2,000.00	-
<b>ORLAT PIPELINE</b>									
All Costs (Breakdown TBD)	-	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>255,000.00</b>			<b>255,000.00</b>	<b>225,000.00</b>	<b>225,000.00</b>	<b>30,000.00</b>	<b>255,000.00</b>	
<b>PERMITTING</b>									
<b>OREGON EFSIC</b>									
Filing and Other Fees	-	-	-	-	19.10	19.10	249,980.90	250,000.00	250,000.00
Legal Expense	60,000.00	-	-	60,000.00	-	-	60,000.00	60,000.00	-
Other Costs (Breakdown TBD)	13,000.00	-	-	13,000.00	-	-	13,000.00	13,000.00	-
<b>FERC</b>									
EIS SUBCONTRACTOR	550,000.00	-	-	550,000.00	-	-	550,000.00	550,000.00	-
Legal Expense	780,000.00	-	-	780,000.00	-	-	780,000.00	780,000.00	-
Other Costs (Breakdown TBD)	-	-	-	-	-	-	-	-	-
OTHER STATE AND LOCAL	75,000.00	-	-	75,000.00	-	-	75,000.00	75,000.00	-
OTHER FEDERAL	75,000.00	-	-	75,000.00	-	-	75,000.00	75,000.00	-
CONTRACTOR (TRC) [PG 2]	1,000,000.00	-	-	1,000,000.00	811,529.00	-	881,071.00	1,200,000.00	200,000.00
Aviation Study (Included Above)	-	-	-	-	-	-	-	-	-
Miscellaneous Permit Costs	-	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>2,553,000.00</b>			<b>2,553,000.00</b>	<b>318,948.10</b>	<b>19.10</b>	<b>2,684,051.90</b>	<b>3,003,000.00</b>	<b>450,000.00</b>
<b>GAS AND POWER SALES</b>									
Power Interconnect Study	-	-	-	-	-	-	40,000.00	40,000.00	40,000.00
Legal and Accounting Expense	40,000.00	-	-	40,000.00	-	-	40,000.00	40,000.00	-
Other Expense	10,000.00	-	-	10,000.00	-	-	10,000.00	10,000.00	-
<b>SUBTOTAL</b>	<b>50,000.00</b>			<b>50,000.00</b>			<b>90,000.00</b>	<b>90,000.00</b>	<b>40,000.00</b>
<b>LNG SUPPLY</b>									
Market Studies (Navigant)	-	-	-	-	20,000.00	-	105,000.00	125,000.00	125,000.00
Other Consultants	-	-	-	-	-	-	-	-	-
Legal and Accounting Expense	40,000.00	-	-	40,000.00	-	-	40,000.00	40,000.00	-
Other Expense	10,000.00	-	-	10,000.00	-	-	10,000.00	10,000.00	-
<b>SUBTOTAL</b>	<b>50,000.00</b>			<b>50,000.00</b>	<b>20,000.00</b>		<b>155,000.00</b>	<b>175,000.00</b>	<b>125,000.00</b>
<b>FUNDING</b>									
Legal: Development Funding Agmt	25,000.00	-	-	25,000.00	1,130.85	1,130.85	198,869.15	200,000.00	175,000.00
Financial Modeling	10,000.00	-	-	10,000.00	-	-	10,000.00	10,000.00	-
Bankable Document	15,000.00	-	-	15,000.00	-	-	15,000.00	15,000.00	-
Debt Financing	110,000.00	-	-	110,000.00	-	-	110,000.00	110,000.00	-
Miscellaneous Costs	5,000.00	-	-	5,000.00	-	-	5,000.00	5,000.00	-
<b>SUBTOTAL</b>	<b>165,000.00</b>			<b>165,000.00</b>	<b>1,130.85</b>	<b>1,130.85</b>	<b>338,869.15</b>	<b>340,000.00</b>	<b>175,000.00</b>
<b>OVERHEAD &amp; ADMINISTRATION</b>									
Rent, Phone, Office Expense	30,000.00	-	-	30,000.00	2,690.95	2,690.95	27,309.05	30,000.00	-
Legal: Organizational	5,000.00	-	-	5,000.00	300.00	300.00	4,700.00	5,000.00	-
Administrative/Controls Assistant	-	-	-	-	-	-	-	-	-
Misc. *Project O/H and Admin Exp.	5,000.00	-	-	5,000.00	-	-	5,000.00	5,000.00	-
Breakdown TBD	-	-	-	-	-	-	-	-	-
Breakdown TBD	-	-	-	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>40,000.00</b>			<b>40,000.00</b>	<b>2,990.95</b>	<b>2,990.95</b>	<b>37,009.05</b>	<b>40,000.00</b>	
<b>PROJECT MANAGEMENT</b>									
EPD MANAGEMENT FEE	624,000.00	-	-	624,000.00	66,000.00	-	528,000.00	624,000.00	-
Travel and Living Expense	260,000.00	-	-	260,000.00	27,511.12	27,511.12	232,488.88	260,000.00	-
Engineering Management Assistant	65,000.00	-	-	65,000.00	-	-	65,000.00	65,000.00	-
<b>SUBTOTAL</b>	<b>949,000.00</b>			<b>949,000.00</b>	<b>123,511.12</b>	<b>27,511.12</b>	<b>825,488.88</b>	<b>949,000.00</b>	
<b>TOTAL COSTS</b>	<b>6,800,000.00</b>			<b>6,800,000.00</b>	<b>932,834.80</b>	<b>503,442.60</b>	<b>6,513,165.20</b>	<b>7,443,000.00</b>	<b>345,000.00</b>
<b>CONTINGENCY</b>	<b>700,000.00</b>			<b>700,000.00</b>			<b>300,000.00</b>	<b>600,000.00</b>	<b>(400,000.00)</b>
<b>TOTAL PROJECT</b>	<b>7,500,000.00</b>			<b>7,500,000.00</b>	<b>932,834.80</b>	<b>503,442.60</b>	<b>6,813,165.20</b>	<b>7,943,000.00</b>	<b>445,000.00</b>

