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Via Email and Post

Mr. John Anderson
Office of Fuels Programs, Fossil Energy
U.S. Department of Energy
Docket Room 3F-056, FE-50
Forrestal Building
1000 Independence Ave., SW
Washington, DC 20585

**Re: SCT&E LNG, LLC
FE Docket No. 14-98-LNG
Application for Long-Term, Multi-Contract Authorization to Export Liquefied
Natural Gas to Non-Free Trade Agreement Countries**

Dear Mr. Anderson:

SCT&E LNG, LLC ("SCT&E LNG") hereby submits for filing with the U.S. Department of Energy, Office of Fossil Energy ("DOE/FE") an original and five (5) copies of its application ("Application") seeking long-term, multi-contract authorization to export liquefied natural gas ("LNG") to any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas and LNG, which has or in the future develops the capacity to import LNG via ocean-going carrier, and with which trade is not prohibited by U.S. law or policy. SCT&E LNG is seeking authority to export LNG from the terminal it intends to construct on Monkey Island in the Calcasieu Ship Channel in Cameron Parish, Louisiana (the "Project").

As set forth in greater detail in the attached application, SCT&E LNG requests authorization to export up to the equivalent of approximately 12 million metric tons per annum of domestically produced LNG or approximately 1.60 billion cubic feet of natural gas per day (approximately 649 trillion Btu per annum) over a thirty (30) year period commencing on the earlier of the date of first export or ten (10) years from the date the requested authorization is granted. SCT&E LNG requests such export authorization on its own behalf and as agent for others.

Enclosed please find a check for the filing fee in the amount of \$50.00, as required by 10 C.F.R. §590.207. In addition, pursuant to 10 C.F.R. § 590.103(b), a Verification statement is included at Exhibit B, and pursuant to 10 C.F.R. § 590.202(c), an Opinion of Counsel letter is included at Exhibit A.

Respectfully submitted,



David L. Wochner, Partner
Counsel for SCT&E LNG, LLC

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

In the Matter of)
)
SCT&E LNG, LLC) FE Docket No. 14-98-LNG

**APPLICATION OF SCT&E LNG, LLC FOR LONG-TERM
AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS TO
NON-FREE TRADE AGREEMENT COUNTRIES**

Pursuant to Section 3 of the Natural Gas Act (“NGA”)¹ and Part 590 of the Department of Energy’s (“DOE”) regulations,² SCT&E LNG, LLC, a Limited Liability Company organized under the laws of Delaware (“SCT&E LNG”), hereby submits this application (“Application”) to the DOE, Office of Fossil Energy (“FE”) for long-term, multi-contract authorization to export liquefied natural gas (“LNG”). SCT&E LNG seeks the authorization in this Application for up to the equivalent of approximately 12 million metric tons per annum (“mtpa”) of domestically produced LNG, which is approximately equivalent to 1.60 billion cubic feet of natural gas per day (“Bcf/d”) (or approximately 649 trillion Btu per annum). SCT&E LNG seeks this authorization for a thirty (30) year period, commencing on the earlier of the date of first export or ten (10) years from the date of issuance of the authorization requested by this Application.

SCT&E LNG proposes to export LNG from the terminal it intends to construct, own, and operate on the east side of the Calcasieu Ship Channel at Monkey Island, Cameron Parish in the State of Louisiana (“SCT&E LNG Terminal”). The authorization requested in this Application would allow SCT&E LNG to export domestically produced LNG to any nation that has or in the future develops the capacity to import LNG via ocean-going carrier and with which

¹ 15 U.S.C. § 717b.

² 10 C.F.R. § 590.

trade is not prohibited by U.S. law or policy.³ SCTE&E LNG requests this authorization for itself as well as to allow it to act as agent on behalf of others.

In support of this Application, SCT&E LNG respectfully states the following:

I. COMMUNICATIONS AND CORRESPONDENCE

Correspondence and communications regarding this Application should be addressed to the following and those designated with an (*) should be designated as the agent for service for SCT&E LNG:

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II. DESCRIPTION OF THE APPLICANT

The exact legal name of the applicant is SCT&E LNG, LLC, a Limited Liability Company organized under the laws of Delaware, and a wholly owned subsidiary of Southern California Telephone Company, a Delaware corporation doing business as Southern California Telephone & Energy (“SCT&E”). SCT&E is a telecommunications utility, an Electric Service Provider that maintains a Federal Energy Regulatory Commission (“FERC”) authority, which entitles SCT&E to buy and sell energy nationwide. SCT&E LNG's principal place of business is 27515 Enterprise Circle West, Temecula, CA 92590. SCT&E LNG plans to develop a natural

³ This requested authorization to export 12 mtpa of LNG to non-FTA countries is not additive of the 12 mtpa of FTA exports for which SCT&E LNG applied on July 9, 2014, and was assigned FE docket number 14-89-LNG. SCT&E LNG seeks a total authorized LNG export volume for the SCT&E LNG Terminal of 12 mtpa.

gas liquefaction, storage, and export facility to be located on Monkey Island in the Calcasieu Ship Channel, Cameron Parish, in the State of Louisiana.

III. DESCRIPTION OF THE SCT&E LNG TERMINAL

SCT&E LNG seeks long-term authorization to export domestically produced LNG from the SCT&E LNG Terminal to be constructed pursuant to Section 3 of the NGA (the “Project”). The Project facilities are anticipated to include six (6) LNG trains, LNG storage tank(s) with capacity of approximately 160,000 m³, and vessel loading facilities. Each of the LNG trains will be capable of producing up to two (2) mtpa of LNG, for a total capacity of twelve (12) mtpa of LNG. Currently, the proposed Project facilities would permit natural gas to be received by pipeline at the SCT&E LNG Terminal, liquefied, and loaded from the storage tanks onto an LNG carrier berthed alongside the SCT&E LNG Terminal. SCT&E LNG will construct, own, and operate the SCT&E LNG Terminal.