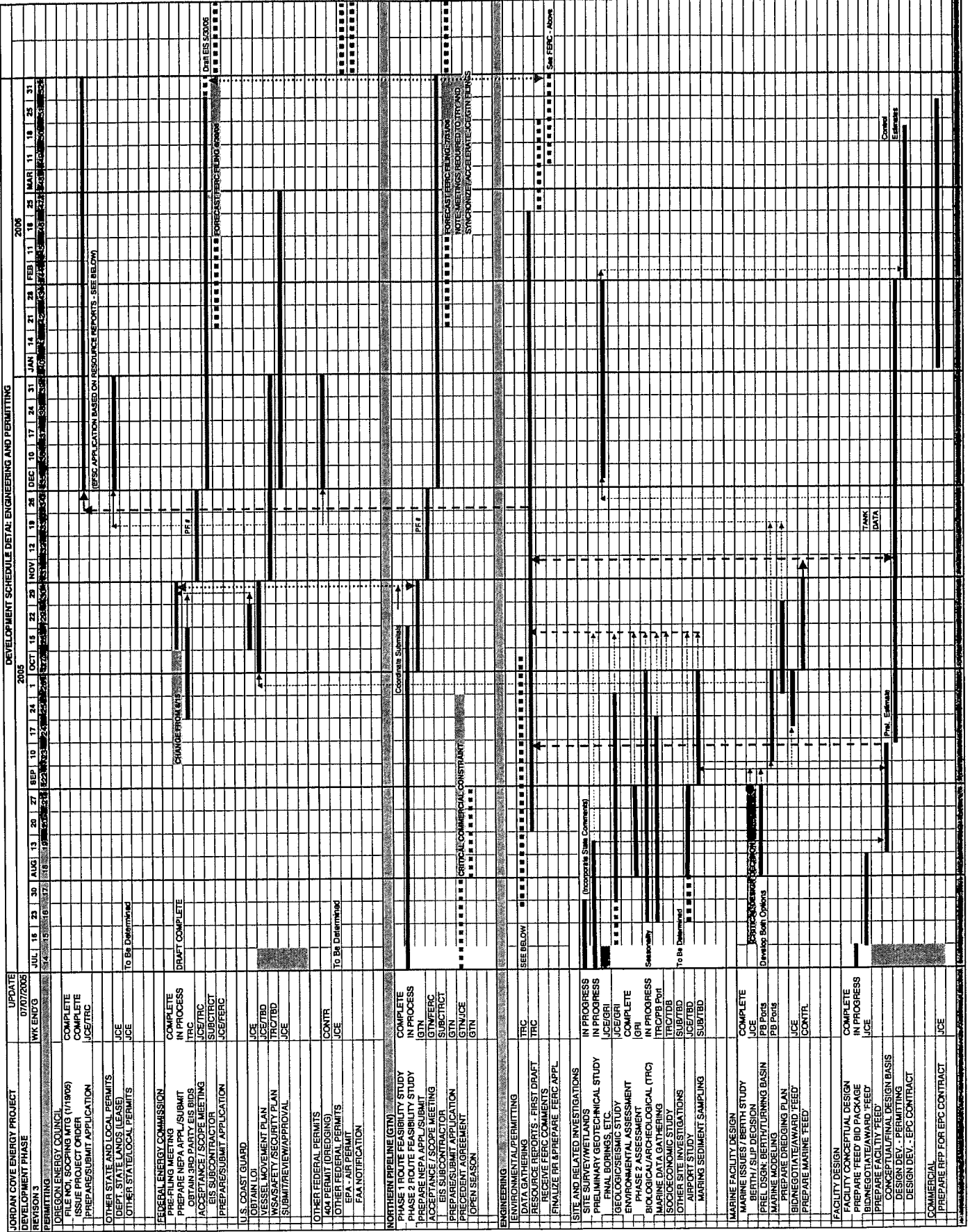




JORDAN COVE ENERGY PROJECT												not
CASH FLOW FORECAST												
	31/05/2005	FORECAST	ACTUAL	FORECAST								
ACTIVITY / COST CENTER	PAYABLES	PAYMENTS	APR/MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	CHK	
<b>PUBLIC RELATIONS</b>												
P/R Planning, Consulting		w/Contingency		19.95								
Briefing Documents, Web Site		w/Contingency			400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
Outreach Program Costs/Misc.		2,800.00										
<b>SUBTOTAL</b>		2,800.00										
<b>SITE ACQUISITION AND RELATED</b>												
Legal Expense		None In Period										
Option Payments		None In Period										
Survey, Appraisal, Tax Partition		None In Period										
Other Miscellaneous Expense		None In Period										
<b>SUBTOTAL</b>		-										
<b>ENGINEERING</b>												
Site Survey and Wellands		3,300.00			2,000.00		1,300.00					
Geological, Geotechnical (GRI)		Bal w/Cont'g										
Task 1: Ph 1 Environ Assessment		9,000.00		2,700.00	6,300.00							
Task 2: Ph 1 Soils/Geotech Survey		80,000.00			20,000.00	20,000.00	40,000.00					
Task 3: Ph2 Environ Assessment		38,000.00				18,000.00	20,000.00					
Task 4: Geologic/Selsmic		20,000.00						10,000.00	10,000.00			
PB Ports and Marine				7,312.50								
Task 1: Marine Issues Study		7,312.50		6,575.00	12,825.00	12,900.00						
Task 2: Current Data Gathering		34,300.00				20,000.00	29,950.00					
Other Data Gathering		49,950.00					30,000.00					
Task 3: Trunig Basin/Dock Prel Design		30,000.00						30,000.00				
Task 4: Static/Dynamic Modeling		30,000.00										
Other (To Be Defined)		w/Contingency										
Marine Sediment Sampling		25,000.00					12,500.00		12,500.00			
Conceptual Engineermg (LL/HZ)	34,822.00	30,178.00		20,562.00	14,280.00	16,000.00	100,000.00	4,178.00				
FEED / EPC Contractor		1,050,000.00						260,000.00	350,000.00	350,000.00		
Legal Expense: EPC Contract		10,000.00				10,000.00						
<b>SUBTOTAL</b>		-										
<b>PIPELINES</b>												
<b>COUNTY / NWNG PIPELINE</b>												
Legal Expense		13,000.00						4,000.00	4,000.00	5,000.00		
Other Expense		2,000.00							1,000.00	1,000.00		
<b>NORTHERN PIPELINE</b>												
Route Feasibility Study	75,000.00	225,000.00		75,000.00	<del>NOT CURRENTLY INCLUDED IN CASH FLOW FORECAST</del>							
Phase 2 Study: NEPA Prelling		13,000.00				11,000.00		2,000.00				
Legal: PA, Other		2,000.00				500.00	500.00	1,000.00				
Other Expense												
<b>ORLAT PIPELINE</b>												
<b>SUBTOTAL</b>		-										
<b>PERMITTING</b>												
<b>OREGON EFSIC</b>												
Filing and Other Fees		None In Period			2,800.00							
Legal Expense		None In Period										
Other Costs (Breakdown TBD)		None In Period										
<b>FERC</b>												
EIS SUBCONTRACTOR		None In Period										
Legal Expense		None In Period										
Other Costs (Breakdown TBD)		None In Period										
<b>OTHER STATE AND LOCAL</b>												
OTHER FEDERAL		None In Period										
CONTRACTOR (TRC)		460,000.00			40,000.00	40,000.00	125,000.00	125,000.00	80,000.00	50,000.00		
Miscellaneous Permlt Costs		None In Period										
<b>SUBTOTAL</b>		-										
<b>GAS AND POWER SALES</b>												
Power Interconnect Study		10,000.00					10,000.00					
Legal and Accounting Expense		None In Period										
Other Expense		None In Period										
<b>SUBTOTAL</b>		-										
<b>LNG SUPPLY</b>												
Navigant Study		125,000.00				20,000.00	50,000.00	55,000.00				
Legal and Accounting Expense		None In Period										
Other Expense		None In Period										
<b>SUBTOTAL</b>		-										
<b>FUNDING</b>												
<del>NOT CURRENTLY INCLUDED IN CASH FLOW FORECAST</del>												
Legal: Development Funding Agrmt		200,000.00										
Financial Modeling		None In Period										
Bankable Document		None In Period										
Debt Financing		None In Period										
Miscellaneous Costs		w/Contingency										
<b>SUBTOTAL</b>		-										
<b>OVERHEAD &amp; ADMINISTRATION</b>												
Rent, Phone, Office Expense		8,050.00		1,310.56	1,123.00	1,123.00	1,123.00	1,123.00	1,123.00	1,123.00	1,124.44	
Legal: Organizational		None In Period		50.00								
Administrative/Controls Assistant		None In Period										
Misc. *Project O/H and Admin Exp.		w/Contingency										
Breakdown TBD		w/Contingency										
<b>SUBTOTAL</b>		-										
<b>PROJECT MANAGEMENT</b>												
EPD MANAGEMENT FEE	96,000.00	120,000.00		13,006.43			120,000.00	24,000.00	24,000.00	24,000.00	24,000.00	
Travel and Living Expense		73,006.43			10,000.00		10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	
Engineering Management Assistant					<del>NOT CURRENTLY INCLUDED IN CASH FLOW FORECAST</del>							
<b>SUBTOTAL</b>		-										
<b>TOTAL COSTS</b>	205,622.00	2,673,698.93		128,536.44	1,097,708.00	609,923.00	454,773.00	516,770.00	493,023.00	441,624.44		
<b>ADJUSTMENTS</b>												
CONTINGENCY		227,147.56				2,092.00		25,227.00	52,299.00	56,977.00	78,475.56	
REPAY EPD LOAN		85,000.00					85,000.00					
<b>ACTUAL MONTHLY EXPENDITURE</b>		174,906.36		174,906.36								
<b>TOTAL COSTS</b>	205,622.00	3,160,750.85		128,536.44	1,111,800.00	607,000.00	480,000.00	569,000.00	550,000.00	520,000.00		
<b>ENDING CASH BALANCE</b>		80,000,000.00		165,093.64	36,557.20							
<b>TOTAL EXPENDITURES IN PERIOD (05)</b>		3,366,572.85		340,000.00	340,000.00							
<b>CASH FLOW / INVOICING FORECAST</b>												
BEGINNING CASH BALANCE				165,093.64	36,557.20	9,757.20	7,757.20	7,757.20	8,757.20	8,757.20	8,757.20	
FORECAST EXPENDITURES			(174,906.36)	(128,536.44)	(111,800.00)	(407,000.00)	(480,000.00)	(569,000.00)	(550,000.00)	(520,000.00)	(2,941.24)	
RECEIPTS / INVOICING			340,000.00		85,000.00	405,000.00	480,000.00	570,000.00	550,000.00	520,000.00	2,960.00	
ENDING CASH BALANCE			165,093.64	36,557.20	9,757.20	7,757.20	7,757.20	8,757.20	8,757.20	8,757.20	8,757.20	



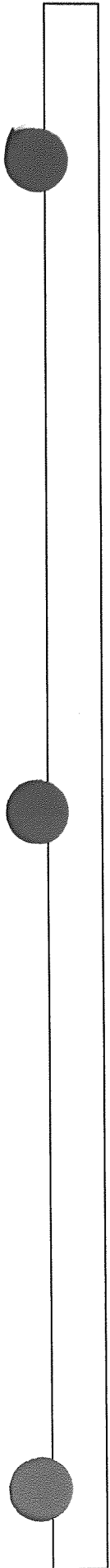














**FortChicago**  
FORT CHICAGO ENERGY PARTNERS L.P.

1-324/260

TD BANK  
Commercial Banking Centre  
2 Calgary Place, 340 - 5th Avenue S.W.  
Calgary, Alberta T2P 2P6

0157

DATE  
7/22/2005

AMOUNT  
US\$75.00

PAY \*\*75 Dollars And 00 Cents

TO THE ORDER OF  
Jordan Cove Energy Project L.P.

U.S. FUNDS  
FORT CHICAGO ENERGY PARTNERS L.P.

Per: [Signature] MP  
Per: [Signature] MP

THE REVERSE SIDE OF THIS DOCUMENT INCLUDES AN ARTIFICIAL WATERMARK - HOLD AT AN ANGLE TO VIEW

⑈00000000157⑈ ⑆026003243⑆ 8060⑈ 7313606⑈

FORT CHICAGO ENERGY PARTNERS L.P.

CHEQUE NUMBER

0157

JORCOV2 Jordan Cove Energy Project L.P.

7/22/2005 0157

UNITSPIPEIII

7/22/2005

\$75.00

US\$75.00

Subscription units/Pipe III

REORDER FROM YOUR LOCAL SAFEGUARD DISTRIBUTOR. IF UNKNOWN, CALL 800-523-2422

M00SF011276M 4/00



**JORDAN COVE ENERGY PROJECT L.P.**

**DOCKET NO. CP17-\_\_\_-000**

**Exhibit B**

Explanation of Financial and Corporate Relationships

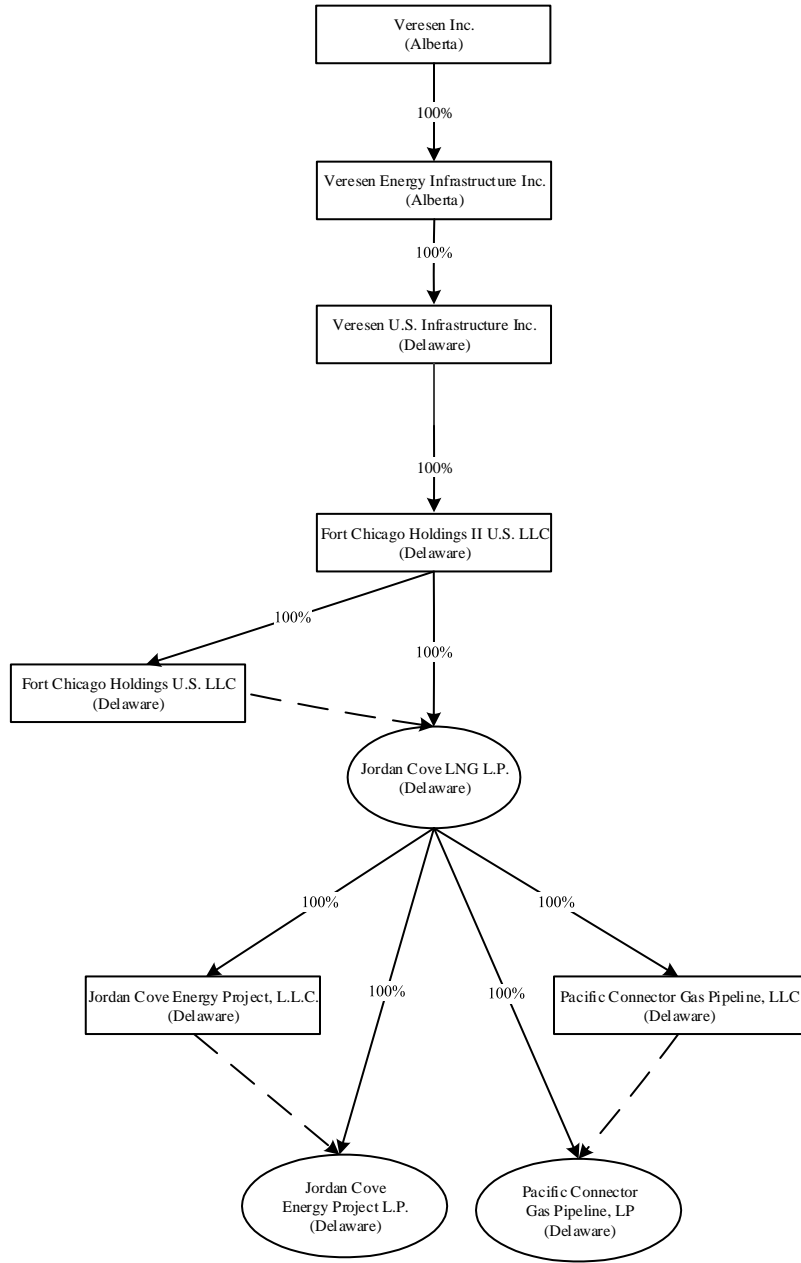
### **Explanation of Financial and Corporate Relationships**

Jordan Cove Energy Project L.P. (“JCEP”) is a Delaware limited partnership with a primary place of business located at 5615 Kirby, Suite 500, Houston, Texas 77005. Jordan Cove Energy Project L.P. is a wholly-owned subsidiary of Jordan Cove LNG L.P. The ultimate parent of JCEP is Veresen Inc. Please see the attached organizational chart which details the corporate subsidiaries and affiliates of JCEP.

JCEP is also affiliated with Pacific Connector Gas Pipeline, LP. Like JCEP, PCGP is a wholly-owned subsidiary of Jordan Cove LNG L.P., and the ultimate parent of PCGP is Veresen Inc.