The planned Project will be located on Monkey Island, a parcel of land in Cameron Parish, Louisiana, situated along the east bank of the Calcasieu Ship Channel. The SCT&E LNG Terminal will be located in an area zoned for heavy industrial use and will be consistent with other industrial facilities along the shoreline. SCT&E LNG has secured approximately 246.044 acres of land from Westlands Corporation. The legal description of the property is located in Section 36, Township 14 South – Range 10 West and Section 35, Township 15 South – Range 10 West, all in Cameron Parish, Louisiana. A copy of the legal description of the property is also attached to this Application as Exhibit D. On March 28, 2014, SCT&E LNG signed an exclusive and binding five (5) year Real Estate Lease Option Agreement (“Option Agreement”) with the Westlands Corporation for the Project site. The Option-to-Lease includes the ability to develop the land to the fullest extent which includes liquefaction of natural gas with loading and

unloading docks and the construction of the SCT&E LNG Terminal.

The Option Agreement as shown in Exhibit C includes an agreed-upon form of Ground Lease, which includes a 30-year lease term, with SCT&E LNG having the right to extend the lease term, at its sole discretion, for six further periods of ten (10) years and one period of nine (9), or ninety-nine (99) years in total. Subject to the terms of the Option Agreement, SCT&E LNG may exercise the option and enter into the Ground Lease with the Westlands Corporation at any time.

IV. AUTHORIZATION REQUESTED

SCT&E LNG requests that DOE/FE grant a long-term, multi-contract authorization to export up to twelve (12) mtpa of domestically produced LNG, which is approximately equivalent to 1.60 Bcf/d of natural gas (or approximately 649 trillion Btu per annum), for a thirty (30) year period commencing upon the earlier of the date of first export or ten (10) years from the date the requested authorization is granted. SCT&E LNG requests that such long-term, multi-contract authorization provide for export to any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas and with which trade is not prohibited by United States law or policy. As outlined in Section III above, SCT&E LNG is in the process of developing plans to construct on land adjacent to the Calcasieu Ship Channel, Louisiana, to enable LNG to be loaded from storage tanks onto vessels that will be berthed alongside the SCT&E LNG Terminal.

SCT&E LNG requests such authorization to export LNG to non-FTA countries on its own behalf or as agent for others. To ensure all exports are permitted and lawful under U.S. laws and policies, SCT&E LNG will comply with all DOE requirements for an exporter or agent.

As set forth in DOE/FE Order No. 2986,⁴ authorizing LNG exports, SCT&E LNG will register with the DOE/FE each LNG title holder for whom SCT&E LNG seeks to export LNG. In such registrations, SCT&E LNG will provide DOE/FE with a written statement by the title holder acknowledging and agreeing to (i) comply with all requirements in SCT&E LNG's long-term export authorization and (ii) include those requirements in any subsequent purchase or sale agreement entered into for the exported LNG by that title holder. SCT&E LNG will file with DOE/FE under seal any relevant long-term commercial agreements it enters into with the LNG title holders on whose behalf the exports will be performed. The long-term, multi-contract authorization sought in this Application is necessary to permit SCT&E LNG to incur the substantial cost of developing the liquefaction and export project. The terms and conditions related to the use of the SCT&E LNG Terminal facilities will be set forth in agreements with Project customers.

As of this writing, North Energy Central, a subsidiary of the parent company SCT&E, has signed a Memorandum of Understanding with the *Corporacion Dominicana de Empresas Electricas Estatales* (CDEEE), a government-backed holding company in the Dominican Republic that brings together the government-owned generation, transmission, and distribution companies and associated government programs in the country to develop, build and operate a 400 megawatt or greater Power Plant with LNG Storage Facilities near Manzanillo, in Monte Cristi Province.⁵ The power plant will utilize natural gas provided by the SCT&E LNG export facility. According to a U.S. State Department fact sheet, dated November 18, 2013, U.S. relations with the Dominican Republic are excellent.⁶ With the largest economy in the

⁴ *Freeport LNG Development, L.P.*, DOE/FE Order No. 2986 (2011).

⁵ The Power Plant Project would provide the electricity to the CDEEE under the terms of a 20-year "take-or-pay" contract. *See* 10 CFR § 590.202(b)(4).

⁶ U.S. DEP'T OF STATE, BUREAU OF WESTERN HEMISPHERE AFFAIRS: FACT SHEET: U.S. RELATIONS WITH THE

Caribbean and the second-largest Caribbean country in terms of population, the Dominican Republic is an exceptional location for economic opportunity. SCT&E LNG has not yet entered into gas contracts because long-term export authorization is required to finalize agreements with prospective customers. SCT&E LNG anticipates that potential agreements will be for terms of up to thirty (30) years in duration and will run concurrently with SCT&E LNG's export authorization.

The DOE/FE's regulations require applicants to submit information regarding the terms of the transaction, including long-term supply agreements and long-term export agreements. In prior orders, DOE/FE has found that applicants need not submit this information with their applications if such transaction specific information is not available because neither the supply contracts nor the long-term export contracts have been executed.⁷ In such instances, DOE/FE has permitted applicants to submit such information when contracts are executed, which DOE/FE has found conforms to the requirement in its regulations, 10 C.F.R. § 590.202(b), that such information be submitted "when practicable."⁸ SCT&E LNG requests that DOE/FE make the same finding in this proceeding and commits that it will file such information with DOE/FE when practicable in compliance with DOE's pronouncement in the *Sabine Pass Liquefaction* proceeding.

V. EXPORT SOURCES

SCT&E LNG seeks authorization to export natural gas available from the United States' natural gas pipeline supply and transmission system. The SCT&E LNG Terminal will be situated within close proximity to multiple major interstate/intrastate natural gas pipelines,

DOMINICAN REPUBLIC (2013), available at <http://www.state.gov/r/pa/ei/bgn/35639.htm> (last visited July 14, 2014).

⁷ See, e.g., *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3413, at 154-55 (2014); and *Cameron LNG, LLC*, DOE/FE Order No. 3391, at 143 (2014).

⁸ *Sabine Pass Liquefaction, LLC*, DOE/FE Order No. 2833 at 6 (2010).

including those owned by Kinder Morgan, ANR Pipeline Company, TransCanada, Natural Gas Pipeline Company of America, Bridgeline Holdings, L.P., Columbia Gulf Transmission Company, Gulf South Pipeline Company, LP, and Koch Industries. Through these pipelines, SCT&E LNG will be able to directly and indirectly access the natural gas pipeline grid, providing its future customers with a variety of stable and economical supply options.