**JORDAN COVE ENERGY PROJECT L.P.**

**OWNERSHIP DIAGRAM**



**JORDAN COVE ENERGY PROJECT L.P.**

**DOCKET NO. CP17-\_\_\_-000**

**Exhibit C**

Opinion of Counsel





August 21, 2017

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Re: Jordan Cove Energy Project L.P.  
Docket No. CP17-\_\_\_-000  
Application for Authorization Under the Natural Gas Act**

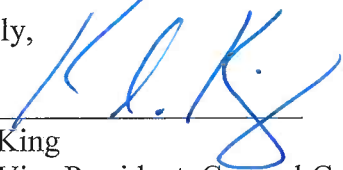
Dear Ms. Bose:

Jordan Cove Energy Project L.P. ("JCEP") is applying to the Federal Energy Regulatory Commission ("Commission") pursuant to Section 3(a) of the Natural Gas Act for authorization under Section 3 of the Natural Gas Act to site, construct, and operate a natural gas liquefaction and liquefied natural gas ("LNG") export facility ("LNG Terminal"), located on the bay side of the North Spit of Coos Bay, Oregon.

I furnish this opinion pursuant to 18 C.F.R. Section 153.8(a)(3), which requires that JCEP provide, as Exhibit C to its application, an opinion of counsel that the proposal is within the authorized powers of JCEP and that JCEP has complied with the laws and regulations of the states in which it operates. For the purposes of this opinion, I have examined all relevant documents and made examinations of law as I deemed necessary.

Based upon the foregoing, I am of the opinion that the proposal is within the authorized powers of JCEP and that JCEP is in compliance with the laws and regulations of the states in which it operates.

Sincerely,

  
\_\_\_\_\_  
Kevan King  
Senior Vice President, General Counsel  
Jordan Cove Energy Project, L.L.C.  
(general partner of Jordan Cove Energy Project L.P.)

**JORDAN COVE ENERGY PROJECT L.P.**

**DOCKET NO. CP17-\_\_\_\_-000**

**Exhibit E**

Safety Report

Attached in Resource Reports 11 and 13 as Exhibit F/F-1

**JORDAN COVE ENERGY PROJECT L.P.**

**DOCKET NO. CP17-\_\_\_\_-000**

**Exhibit E-1**

Earthquake Hazards and Engineering

Attached in Resource Report 13 as Exhibit F/F-1

**JORDAN COVE ENERGY PROJECT L.P.**

**DOCKET NO. CP17-\_\_\_-000**

**Exhibit F**

Environmental Report

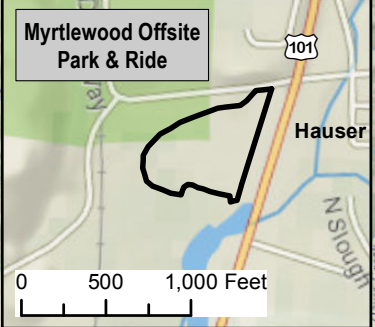
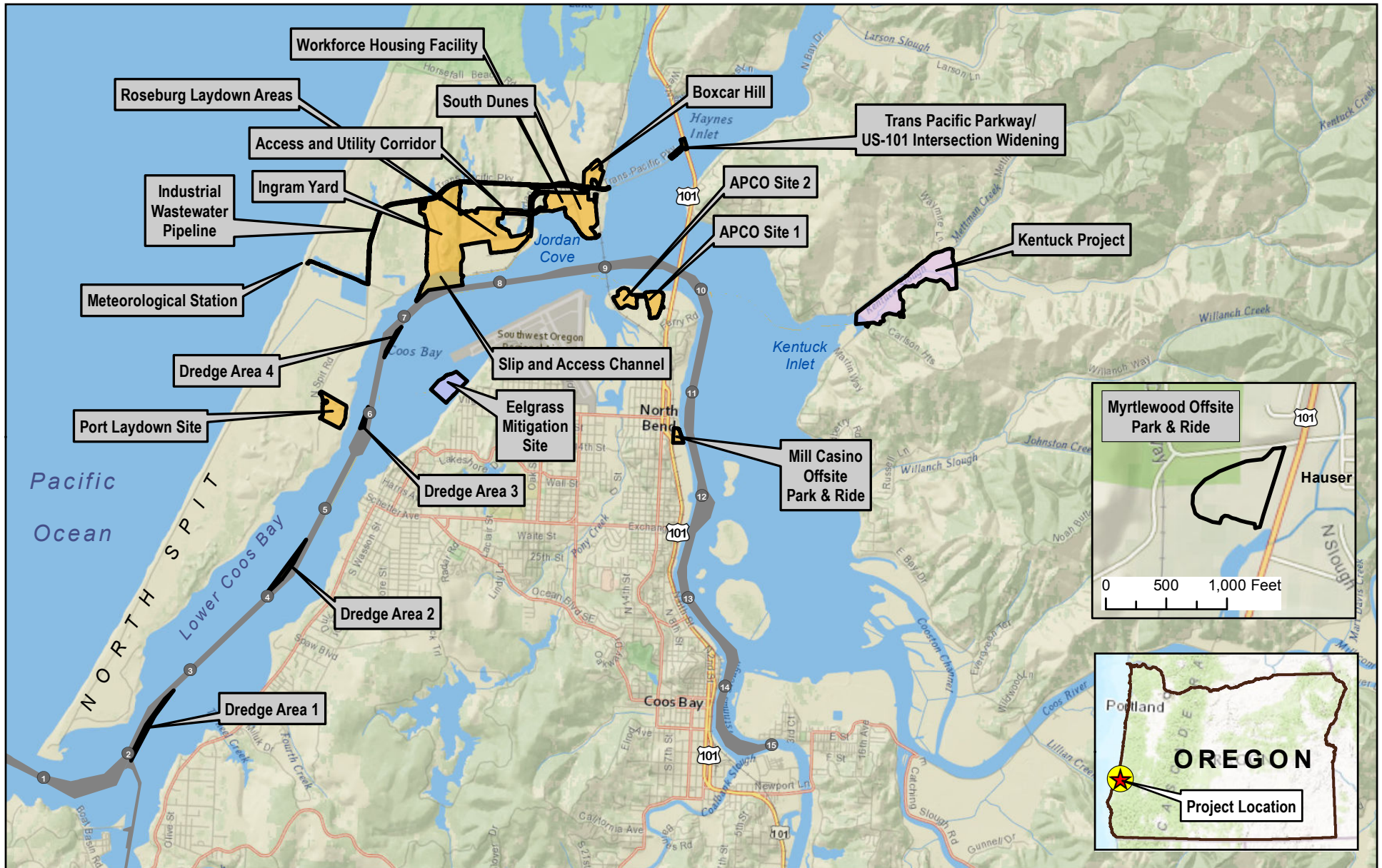
Enclosed under separate cover

**JORDAN COVE ENERGY PROJECT L.P.**

**DOCKET NO. CP17-\_\_\_-000**

**Exhibit G**

Map of Location



- JCEP Project Area
- Federal Navigation Channel
- Mitigation Site
- River Mile

**Jordan Cove Energy Project**  
**Exhibit G**  
**Project Location Map**

**JORDAN COVE ENERGY PROJECT L.P.**

**DOCKET NO. CP17-\_\_\_-000**

**Exhibit H**

Federal Authorizations

Agency	Permit/Approval	Contact	Filing Date	Approval/ Anticipated Approval
<b>Federal</b>				
U.S. Department of Energy (DOE)	Order Granting Long Term, Multi-Contract Authorization to Export Natural Gas to Free Trade Agreement Nations under Section 3 of the Natural Gas Act	Amy Sweeney (202) 586-2627 1000 Independence Ave., SW Room 3E-052 Washington, D.C. 20585	September 2011	Received December 7, 2011 <sup>1</sup>
	Order Conditionally Granting Long-Term Multi-Contract Authorization To Export Liquefied Natural Gas To Non-Free Trade Agreement Nations under Section 3 of the Natural Gas Act.	Amy Sweeney (202) 586-2627 1000 Independence Ave., SW Room 3E-052 Washington, D.C. 20585	March 2012	Conditionally received March 24, 2014 <sup>1</sup>
Federal Energy Regulatory Commission	Section 7 of the Natural Gas Act – issuance of Certificate of Public Convenience and Necessity	John Peconom (202) 502-6352 888 First St., NE Washington, D.C. 20426	September 2017	November 2018
	Section 3 of the Natural Gas Act – order granting Section 3 authorization		September 2017	November 2018
FERC (as lead agency)	National Historic Preservation Act § 106 Review/Memorandum of Agreement among federal agencies, consulting parties, and SHPO	Paul Friedman (202) 502-8059 888 First St., NE Washington, D.C. 20426	September 2017	November 2018
FERC (as lead agency)	National Environmental Policy Act Review - EIS	John Peconom (202) 502-6352 888 First St., NE Washington, D.C. 20426	September 2017	August 2018

<sup>1</sup> JCEP will submit an amendment to the FTA authorization and pending non-FTA authorization to reflect the new export capacity of the LNG Terminal and will confirm receipt of such authorizations prior to construction.



Agency	Permit/Approval	Contact	Filing Date	Approval/ Anticipated Approval
U.S. Army Corps of Engineers	Clean Water Act – issuance of permit under Section 404 to allow placement of dredge or fill material into waters of the United States	Tyler Krug Regulatory Project Manager 541-756-2097 tyler.j.krug@usace.army.mil North Bend Field Office 2201 N. Broadway, Suite C North Bend, OR 97459	October 2017	November 2018
	Section 10 of the Rivers and Harbors Act – permit issued to allow structures or work in or affecting navigable waters of the United States			
	Section 408 of the Clean Water Act – issuance of permit allowing the occupation or alteration of Army Corps of Engineers civil works projects	Marci Johnson U.S. Army Corps of Engineers P.O. Box 2946 Portland, OR 97285 (503) 808-4765	September 2017	November 2018
U.S. Coast Guard (USCG)	Letter of Recommendation and Letter of Recommendation Analysis under the Ports and Waterway Safety Act	Captain Timmons USGS Sector Columbia River 2185 SE 12 <sup>th</sup> Place Warrenton, Oregon 97146	April 2006	December 2017
U.S. Fish and Wildlife Service	Endangered Species Act – consultation under Section 7 and issuance of biological opinion	Joe Zisa 503-231-6179 joe_zisa@fws.gov Oregon Fish and Wildlife Office 2600 SE 98 <sup>th</sup> Ave., Ste. 100 Portland, OR 97266	September 2017	November 2018
	Fish and Wildlife Coordination Act – consultation with federal agencies to prevent loss or damage to wildlife resources		September 2017	November 2018
	Migratory Bird Treaty Act Review		September 2017	

Agency	Permit/Approval	Contact	Filing Date	Approval/ Anticipated Approval
National Marine Fisheries Service	ESA Section 7 Consultation – issuance of biological opinion	Chuck Wheeler Fisheries Biologist 541-957-3379 chuck.wheeler@noaa.gov 2900 Stewart Parkway Roseburg, OR 97471	September 2017	November 2018
	Magnuson-Stevens Fishery Conservation and Management Act consultation on Essential Fish Habitat		September 2017	November 2018
	Marine Mammal Protection Act – Issuance of Incidental Harassment Authorization	Jordan Carduner 1315 East West Highway Silver Spring, MD 20910	October 2017	November 2018
Federal Aviation Administration (FAA)	Determination of No Hazard to Air Navigation pursuant to 14 CFR Part 77.	Dan Shoemaker 1601 Lind Ave SW Renton, WA 98055 (425) 227-2791	October 2017	Prior to Construction
USDOI Bureau of Land Management	Mineral Leasing Act – issuance of Right-of-Way Grant	Miriam Liberatore Planning and Environmental Coordinator 541-618-2412 mliberat@blm.gov 3040 Biddle Road Medford, OR 97504	October 2017	November 2018
	Mineral Leasing Act – issuance of Temporary Use Permit			
	Federal Land Policy and Management Act - Amendments to Resource Management Plans			
USDA Forest Service	Mineral Leasing Act - Right-of-Way Grant Letter of Concurrence	David Krantz PCGP Project Manager 541-618-2082 dkrantz@fs.fed.us 3040 Biddle Road Medford, OR 97525	October 2017	November 2018
	Federal Land Policy and Management Act - Amendments to Existing Forest Plans			

Agency	Permit/Approval	Contact	Filing Date	Approval/ Anticipated Approval
USDI Bureau of Reclamation	Right-of-Way Grant Letter of Concurrence	Lila Black 541-880-7510 lblack@usbr.gov Klamath Basin Area Office 6600 Washburn Way Klamath Falls, OR 97603	October 2017	November 2018
	Letter of Consent covering lands on which BOR has reserved rights or acquired easements			
<b>Tribal</b>				
Confederated Tribes of Coos, Lower Umpqua, and Siuslaw Indians	FERC to consult with the Tribes under NHPA Section 106	Ms. Stacy Scott 541-888-9577x7513 sscott@ctclusi.org 1245 Fulton Avenue Coos Bay, OR 97420	FERC to initiate after receipt of applications	November 2018
Coquille Indian Tribe		Kassandra Rippee 541-756-0904x10216 kassandraripee@coquilletribe.org 3050 Tremont Street North Bend, OR 97459		
Cow Creek Band of Umpqua Indians		Mr Dan Courtney (541) 672-9405 dlcourtney5431@msn.com 2371 Stephens Street, Suite 500 Roseburg, OR 97470		
The Klamath Tribes		Mr. Perry Chocktoot Culture & Heritage Director 541-783-2219x159 Perry.Chocktoot@klamathtribes.com P.O. Box 436 Chiloquin, OR 97624		

Agency	Permit/Approval	Contact	Filing Date	Approval/ Anticipated Approval
Confederated Tribes of the Siletz Indians		Mr. Robert Kentta Cultural Resources Director 541-444-2532 rkentta@ctsi.nsn.us P.O. Box 549 Siletz, OR 97380		
Confederated Tribes of the Grand Ronde Community		David Harrelson 503-879-1630 david.harrelson@grandronde.org 9615 Grand Ronde Road Grand Ronde, OR 97347		
<b>State</b>				
Oregon Division of State Parks Office of Historic Preservation	National Historic Preservation Act – Section 106 Consultation	John Pouley Assistant State Archaeologist 503-986-0675 john.pouley@oregon.gov 725 Summer St. NE, #C Salem, OR 97301	Initiated by FERC upon receipt of application	November 2018
Oregon Department of Environmental Quality	CWA 401 Water Quality Certification	Mary Camarata 541-687-7435 camarata.mary@deq.state.or.us 165 East 7 <sup>th</sup> Ave., Ste. 100 Eugene, OR 97401	October 2017	October 2018
	Clean Air Act – issuance of Title V Operating Air Permit		To be filed one year after operation.	Within 1 year of filing
	Clean Water Act – issuance of permit under the National Pollutant Discharge Elimination System (“NPDES”) - 1200A General Permit for Concrete Batch Plant		Prior to construction	Prior to construction
	Clean Water Act – issuance of NPDES - 1200-C General Permit for any Contiguous Sites		Prior to construction	October 2018

Agency	Permit/Approval	Contact	Filing Date	Approval/ Anticipated Approval
	Clean Water Act – issuance of NPDES Wastewater Permit for current site conditions – allows discharge of treatment of leachate from landfill through the ocean outfall		Renewed July 26, 2015. Expires June 30, 2020	Issued
	CWA 402 NPDES Construction Stormwater Permit		Prior to construction	Prior to construction
	CWA 402 NPDES Operating Stormwater Permit		Prior to operation	Prior to operation
	CWA 402 NPDES Water Pollution Control Facility (WPCF) – Hydrostatic Test Water		Prior to operation	Prior to operation
	Type B NSR Air Permit for LNG Terminal		Updated filed September 2017	Approved June 2015/October 2018
	Air Contaminant Discharge Permit for Compression Facilities		Modifying pending application October 2017	October 2018
Oregon Department of Water Resources	Permit to Appropriate Water	Jerry K. Sauter Water Rights Program Analyst 503-986-0817 jerry.k.sauter@state.or.us Water Right Services Division 725 Summer Street NE, Ste. A Salem, OR 97301	Prior to operation	Prior to operation