SCT&E LNG anticipates that the sources of natural gas will come from throughout the United States through the interconnected interstate natural gas pipeline grid, to include Texas, Louisiana, and Mississippi producing regions, including recent shale gas discoveries in the Haynesville, Eagle Ford, Barnett, Floyd-Neal/Conasauga, and Marcellus shale plays.⁹ Advances in shale exploration and production technology represent a vast supply of natural gas, with a combined area of approximately 100,000 square miles and contain an estimated 553 trillion cubic feet (“Tcf”) of recoverable gas.¹⁰ The size of traditional and emerging U.S. natural gas supply sources will provide SCT&E LNG's potential customers with diverse and reliable alternative gas supply options.

VI. APPLICABLE LEGAL STANDARD

Section 3(a) of the NGA, 15 U.S.C. § 717b(a), sets forth the general standard of review for applications seeking authorization to export LNG to countries with which the United States does not have an FTA requiring national treatment for trade in natural gas and with which trade is not prohibited by United States law or policy. Section 3(a) provides:

⁹ Natural gas has the potential to cause a paradigm shift in the fueling of North America's energy future. Shale gas accounted for only one percent of U.S. natural gas supply in 2000; today it is twenty percent. By 2035 it could be as much as fifty percent. See IHS CAMBRIDGE ENERGY RESEARCH ASSOCIATES, FUELING NORTH AMERICA'S ENERGY FUTURE (2010), available at <http://anga.us/why-natural-gas/abundant/market-stability#.U8feJvldUXg> (last visited July 17, 2014).

¹⁰ U.S. ENERGY INFO. ADMIN., *Review of Emerging Resources: U.S. Shale Gas and Shale Oil Plays* (2011).

[N]o person shall export any natural gas from the United States to a foreign country or import any natural gas from a foreign country without first having secured an order of the [Secretary] authorizing it to do so. The [Secretary] shall issue such order upon application, unless, after opportunity for hearing, it finds that the proposed exportation or importation will not be consistent with the public interest. The [Secretary] may by its order grant such application, in whole or in part, with such modification and upon such terms and conditions as the [Secretary] may find necessary or appropriate, and may, from time to time after opportunity for hearing, and for good cause shown, make such supplemental order in the premises as it may find necessary or appropriate.

DOE/FE has recognized that “[t]his provision creates a rebuttable presumption that a proposed export of natural gas is in the public interest.”¹¹ DOE/FE has further explained that, pursuant to this standard of review, “DOE/FE must grant such an application unless opponents of the application overcome that presumption by making an affirmative showing of inconsistency with the public interest.”¹² Beyond this broad public interest standard and presumption in favor of exports, the NGA does not further define “public interest” nor does it point to specific criteria that DOE/FE must consider when issuing a decision on an application. DOE/FE’s prior decisions have taken a number of factors into account, including economic impacts, international impacts, security of natural gas supply, and environmental impacts, and also have depended upon principles established in its 1984 Policy Guidelines, the goals of which are “to minimize federal control and involvement in energy markets and to promote a balanced and mixed energy resource system.”¹³ In pertinent part, the 1984 Policy Guidelines provide:

The market, not government, should determine the price and other contract terms of imported [or exported] natural gas. The federal government’s primary responsibility in authorizing imports [or exports] will be to evaluate the need for the gas and whether the import [or export] arrangement will provide the gas on a competitively priced basis for the

¹¹ See, e.g., *Jordan Cove Energy Project, L.P.*, DOE/FE Order No. 3413 at 6 (2014).

¹² *Id.* at 15.

¹³ See, e.g., *Jordan Cove Energy Project, L.P.*, at 7; and *Cameron LNG, LLC*, DOE/FE Order No. 3391, at 7 (2014).

duration of the contract while minimizing regulatory impediments to a freely operating market.¹⁴

The DOE/FE recently affirmed that in its review of export applications, it will continue to take into account the principles embodied in the 1984 Policy Guidelines, as well as: “(i) the domestic need for the natural gas proposed to be exported, (ii) whether the proposed export poses a threat to the security of domestic natural gas supplies, (iii) whether the arrangement is consistent with DOE/FE’s policy of promoting market competition, and (iv) any other factors bearing on the public interest.”¹⁵ As demonstrated herein, SCT&E LNG’s Application is not inconsistent with the public interest and therefore DOE/FE should grant its Application.

VII. SCT&E LNG’S PROPOSED LNG EXPORTS ARE CONSISTENT WITH AND WILL BENEFIT THE PUBLIC INTEREST

DOE/FE plays a critical role in enabling the United States to take advantage of its energy abundance by regulating the trade of natural gas. Given the scope of potential benefits from domestic production and LNG exports, as well as the relatively narrow window to maximize the U.S. energy advantage, it is imperative that the regulatory process be swift to enable the United States to realize these substantial benefits to its economy.

Under the NGA, the burden rests on the party that challenges the issuance of the export or import license to demonstrate that the proposed exports or imports are not consistent with the public interest. As explained in greater detail below, granting the authorization SCT&E LNG requests in this Application will be consistent with, and indeed advance, the public interest. Furthermore, allowing SCT&E LNG and its customers to freely negotiate contracts to respond to market conditions and utilize SCT&E LNG’s planned LNG export terminal on the Calcasieu

¹⁴ New Policy Guidelines and Delegation Orders Relating to the Regulation of Natural Gas, 49 Fed. Reg. 6684, at 6685 (Feb. 22, 1984).

¹⁵ *Jordan Cove Energy Project, L.P.*, at 8.

Ship Channel will be consistent with DOE's competitive market focus identified in its 1984 Policy Guidelines.¹⁶ In addition to the public interest analysis below, this conclusion is supported by existing studies, including those that DOE has commissioned.

For example, in December 2012, DOE/FE released an in-depth, two-part study evaluating the micro- and macroeconomic impacts of LNG exports on the U.S. economy ("2012 LNG Export Study").¹⁷ The first study, conducted by the U.S. Energy Information Agency ("EIA"), evaluated the potential micro-economic impacts of LNG exports on domestic energy consumption, production, and prices under 16 export scenarios. The second part of the study, carried out by NERA Economic Consulting, addressed the same 16 scenarios for LNG exports analyzed by EIA and expanded the analysis to consider the feasibility of exporting specified quantities of natural gas based on the world natural gas market ("2012 NERA Study").¹⁸ For each of the resulting 63 LNG export scenarios, including an unlimited export scenario, NERA concluded that the United States would experience net economic benefits.¹⁹

In 2014, Cheniere Energy Inc. sponsored an update to the 2012 NERA Study, which updates all 63 LNG export scenarios modeled in the 2012 NERA Study and includes additional analysis of the cumulative impacts of LNG exports up to the maximum amounts that the market would allow under various domestic and international market scenarios.²⁰ The findings of the updated study confirm the 2012 NERA Study's findings, which DOE has endorsed in its *Freeport LNG Expansion LP* DOE/FE Order No. 3282 and each succeeding conditional non-FTA LNG export authorization. The overall conclusion of the updated study is that LNG exports

¹⁶ See *supra* note 14 and text.