Agency	Permit/Approval	Contact	Filing Date	Approval/ Anticipated Approval
Oregon Department of Fish and Wildlife	In-Water Blasting Permit Fish Passage	Sarah Reif Energy Coordinator, Wildlife Division 503-947-6082 sarah.j.reif@state.or.us 4034 Fairview Industrial Drive SE Salem, OR 97302	October 2017	October 2018
	Fish Passage Approval	Greg Apke 4034 Fairview Industrial Dr. SE Salem, OR 97302 503-947-6228 Greg.d.apke@state.or.us	December 2017	October 2018
Oregon Department of Transportation	State Highway Crossing Permit	Roger B. Allemand Permit Specialist – District 8 541-774-6360 roger.b.allemand@odot.state.or.us  Dave Wells Permit Specialist – District 7 541-957-3588 david.wells@odot.state.or.us	Prior to construction	Prior to construction
	Railroad Flagging Permit		Prior to Construction	Prior to construction
	Oversize Load Permit		Prior to Construction	Prior to construction
	Overweight Load Permit		Prior to Construction	Prior to construction
	Street Use Permit		Prior to Construction	Prior to construction
Oregon Department of State Lands	Joint Permit with the USACE Removal/Fill Permit	Bob Lobdell  503-986-5282 bob.lobdell@state.or.us 775 Summer Street NE, Ste. 100 Salem, OR 97301	October 2017	October 2018
	Proprietary easements and licenses for land access and gravel use		October 2017	October 2018
	Wetland Report Concurrence	Lynne McAllister Jurisdiction Coordinator 503-986-5300 lynne.mcallister@state.or.us 775 Summer Street NE, Ste. 100 Salem, OR 97301	October 2017	October 2018

Agency	Permit/Approval	Contact	Filing Date	Approval/ Anticipated Approval
Oregon Department of Land Conservation and Development	Coastal Zone Management Consistency Determination	Elizabeth Ruther 503-934-0029 elizabeth.j.ruther@state.or.us 635 Capitol Street, Suite 150 Salem, Oregon 97301-2540	November 2017	October 2018
Oregon Department of Forestry	Operate Mechanical Equipment	Josh Barnard Field Support Unit Manager 503-945-7493 josh.w.barnard@oregon.gov 2600 State Street, Bldg. A Salem, OR 97310	Prior to Construction	Prior to Construction
	Written Plan & Alternate Plan			
Oregon State Building Codes Division (BCD)	Building Permits – for various permanent structures.	Mark Long (503) 373-7235	Prior to Construction	Prior to Construction
BCD	Temporary Building Permit – for any temporary structures.	Mark Long (503) 373-7235	Prior to Construction	Prior to Construction
Oregon State Historic Preservation Office (SHPO)	Section 106 Consultation	John O. Pouley 503-986-0675	September 2017	November 2018
<b>County</b>				
City of North Bend Planning Department	Conditional Use Permit (for pipeline in City of North Bend)	Chelsea Schnabel City Planner City of North Bend (541) 756-8535 cschnabel@northbendcity.org 835 California Avenue North Bend, OR 97459	October 2017	May 2018
Coos County Planning Department	Conditional Use Permit	Jill Rolfe 541-396-7770 jrolfe@co.coos.or.us Coos County Planning Department 225 N. Adams Coquille, OR 97423		Approved 2016

Agency	Permit/Approval	Contact	Filing Date	Approval/ Anticipated Approval
Douglas County Planning Department	Conditional Use Permit	Cheryl Goodhue Planning Department 541-440-4289 cagoodhu@co.douglas.or.us Douglas County Courthouse Justice Building – Room 106 Roseburg, OR 97470		Approved 2010 and 2014
Klamath County Planning Department	Conditional Use Permit – Compressor Station	Mark Gallagher Planning Director 541-883-5121x3064 mgallagher@co.klamath.or.us 305 Main Street Klamath Falls, OR 97601		Approved 2015



**JORDAN COVE ENERGY PROJECT L.P.**

**DOCKET NO. CP17-\_\_\_-000**

**Exhibit Z-1**

Form of Protective Agreement

FORM OF PROTECTIVE AGREEMENT

This Protective Agreement (“Protective Agreement”), is made and entered into as of \_\_\_\_\_ (“Effective Date”), by and between Jordan Cove Energy Project L.P. (“JCEP”) and [counterparty] (“Participant,” and together with JCEP, the “Parties”).

**WHEREAS**, a certificate application regarding the Jordan Cove Energy Project (“LNG Terminal”) is currently pending before the Federal Energy Regulatory Commission (“Commission”) in Docket No. CP17-\_\_\_\_-000 (“Certificate Proceeding”);

**WHEREAS**, pursuant to Section 388.112(b) of the Commission’s regulations, 18 C.F.R. § 388.112(b) (2017), this Protective Agreement will apply to requests for a copy of the complete, non-public version of any document filed by JCEP as privileged or as Critical Energy Infrastructure Information (CEII) in the Certificate Proceeding; and

**WHEREAS**, Participant is submitting this Protective Agreement as part of its request pursuant to 18 C.F.R. § 388.112(b)(iii) for a complete, non-public version of [name of document(s)] included in the Commission’s eLibrary under Accession No[s]. [\_\_\_\_\_] (“Protected Materials”) subject to the terms of this Protective Agreement;

**NOW, THEREFORE**, JCEP and Participant agree as follows:

1. This Protective Agreement shall govern the use of all Protected Materials produced by, or on behalf of, JCEP to Participant hereunder. Notwithstanding any order terminating the Certificate Proceeding, this Protective Agreement shall remain in effect until specifically modified or terminated by (i) written agreement of the Parties, (ii) the Commission or (iii) any applicable Presiding Administrative Law Judge (“Presiding Judge”) (which includes the Chief Administrative Law Judge).

2. This Protective Agreement applies to the Protected Materials, as defined in the recitals to this Protective Agreement. Notwithstanding anything herein to the contrary, JCEP’s delivery of Protected Materials to Participant pursuant to this Protective Agreement shall not affect the Protected Materials’ protected status under the Commission’s regulations and Freedom of Information Act, 5 U.S.C. 552 (“FOIA”).

3. Definitions -- For purposes of this Protective Agreement:

(a) The term “Notes of Protected Materials” means memoranda, handwritten notes, or any other form of information (including electronic form) which copies or discloses materials described in the Protected Materials. Except as specifically provided in this Protective Agreement, Notes of Protected Materials are subject to the same terms and restrictions as the Protected Materials under this Protective Agreement.

- (b) The term “Non-Disclosure Certificate” shall mean the certificate annexed to this Protective Agreement by which the Reviewing Representative(s) of the Participant who have been granted access to Protected Materials shall certify their understanding that such access to Protected Materials is provided pursuant to the terms and restrictions of this Protective Agreement, and that such Reviewing Representative has read the Protective Agreement and agrees to be bound by it.
- (c) The term “Non-Disclosure Certificate of Marketing Personnel” shall mean the attached certificate by which representatives of Participants who are Marketing Personnel pursuant to Paragraph 23 acknowledge that they are prohibited from reviewing Protected Materials that are marked “Not Available to Marketing Personnel” pursuant to Paragraph 23, shall certify their agreement that they shall neither have access to, nor disclose, the contents of the Protected Materials that are marked “Not Available to Marketing Personnel,” any notes or other memoranda, or any other form of information that copies or discloses Protected Materials that are marked as “Not Available to Marketing Personnel,” and that such Reviewing Representative has read the Protective Agreement and agrees to be bound by it.
- (d) The term “Reviewing Representative” shall mean a person who has signed a Non-Disclosure Certificate or a Non-Disclosure Certificate for Marketing Personnel, as applicable, and who is: (i) an attorney who has made an appearance in this Certificate Proceeding for Participant; (ii) attorneys, paralegals, and other employees associated for purposes of this Certificate Proceeding with an attorney described in Paragraph 3(d)(i); (iii) an expert or an employee of an expert retained by Participant for the purpose of advising, preparing for or testifying in this Certificate Proceeding; or (iv) employees or other representatives of Participant appearing in this Certificate Proceeding with significant responsibility for this docket.