¹⁷ See 77 Fed. Reg. 73627 (2012).

¹⁸ NERA ECONOMIC CONSULTING, *Macroeconomic Impacts of LNG Exports from the United States*, at p. 3 (2012).

¹⁹ See *id.* at pp. 6, 7, 12, and 76.

²⁰ NERA ECONOMIC CONSULTING, *Updated Macroeconomic Impacts of LNG Exports from the United States*, at pp. 6-7 (Mar. 6, 2014). This update is based in part on the EIA's *2013 Annual Energy Outlook*.

provide net economic benefits in all the scenarios investigated, and the greater the level of exports, the greater the benefits. Importantly, both the 2012 NERA Study and 2014 NERA Study recognize that high levels of exports can be expected only if natural gas is plentiful and the cost to produce makes sense with global market dynamics.

Feasibility studies conducted to evaluate other LNG export projects confirm these findings as well. For example, the Berkeley Research Group (“BRG”) demonstrated that under the scenarios evaluated in the BRG Study, U.S. natural gas production rises to meet demand, including increased supply from low cost shale production.²¹

A. Domestic Need for the Natural Gas Proposed to be Exported

As noted above, DOE/FE has indicated that it will take several factors into account when determining whether an application to export LNG to non-FTA countries is in the public interest. Prime among these factors is the domestic demand for the natural gas proposed to be exported. In its recent orders, DOE/FE has analyzed the domestic need for natural gas by comparing domestic supply to domestic demand for natural gas using the results of the 2012 LNG Export Study.²² The results of the 2012 LNG Export Study, the 2014 NERA Study, the BRG Study, and DOE/FE’s own conclusions in recent orders conditionally approving LNG export authorizations compel a similar approval for SCT&E LNG’s Application.²³

As demonstrated below, North American proved natural gas reserves are more than adequate to satisfy U.S. needs even under the most aggressive demand projections, including a

²¹ The non-Free Trade Agreement submitted on October 15, 2013, by Magnolia LNG, LLC in FE docket number 13-132-LNG contains a study conducted by the Berkeley Research Group entitled “North American Market Impact Study” and is currently under review by DOE/FE.

²² See, e.g., *Jordan Cove Energy Projects, L.P.*, DOE/FE Order No. 3413, at 136-43 (2014).

²³ See *infra* notes 43 and 64 and text, explaining that DOE recently issued proposed procedural changes to its process for reviewing non-FTA applications. In the event DOE adopts those changes, SCT&E LNG respectfully requests DOE issue its non-FTA authorization promptly upon FERC’s issuance of the final EIS for SCT&E LNG’s proposed terminal, as opposed to a conditional authorization first.

large domestic LNG export industry. The LNG exports proposed in this Application will not pose a threat to domestic gas supply security. Providing a steady, incremental demand for gas, LNG exports from the SCT&E LNG Terminal will help to support domestic natural gas supply development with resulting economic and employment benefits, and generate billions of dollars in additional royalties, new government revenues and expand the benefits of U.S. trade. Therefore, the authorization sought in this Application is not inconsistent with the public interest and SCT&E LNG respectfully submits that DOE/FE should grant this Application.

i. Domestic Natural Gas Supply

The increase in U.S. gas reserves made available in recent years has been as dramatic as the growth in production. Many federal policies based on twentieth-century assumptions of energy scarcity and rising imports remain in place and potentially act as obstacles to domestic production opportunities. However, the impressive rise in natural gas output since 2005 creates the need for new infrastructure to deliver clean-burning natural gas to industry, power plants, and commercial users both domestically and overseas. Indeed, according to congressional testimony of Harry Vidas of ICF Resources, the assessed remaining recoverable U.S. natural gas resource base is 3,850 Tcf, approximately 155 years of current annual consumption.²⁴

To date, the DOE has authorized conditionally non-FTA LNG exports totaling 9.27 Bcf/d: Sabine Pass Liquefaction LLC (2.2 Bcf/d); Freeport LNG Expansion LP (1.8 Bcf/d); Lake Charles Exports, LLC (2.0 Bcf/d); Dominion Cove Point LNG, LP (0.77 Bcf/d); Cameron LNG, LLC (1.7 Bcf/d); and, most recently, Jordan Cove LNG (0.8 Bcf/d).²⁵ In each of those

²⁴ *An Assessment of N. Am.'s Energy Resources: Hearing Before the H. Comm. on Energy and Commerce, Subcomm. on Energy and Power*, 113th Cong. 115 (2013) (statement of Harry Vidas, ICF Resources, LLC).

²⁵ U.S. DEP'T OF ENERGY, Long Term Applications Received by DOE/FE to Export Domestically Produced LNG from the Lower-48 States, *available at* <http://energy.gov/sites/prod/files/2014/06/f16/Summary%20of%20LNG%20Export%20Applications.pdf> (last visited July 14, 2014).

authorizations, DOE based its decision in part on analysis garnered from the EIA's Annual Energy Outlook ("AEO") series of reports. As of the date of this Application, the most current information available from EIA is Annual Energy Outlook 2014 ("Reference Case") which includes projections out to 2040.²⁶ The Reference Case projections of proved U.S. natural gas reserves and projected production rates demonstrate that the United States has an abundant supply of natural gas sufficient to meet domestic demand and support the LNG export authorization that SCT&E LNG requests in this Application.

a. Proved U.S. Natural Gas Reserves

As the EIA has explained, proved reserves of natural gas represent "the estimated quantities which analysis of geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions."²⁷ Cumulative production of dry natural gas from 2012 to 2040 in the AEO 2014 Reference Case is about 11% higher than in AEO 2013, primarily reflecting continued growth in shale gas production resulting from the dual application of horizontal drilling and hydraulic fracturing.²⁸

Domestic natural gas consumption in the AEO 2014 Reference Case rises from 26.20 Tcf in 2012 to 32.32 Tcf in 2040 (about 2.1 Tcf higher than in the AEO 2013 Reference Case).²⁹ Demand for natural gas in the electric power sector increases from 9.3 Tcf in 2012 to 11.2 Tcf in 2040, with a portion of the growth attributable to the retirement of 50 gigawatts of coal-fired

²⁶ U.S. ENERGY INFO. ADMIN., *Annual Energy Outlook 2014* (hereinafter "AEO2014"), available at [http://www.eia.gov/forecasts/aeo/pdf/0383\(2014\).pdf](http://www.eia.gov/forecasts/aeo/pdf/0383(2014).pdf) (last visited July 14, 2014).