4. Protected Materials shall be made available under the terms of this Protective Agreement only to Participant’s Reviewing Representatives; provided that if the Protective Materials include rates, rate-related provisions and/or credit support provisions, JCEP may redact the rates, rate-related provisions and credit support provisions from the version of the Protected Materials provided to Participant’s Reviewing Representatives. In the event that JCEP redact any such information, if requested by Participant the Parties shall meet to discuss the terms and conditions under which one or more of Participant’s Reviewing Representatives may be provided such redacted information. If no agreement is reached, Participant may submit such dispute to the Commission or the Presiding Judge, if any, for resolution.

5. Protected Materials shall remain available to Participant until the later of the date that an order terminating this Certificate Proceeding becomes no longer subject to judicial review, or the date that any other Commission proceeding relating to the Protected Materials is concluded

and no longer subject to judicial review. If requested to do so in writing after that date, Participant shall, within fifteen (15) days of such request, return the Protected Materials (excluding Notes of Protected Materials) to JCEP, or shall destroy the materials, except that copies of filings, official transcripts and exhibits in this proceeding that contain Protected Materials, and Notes of Protected Materials may be retained, if they are maintained in accordance with Paragraph 6, below. Within such time period, Participant, if requested to do so, shall also submit to JCEP an affidavit stating that, to the best of its knowledge, all Protected Materials, including those materials designated “Not Available to Marketing Personnel,” and all Notes of Protected Materials have been returned or have been destroyed or will be maintained in accordance with Paragraph 6. To the extent Protected Materials are not returned or destroyed, they shall remain subject to the Protective Agreement.

6. All Protected Materials shall be maintained by Participant in a secure place. Access to those materials shall be limited to those Reviewing Representatives specifically authorized pursuant to Paragraphs 8-9.

7. Protected Materials shall be treated as confidential by Participant and by the Reviewing Representative in accordance with the Non-Disclosure Certificate executed pursuant to Paragraph 9. Protected Materials shall not be used by Participant or a Reviewing Party except as necessary for the conduct of the Certificate Proceeding, nor shall they be disclosed in any manner to any person except a Reviewing Representative of Participant who is engaged in the conduct of the Certificate Proceeding and who needs to know the information in order to carry out that person’s responsibilities in the Certificate Proceeding. Reviewing Representatives may make copies of Protected Materials, but such copies become Protected Materials. Reviewing Representatives may make notes of Protected Materials, which shall be treated as Notes of Protected Materials if they disclose the contents of Protected Materials.

8. (a) A Reviewing Representative may not use information contained in any Protected Materials obtained through this proceeding to give Participant, any customer or potential customer of JCEP or any competitor of JCEP a commercial advantage or for any other purpose other than the prosecution or defense of the proceedings conducted under this Certificate Proceeding.

(b) Subject to the provisions of Paragraph 23 regarding access to Protected Materials that are Not Available to Marketing Personnel, in the event that Participant wishes to designate as a Reviewing Representative a person not described in Paragraph 3(d) above, Participant shall seek agreement from JCEP. If an agreement is reached, that person shall be a Reviewing Representative pursuant to Paragraph 3(d) above with respect to those materials. If no agreement is reached, Participant may submit the disputed designation to the Commission or the Presiding Judge, if any, for resolution.

9. (a) A Reviewing Representative shall not be permitted to inspect, participate in discussions regarding, or otherwise be permitted access to Protected Materials pursuant to this Protective Agreement unless that Reviewing Representative has first executed (i) a Non-

Disclosure Certificate or (ii) a Non-Disclosure Certificate for Marketing Personnel, as applicable; provided, that if an attorney qualified as a Reviewing Representative has executed such a certificate, the paralegals, secretarial and clerical personnel employed by the same entity as the attorney and under the attorney's instruction, supervision or control need not do so. A copy of each Non-Disclosure Certificate shall be provided to counsel for JCEP prior to disclosure of any Protected Material to that Reviewing Representative.

(b) Attorneys qualified as Reviewing Representatives are responsible for ensuring that persons under their instruction, supervision or control comply with this Protective Agreement.

10. Subject to Paragraph 4 above and to the provisions of Paragraph 23 regarding access to Protected Materials that are Not Available to Marketing Personnel, any Reviewing Representative may disclose Protected Materials to any other Reviewing Representative of Participant as long as the disclosing Reviewing Representative and the receiving Reviewing Representative both have executed a Non-Disclosure Certificate. In the event that any Reviewing Representative to whom the Protected Materials are disclosed ceases to be engaged in this Certificate Proceeding, or is employed or retained for a position whose occupant is not qualified to be a Reviewing Representative under Paragraph 3(d), access to Protected Materials by that person shall be terminated. Even if no longer engaged in this Certificate Proceeding, every person who has executed a Non-Disclosure Certificate shall continue to be bound by the provisions of this Protective Agreement and the certification.

11. Subject to Paragraph 18, the Commission or Presiding Judge, if any, shall resolve any disputes arising under this Protective Agreement. Prior to presenting any dispute under this Protective Agreement to the Commission or Presiding Judge, the Parties shall use their best efforts to resolve it.

12. All copies of all documents reflecting Protected Materials, including the portion of the hearing testimony, exhibits, transcripts, briefs and other documents which refer to Protected Materials, shall be filed and served in sealed envelopes or other appropriate containers endorsed to the effect that they are sealed pursuant to this Protective Agreement. Such documents shall be marked "PROTECTED MATERIALS" and shall be filed under seal and served under seal upon the Commission, the Presiding Judge, if any, and the other Party. Any such documents containing Critical Energy Infrastructure Information shall be additionally marked "Contains Critical Energy Infrastructure Information – Do Not Release". For anything filed under seal, redacted versions or, where an entire document is protected, a letter indicating such, will also be filed with the Commission and served on the other Party and the Presiding Judge, if any. Counsel shall take all reasonable precautions necessary to assure that Protected Materials are not distributed to unauthorized persons.

13. If Participant desires to include, utilize or refer to any Protected Materials or information derived therefrom in any submission during this proceeding in such a manner that might require disclosure of such material to other participants in the Certificate Proceeding, Participant shall first notify counsel for JCEP and the Commission or Presiding Judge, if any,

of such desire, identifying with particularity each of the Protected Materials. Thereafter, use of such Protected Materials will be governed by procedures determined by the Commission or Presiding Judge, if any.

14. Nothing in this Protective Agreement shall be construed as precluding JCEP from objecting to the use of Protected Materials on any legal grounds.

15. Nothing in this Protective Agreement shall preclude Participant from requesting the Commission, the Presiding Judge, if any, or any other body having appropriate authority, to find that this Protective Agreement should not apply to all or any materials previously designated as Protected Materials pursuant to this Protective Agreement.

16. [Intentionally omitted]

17. All Protected Materials filed with the Commission, the Presiding Judge, if any, or any other judicial or administrative body, in support of, or as a part of, a motion, other pleading, brief, or other document, shall be filed and served in sealed envelopes or other appropriate containers bearing prominent markings indicating that the contents include Protected Materials subject to this Protective Agreement.

18. If the Commission or Presiding Judge, if any, finds at any time in the course of this proceeding that all or part of the Protected Materials need not be protected, those materials shall, nevertheless, be subject to the protection afforded by this Protective Agreement for three (3) business days from the date of issuance of the Commission or Presiding Judge's determination, and if JCEP files an interlocutory appeal or, if applicable, requests that the issue be certified to the Commission, for an additional seven (7) business days. JCEP has not waived its rights to seek additional administrative or judicial remedies after any decision respecting Protected Materials or Reviewing Representatives. The provisions of 18 C.F.R. §§ 388.112 and 388.113 shall apply to any requests under the FOIA for Protected Materials in the files of the Commission.

19. Nothing in this Protective Agreement shall be deemed to preclude either Party from independently seeking through discovery in any other administrative or judicial proceeding information or materials produced in this proceeding under this Protective Agreement.

20. JCEP do not waive their right to pursue any other legal or equitable remedies that may be available in the event of actual or anticipated disclosure of Protected Materials.

21. Participant shall not disclose the contents of Protected Materials or any other form of information that copies or discloses Protected Materials to anyone other than in accordance with this Protective Agreement and only use such contents and information in connection with this Certificate Proceeding. Any violation of this Protective Agreement and of any Non-Disclosure Certificate executed hereunder shall constitute a breach of the Protective Agreement.

22. JCEP may physically mark with the words "Not Available to Marketing Personnel" any Protected Materials that JCEP believe in good faith would, if disclosed to Reviewing Representatives without added precautions beyond Paragraphs 1-21 of this Protective Agreement, subject JCEP, or third party(ies), to undue risk of competitive disadvantage or business injury. Such information may include, but is not limited to (a) non-public business development, acquisition, or marketing data, pricing strategies, plans or activities; (b) non-public financial data, or strategic business or financial plans or activities; or (c) negotiations of services, prices and rates, the public disclosure of which JCEP in good faith believe would competitively harm JCEP or one or more third parties (hereinafter "Market Sensitive Information"). Any challenge to such a designation may be made as provided in this Protective Agreement for challenges to designations of Protected Materials.

23. (a) Solely with respect to Protected Materials that have been marked "Not Available to Marketing Personnel" and information derived therefrom, and subject to the other terms of this Paragraph 23, a Reviewing Representative shall not be any employee or agent of a receiving Participant whose duties include: (1) the marketing of natural gas or natural gas transportation or storage services or facilities, or management or supervisory responsibility thereof; or (2) the development, planning, construction, marketing or operation of an LNG terminal or a prospective LNG terminal that competes, may compete with JCEP, or management or supervisory responsibility thereof; or (3) the provision of consulting services related to the development, planning, construction, marketing or operation of an LNG terminal or a prospective LNG terminal, or the acquisition of or marketing of LNG terminal capacity that currently competes, or may potentially compete, with JCEP regarding the provision of LNG terminal services; or (4) management responsibility regarding other business activities in which use of Market Sensitive Information could be reasonably expected to cause competitive harm to JCEP (collectively, "Marketing Duties" and persons whose duties or responsibilities include Marketing Duties are referred to herein as "Marketing Personnel").

(b) Notwithstanding the foregoing, a person who otherwise would be disqualified as Marketing Personnel may serve as a Reviewing Representative upon agreement of JCEP, in the absence of such agreement, upon entry of an order of the Presiding Judge or the Commission authorizing such person to serve as a Reviewing Representative. Any request for an agreement or order under the preceding sentence shall be subject to the following conditions: (i) the Participant who employs or has retained the person in question must certify in writing to JCEP that the certifying Participant's ability to participate effectively in this proceeding would be prejudiced if it was unable to rely on the assistance of the particular Reviewing Representative; (ii) the Participant claiming such prejudice must identify by name and job title the particular Reviewing Representative required and must describe the person's duties and responsibilities for the requesting Participant; (iii) the Participant claiming such prejudice must acknowledge in writing to JCEP that access to the Protected Materials which are Not Available to Marketing Personnel shall be restricted only to such access necessary for the litigation of this proceeding, absent prior written consent of JCEP or authorization of the Commission or the Presiding Judge with opportunity for JCEP to seek review of such decision as provided in this Protective Agreement; (iv) such Participant must acknowledge in writing that any other use of Protected Materials which

are Not Available to Marketing Personnel shall constitute a violation of this Protective Agreement; and (v) prior to having access to any Protected Materials which are Not Available to Marketing Personnel, the Marketing Personnel who is authorized to act as a Reviewing Representative must execute and deliver to JCEP a Non-Disclosure Certificate Regarding Market Sensitive Information acknowledging his or her familiarity with the contents of this Protective Agreement and the particular restrictions set forth in this paragraph regarding such Protected Materials. Such agreement by JCEP shall not be unreasonably withheld, delayed or conditioned. Provided that Protected Materials are clearly and correctly labeled, compliance with this Protective Agreement shall be the responsibility of the receiving Participant. Materials marked as "Not Available to Marketing Personnel" shall be returned or destroyed at the conclusion of this proceeding as otherwise provided in this Protective Agreement.

(c) Notwithstanding the above, in-house and outside counsel for Participant and experts who are not Marketing Personnel may serve as a Reviewing Representative of Market Sensitive Information, provided such persons abide by the restrictions in this Protective Agreement and do not disclose such Market Sensitive Information to Marketing Personnel. Subject to the preceding sentence, in the event that any person who has been a Reviewing Representative subsequently is assigned to perform any Marketing Duties, such Reviewing Representative immediately shall cease accessing Protected Materials that are marked "Not Available to Marketing Personnel" or information derived therefrom and shall immediately dispose of any Protected Materials of other Participants in his/her possession that are marked "Not Available to Marketing Personnel" or information derived therefrom and shall continue to comply with the requirements of the Non-Disclosure Certificate and this Protective Agreement with respect to any Protected Materials to which such person previously had access.



IN WITNESS WHEREOF, the Parties hereto have caused this Protective Agreement to be duly executed in several counterparts by their proper officers duly authorized as of the Effective Date.

**JORDAN COVE ENERGY PROJECT L.P.**

By \_\_\_\_\_

Title \_\_\_\_\_

**[COUNTERPARTY]**

By \_\_\_\_\_

Title \_\_\_\_\_

NON-DISCLOSURE CERTIFICATE

I hereby certify my understanding that access to Protected Materials is provided to me pursuant to the terms and restrictions of the Protective Agreement between Jordan Cove Energy Project L.P. and [counterparty] dated \_\_\_\_\_, that I have been given a copy of and have read the Protective Agreement, and that I agree to be bound by it. I certify that my duties and responsibilities do not include “Marketing Duties” as described in Paragraph 23 of the Protective Agreement. I understand that the contents of the Protected Materials, any notes or other memoranda, or any other form of information that copies or discloses Protected Materials shall not be disclosed to anyone other than in accordance with that Protective Agreement. I recognize that material marked “Not Available to Marketing Personnel” or the contents thereof may not be disclosed to those with duties and responsibilities that include “Marketing Duties,” except for disclosure to experts, whether testifying or not, as specifically provided in the Protective Agreement. I acknowledge that a violation of this certificate constitutes a breach of the Protective Agreement.

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

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

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

Representing: Date: \_\_\_\_\_

NON-DISCLOSURE CERTIFICATE OF MARKETING PERSONNEL

I hereby certify my understanding that access to Protected Materials is provided to me pursuant to the terms and restrictions of the Protective Agreement between Jordan Cove Energy Project L.P. and [counterparty] dated \_\_\_\_\_, that I have been given a copy of and have read the Protective Agreement, and that I agree to be bound by it. I acknowledge that my duties and responsibilities include “Marketing Duties” as described in Paragraph 23 of the Protective Agreement and, as such, I understand that I shall neither have access to, nor disclose, the contents of the Protected Materials that are marked “Not Available to Marketing Personnel,” or any notes, other memoranda, or any other form of information that copies or discloses Protected Materials that are marked “Not Available to Marketing Personnel.” I acknowledge that a violation of this certificate constitutes a breach of the Protective Agreement.

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

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

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

Representing: Date: \_\_\_\_\_