²⁷ U.S. ENERGY INFO. ADMIN., *Definitions, Sources and Explanatory Notes*, available at http://www.eia.gov/dnav/ng/TblDefs/ng_enr_nprod_tbldef2.asp (last visited July 14, 2014).

²⁸ U.S. ENERGY INFO. ADMIN., *AEO2014 Early Release Overview* at 13, available at [http://www.eia.gov/forecasts/aeo/er/pdf/0383er\(2014\).pdf](http://www.eia.gov/forecasts/aeo/er/pdf/0383er(2014).pdf) (last visited July 14, 2014).

²⁹ *AEO 2014*, Appendix A, Table A-1.

capacity by 2021.³⁰ Natural gas consumption in the industrial sector is also higher in AEO 2014 than was projected in AEO 2013, as a result of the rejuvenation of the industrial sector as it benefits from surging shale gas production that is accompanied by slower growth of natural gas prices.³¹ EIA's latest projection is for a significantly greater quantity of natural gas to be available at a lower market price than estimated just three years ago.

b. Projected U.S. Natural Gas Production

Projections for domestic natural gas production also show that the LNG exports proposed by SCT&E LNG will not be inconsistent with the public interest. According to the AEO 2014 Early Release Overview “while domestic crude oil production is expected to level off and then slowly decline after 2020, natural gas production grows steadily, with a 56% increase between 2012 and 2040.”³² Furthermore, the DOE/FE states in *Cameron LNG, LLC* that “projections reflect net LNG exports from the U.S. in a volume equivalent to 9.2 Bcf/d of natural gas. Of this projected volume, 7.4 Bcf/d are exports from the lower 48 states, 0.4 Bcf/d are imports to the lower 48 states, and 2.2 Bcf/d are exports from Alaska.”³³

Finally, conclusions from the AEO 2014 Early Release outline total natural gas consumption for 2035 projected to increase by 4.7 Bcf/d, from 78.7 Bcf/d to 83.4 Bcf/d and net exports (including both pipeline and LNG exports, including 2.2 Bcf/d of LNG exports from Alaska) projected to increase by 8.1 Bcf/d, from 7.0 Bcf/d to 15.1 Bcf/d. SCT&E LNG notes, as DOE/FE has pointed out in testimony before Congress, that in comparing the AEO 2014 Early Release and AEO 2013 Reference case projections, total domestic dry gas production is

³⁰ *AEO 2014 Early Release Overview* at 11.

³¹ *Id.*

³² *AEO 2014 Early Release Overview* at 1.

³³ See *Cameron LNG* at 78. See also U.S. ENERGY INFO. ADMIN., *Today in Energy: Net energy imports in 2013 lowest in more than 20 years* (Apr. 2, 2014), available at <http://www.eia.gov/todayinenergy/detail.cfm?id=15671> (last visited July 14, 2014).

projected to rise by 13 Bcf/d of natural gas, from 85.9 Bcf/d to 98.9 Bcf/d.³⁴ In the same testimony, when discussing AEO 2014 Early Release Overview projections, DOE/FE explained that while domestic prices of natural gas are projected to rise as a result of both increased domestic demand and exports, “these price increases will be followed by ‘[a] sustained increase in production ... leading to slower price growth over the rest of the projection period.’”³⁵

c. Proved Reserves and Projected Production Demonstrate U.S. Natural Gas Supplies are Sufficient to Meet Demand and Support SCT&E LNG’s Proposed LNG Exports

The R/P ratio measures the number of years of production (P) that proved reserves (R) represent at current production rates. Typically, industry maintains proved reserves at about 10 years of production. However according to the DOE/FE:

[R]eserves have increased from 9.2 years of production in 2000 to 14.2 years of production in 2011, the latest year statistics are available. Notably, since 2000, proved reserves have increased 88 percent to 334,067 Bcf, while production has increased only 23 percent, demonstrating the growing supply of natural gas available under existing economic and operating conditions.³⁶

Dr. Daniel Yergin, a leading expert on energy markets, confirmed this conclusion in testimony before Congress: “Our view is that, owing to the very large [natural gas] resource base, the market in the U.S. is demand-constrained, rather than supply-constrained.”³⁷ This trend of increases in natural gas reserves outstripping modest increases in production demonstrate that proved U.S. natural gas reserves are more than adequate to satisfy U.S. needs, discussed in

³⁴ *The Dep’t of Energy’s Program Regulating Liquefied Natural Gas Exports: Hearing Before the H. Comm. on Oversight and Gov’t Reform, Subcomm. on Energy Policy, Health Care & Entitlements*, 113th Cong. 4-5 (2014) (prepared testimony of Christopher Smith, Principal Deputy Assistant Secretary, Dep’t of Energy), available at http://energy.gov/sites/prod/files/2014/05/f15/4-30-14_Christopher_Smith%20FT%20HOCR.pdf (last visited July 15, 2014).

³⁵ *Id.* at 5.

³⁶ *Jordan Cove Energy Projects, L.P.*, DOE/FE Order No. 3413, at 108-09 (2014).

³⁷ *An Assessment of N. Am.’s Energy Resources: Hearing Before the H. Comm. on Energy and Commerce, Subcomm. on Energy and Power*, 113th Cong. 42 (2013) (statement of David Yergin, Vice Chairman, IHS).

greater detail below, even under the most aggressive demand projections, including the LNG export authorization sought in this Application. As such, the LNG exports contemplated by SCT&E LNG in this Application will not be inconsistent with the public interest.

ii. Domestic Natural Gas Demand Data from EIA's AEO 2014 and Others

In the AEO 2014 Reference Case, EIA projects that total domestic consumption of natural gas will increase by 0.8 percent per year until 2040, at which time it estimates that total domestic consumption will reach 31.63 Tcf, or approximately 86.66 Bcf/d.³⁸ The majority of this demand is projected to come from the electric power sector, at 11.23 Tcf (approximately 30.77 Bcf/d) and the industrial sector, at 8.87 Tcf (approximately 23.78 Bcf/d).³⁹ In the *Cove Point* and *Lake Charles* proceedings, DOE/FE explained that, while AEO 2012 and AEO 2013 Early Release Overviews both forecast greater U.S. consumption than AEO 2011 projected, both of these reports also project higher domestic production than AEO 2011.⁴⁰ Thus, DOE/FE concluded that anticipated increased demand will be met by increased supply.

The AEO 2014 Reference Case projects increases in domestic consumption in the industrial and electric power sectors, as well as increased U.S. LNG exports through 2030, at which point U.S. LNG exports remain at 3.5 Tcf through 2040.⁴¹ However, like AEO 2012 and AEO 2013, the AEO 2014 Reference Case projects increased shale gas production through 2040,⁴² further supporting DOE/FE's prior conclusions that projected increases in domestic natural gas demand will be matched with increased domestic supply. Therefore, SCT&E LNG's Application is not inconsistent with the public interest.

³⁸ *AEO 2014* at Appendix A, Table A13 at A-27.

³⁹ *Id.*

⁴⁰ *Dominion Cove Point LNG, LP* at 88-89; and *Lake Charles Energy, LLC* at 74.

⁴¹ *AEO 2014* at MT-22.

⁴² *AEO 2014* at Appendix A, Table A14 at A-28.

B. The Adequacy of Supply

The EIA data cited above demonstrates that as natural gas demand increases over the next 30 years, natural gas production is expected to increase to meet that demand. In fact, the EIA projects that U.S. dry natural gas production will exceed consumption by 2019, exceeding total U.S. natural gas consumption by 5.91 Tcf in 2040.⁴³

Regardless of how DOE/FE processes pending non-FTA applications, the empirical conclusion regarding the adequacy of natural gas supply as compared to domestic demand remain unaltered.⁴⁴ The LNG export volumes proposed herein will not impact this conclusion, whether considered independently or on a cumulative basis. The incremental impact of SCT&E LNG's proposal is no different than the incremental impact of any other proposed LNG export terminal and there is no evidence in the record that would support a determination regarding the incremental impact of one LNG project versus another.

DOE/FE itself has rejected contentions that U.S. natural gas production could not meet both U.S. demand and unlimited LNG exports, pointing out that the 2012 NERA Study included scenarios in which LNG exports were unconstrained.⁴⁵ DOE/FE has explained that “[s]hould the U.S. resource base be less robust and more expensive than anticipated, U.S. LNG exports would be less competitive in the world market, thereby resulting in lower export levels, and, in some instances, no exports, from the United States.”⁴⁶

DOE/FE also has recognized that all of the applications it has received to date are

⁴³ *AEO 2014* at Appendix A, Table A13 at A-27.

⁴⁴ On May 29, 2014, DOE/FE announced that it is considering an adjustment to the order in which it takes action on non-FTA LNG export applications. The proposed procedural change would see DOE/FE end its practice of issuing conditional orders for non-FTA LNG export applications, and instead issue final orders once FERC (or the Maritime Administration, as appropriate) completes its environmental review mandated by the National Environmental Policy Act. *See Proposed Procedures for Liquefied Natural Gas Export Decisions*, 79 Fed. Reg. 32261 (June 4, 2014). The comment period on these proposed procedural changes closed on July 21, 2014.

⁴⁵ *See, e.g., Jordan Cove Energy Projects, L.P.*, DOE/FE Order No. 3413, at 110 (2014).

⁴⁶ *Id.*

pursuant to long-term contracts and the U.S. market “would adjust to this increased demand through increases in production, and plan for its delivery utilizing the significant production and storage infrastructure that exists.”⁴⁷ No party seeking to limit U.S. LNG exports has submitted empirical data that counters the evidence provided by both EIA and multiple other energy market experts regarding the U.S. resource base and estimated natural gas production. Accordingly, SCT&E LNG respectfully submits that its application is consistent with the public interest. Even in the face of unlimited LNG exports, DOE/FE supports the 2012 NERA Study’s conclusion that there would be net economic benefits to the United States.⁴⁸

C. Impact on U.S. Natural Gas Demand Market Prices

In the AEO 2014 Reference Case, U.S. domestic energy production increases from 79.2 quadrillion Btu in 2012 to 102.1 quadrillion Btu in 2040.⁴⁹ The DOE/FE has concluded that it is “not persuaded that LNG exports will substantially increase the volatility of domestic natural gas prices.”⁵⁰ The results offered by BRG support the conclusion that SCT&E LNG’s proposed LNG exports will have a minimal and manageable impact on U.S. natural gas demand market prices. DOE/FE has concluded in its recent orders that LNG exports will not necessarily exacerbate the risk of large upward natural gas price spikes.⁵¹ In fact, DOE/FE points out that “under some international market conditions, LNG export facilities are likely to make natural gas demand in the United State more price-elastic and less conducive to sustained upward spikes.”⁵²

D. Domestic Energy Security and International Impacts

In comparison to the projected domestic supply and projected domestic demand data set

⁴⁷ *Id.* at 128.

⁴⁸ *Id.* at 110-11.

⁴⁹ AEO 2014 at Appendix A, Table A13 at A-27.

⁵⁰ *Jordan Cove Energy Projects, L.P.*, DOE/FE Order No. 3413, at 127 (2014).

⁵¹ *See, e.g., id.* at 126.

⁵² *Id.*

forth in Section VII above, SCT&E LNG seeks to export relatively small volumes of LNG to non-FTA countries. Consequently, the authorization requested in this Application will have a minimal effect, if any, on domestic energy security. Rather, granting SCT&E LNG the authorization requested in this Application will assist in promoting a more robust global market for natural gas.

Testifying before Congress in May 2013, Amy Myers Jaffe of the University of California, Davis, outlined the implications of increased U.S. energy exports on America's global standing:

U.S. energy trade in particular can enhance American power and influence by strengthening our ties to important allies and trading partners and allowing us to help out allies in times of market instability while at the same time weakening the petro-power of some of our adversaries such as Iran and Russia. Additionally, by improving our balance of trade, energy exports not only give the U.S. an upper hand with China, which will be more highly dependent on foreign oil imports than we will, but also allow the U.S. the luxury to augment its strong influence as a donor to global institutions.⁵³

More recently, DOE Deputy Assistant Secretary for Oil and Natural Gas, Dr. Paula Gant, testified, "Increased supplies of gas on global markets and diversity of those supplies increases energy security."⁵⁴ In terms of the geopolitical arena, she confirms that, "We're very keenly interested and vested in the energy security of our trading partners and allies."⁵⁵ Authorizing the SCT&E LNG Terminal would have a positive impact on the U.S. balance of trade. Once LNG exports commence after 2015, the U.S. quickly moves from being a net natural gas importer to

⁵³ *U.S. Energy Abundance: Exports and the Changing Energy Landscape: Hearing Before the H. Comm. on Energy and Commerce, Subcomm. on Energy and Power*, 113th Cong. 68 (2013) (statement of Amy Jaffe, Exec. Dir., Energy & Sustainability, UC Davis Graduate School of Management).

⁵⁴ *DOE's Program Regulating Liquefied Natural Gas Export Applications: Hearing on H.R. 6, the Domestic Prosperity and Global Freedom Act Before the H. Comm. on Energy and Commerce, Subcomm. on Energy and Power*, 113th Cong. (2014) (statement of Dr. Paula Gant, Deputy Assistant Secretary for Oil and Natural Gas, Dep't of Energy).

⁵⁵ *Id.*

becoming a net natural gas exporter.

The DOE/FE has recognized these positive international implications of authorizing LNG exports, explaining that U.S. LNG exports may advance the public interest for reasons that are separate and apart from the net economic benefits identified in the 2012 LNG Export Study “to the extent U.S. exports can counteract concentration within global LNG markets, thereby diversifying international supply options and improving energy security for many of this country’s allies and trading partners.”⁵⁶ This fact remains true whether it is the first LNG export authorization DOE grants or the last.

In addition, DOE/FE has identified and underscored President Obama’s National Export Initiative (“NEI”), which was established by Executive Order on March 11, 2010. In his Executive Order, President Obama noted that “[a] critical component of stimulating economic growth in the United States is ensuring that U.S. businesses can actively participate in international markets by increasing their exports of goods.”⁵⁷ Likewise, SCT&E LNG’s proposal to export LNG to non-FTA nations would offer additional supply options for U.S. allies and partners who purchase natural gas on the global market.

E. Local, Regional Economic Benefits

The authorization requested in this Application is in the public interest because the export of domestically produced LNG will substantially benefit the local, regional, and ultimately, the national economy. In addition to the data and analyses above, SCT&E LNG bases this Application on a recent report issued by the West Cameron Port Authority.⁵⁸ Intended to “recreate economic development and investment in the Cameron area with a focus on

⁵⁶ See *Jordan Cove Energy Projects, L.P.*, DOE/FE Order No. 3413, at 142 (2014).

⁵⁷ Exec. Order No. 13,534.

⁵⁸ See the *Port Cameron Strategic Economic Development Plan*, prepared by T. Baker Smith, LLC for the West Cameron Port Commission and Cameron Parish Police Jury, June 2013.

regenerating port activity to the historical peaks and then to surpass those levels with a particular emphasis on job creation,” the Cameron Port Commission is fully supportive of SCT&E LNG project.⁵⁹

The SCT&E LNG Terminal will stimulate the local, regional, and national economies through the direct and indirect creation of new jobs, increased economic activity, and tax revenues. SCT&E LNG will use U.S. companies to supply much of the equipment and materials needed for the SCT&E LNG Terminal. Construction of the six (6) LNG trains and LNG receiving ship terminal will lead to the direct creation of over 2,000 construction jobs. In addition, at full capacity the six (6) LNG trains will lead to the creation of approximately 200 permanent direct jobs and hundreds of indirect jobs locally. The Project will support and create additional employment of approximately 16,500 to 23,000 people nationally. The overall capital investment for the six (6) LNG trains and LNG receiving ship terminal will be approximately \$9.25 billion. SCT&E LNG will become an active part of the local community—creating jobs, expanding economic development opportunities, and working with governing bodies and local business to efficiently export LNG. SCT&E LNG will become an active part of the local community—creating jobs, expanding economic development opportunities and working with governing bodies and local business to efficiently export LNG.

At a national level, authorizing the LNG exports requested in this Application will promote President Obama’s goals set forth in the NEI. As President Obama states in the Executive Order, the NEI is intended to “improve conditions that directly affect the private

⁵⁹ *Id.* at ES-2. See also *SCT&E LNG Receives Overwhelming Support from Cameron Parish Police Jury and the Local Community of Cameron Parish to Develop a Major LNG Manufacturing and Export Terminal in Cameron Parish, Louisiana*, YAHOO! FINANCE (July 15, 2014), available at <http://finance.yahoo.com/news/sct-e-lng-receives-overwhelming-121500590.html> (last visited July 24, 2014).

sector's ability to export"⁶⁰ and to "enhance and coordinate Federal efforts to facilitate the creation of jobs in the United States through the promotion of exports."⁶¹ The President goes on to explain that "[i]mproved export performance will, in turn, create good high-paying jobs."⁶² SCT&E LNG's Project supports this domestic economic growth potential. The economies of the State of Louisiana, the Gulf Coast region, and the cities of Cameron, Lake Charles, Hackberry and many others in proximity of the project will directly benefit from the immediate influx of investment and commerce during the construction and operation of the SCT&E LNG Terminal.

Furthermore, the 2012 NERA Study, on which DOE/FE has relied in granting conditional LNG export authorizations, found that LNG exports will have net economic benefits in all scenarios analyzed, including scenarios with unlimited exports.⁶³ The 2012 NERA Study found that U.S. economic welfare increases consistently with increased LNG exports. DOE's authorization of SCT&E LNG's proposed LNG exports will play a role in such economic welfare increases.

For these reasons, SCT&E LNG respectfully submits that the authorization requested in this Application is not inconsistent with the public interest and, moreover, would have net benefits to the national, Louisiana, and local economies.

VIII. ENVIRONMENTAL IMPACT

Consistent with the National Environmental Policy Act ("NEPA") requirements and implementing regulations, FERC will act as the lead agency for the environmental review for the siting, construction, and operation of the SCT&E LNG Project, with the DOE acting as a

⁶⁰ Exec. Order No. 13,534.

⁶¹ *Id.*

⁶² *Id.*

⁶³ NERA ECON. CONSULTING, *Macroeconomic Impacts of LNG Exports from the United States* at 6 (Dec. 12, 2012).

cooperating agency.⁶⁴ Therefore, SCT&E LNG respectfully requests that the DOE/FE issue a conditional order approving this Application, conditioned upon FERC's satisfactory completion of the environmental review as it has done in other LNG export applications.⁶⁵

In addition to the authorization from DOE/FE sought in this Application and the authorizations from FERC, SCT&E LNG will seek the necessary permits from and will consult with other federal, state, and local agencies. The federal permits and consultations that SCT&E LNG will seek in connection with the Project include a Water Suitability Assessment from the U.S. Coast Guard, the Clean Water Act Section 404 Permit from the U.S. Army Corps of Engineers, and a consultation with the U.S. Fish and Wildlife Service, as appropriate. The state permits and consultations SCT&E LNG will seek in connection with the Project include a Section 401 Water Quality Certificate from the Louisiana Department of Environmental Quality, an Air Quality Permit by the Louisiana Department of Environmental Quality, and consultations with the Louisiana Department of Wildlife and Fisheries and the Louisiana Department of Culture, Recreation, and Tourism, as appropriate. SCT&E LNG already has begun the process of working with federal and state agencies to meet these requirements.

IX. ATTACHMENTS

The following Attachments are included with this Application:

Attachment A	Opinion of Counsel
Attachment B	Verification

⁶⁴ Pursuant to the Energy Policy Act of 2005, FERC is the lead agency for coordinating all applicable authorizations under NEPA for the siting, construction, expansion, or operation of jurisdictional LNG export facilities. 15 U.S.C. § 717b(e)(1).

⁶⁵ As noted above, DOE recently issued proposed procedural changes to its process for reviewing non-FTA applications. In the event DOE adopts those changes, SCT&E LNG respectfully requests DOE issue its non-FTA authorization promptly upon FERC's issuance of the final EIS for SCT&E LNG's proposed terminal, as opposed to a conditional authorization first.

Attachment C	Option Agreement and Ground Lease Agreement
Attachment D	Legal Description of Project Site

X. CONCLUSION

For the reasons set forth above, SCT&E LNG respectfully requests that the DOE issue an order granting SCT&E LNG authorization to export for a thirty (30) year period on its own behalf and as agent for others, up to approximately 12 mtpa of domestically produced LNG, or approximately 1.60 Bcf/d and approximately 649 trillion Bru per annum, to any country with which the United States does not have an FTA requiring national treatment for trade in natural gas and with which trade is not prohibited by United States law or policy. In addition, SCT&E LNG respectfully reserves the right to update the record in this proceeding in order to augment the data offered as new information regarding technically recoverable reserves in the United States and other similar data become available.

As demonstrated herein, the authorization requested is not inconsistent with the public interest and, accordingly, should be granted pursuant to Section 3 of the NGA.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Greg Michaels", written over a horizontal line.

Greg Michaels, CEO
SCT&E LNG, LLC

July 24, 2014

Attachment "A"
OPINION OF COUNSEL

July 24, 2014

David L. Wochner
D 202.778.9014
F 202.778.9100
david.wochner@klgates.com**Via Email and Post**Mr. John Anderson
Office of Fuels Programs, Fossil Energy
U.S. Department of Energy
Docket Room 3F-056, FE-50
Forrestal Building
1000 Independence Ave., SW
Washington, DC 20585**Re: SCT&E LNG, LLC
FE Docket No. 14-98-LNG
Application for Long-Term Multi-Contract Authorization to Export Liquefied
Natural Gas to Non-Free Trade Agreement Countries**

Dear Mr. Anderson:

This opinion is furnished to you pursuant to Section 590.202(c) of the Department of Energy's Regulations, 10 C.F.R. § 590.202(c), and in connection with the application of SCT&E LNG, LLC ("SCT&E LNG") for long-term multi-contract authorization to export liquefied natural gas to any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas and LNG, which has or in the future develops the capacity to import LNG via ocean-going carrier, and with which trade is not prohibited by U.S. law or policy. I am counsel for SCT&E LNG, a Limited Liability Company (LLC) organized under the laws of the State of Delaware. I have reviewed and relied upon the limited liability company formation documents of SCT&E LNG and information provided to me by SCT&E LNG. Based on the foregoing, and for the purpose of the application to the Office of Fossil Energy, I am of the opinion that the proposed exports as described in the application are within the limited liability company powers of SCT&E LNG.

Respectfully submitted,




David L. Wochner, Partner
Counsel for SCT&E LNG, LLC

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

**Attachment "B"
VERIFICATION**


BE IT KNOWN, that on July 3, 2014 before me, Stephanie Gray Le Grange, Notary Public, duly commissioned and qualified, personally came and appeared:

Greg Michaels, being first duly sworn on his oath deposes and says: that he is Chief Executive Officer and Chairman of SCT&E LNG, LLC; that he is duly authorized to make this Verification; that he has read the foregoing application and is familiar with the contents therein; that all the statements and matters contained therein are true and correct to the best of his information, knowledge and belief; and that he is authorized to execute and file this application with the United States Department of Energy.



Greg Michaels
Chief Executive Officer and Chairman
SCT&E LNG, LLC

THUS DONE AND PASSED at Baton Rouge, East Baton Rouge Parish, Louisiana, after due reading of the whole.



Stephanie Gray Le Grange, NOTARY PUBLIC
LA BAR ROLL #31234
COMMISSION EXPIRATION DATE – On death

**STEPHANIE LE GRANGE
NOTARY PUBLIC
BAR ROLL NO. 31234
STATE OF LOUISIANA
PARISH OF ASCENSION
My Commission is for Life**

Attachment "C"
OPTION TO LEASE AGREEMENT

OPTION TO LEASE

THIS OPTION TO LEASE (“Agreement”) dated March 31, 2014 is made by and between **Westlands Corporation**, a Louisiana corporation; **J. Lawton Company, L.L.C.**, a Louisiana limited liability company; **Tower Land Company, L.L.C.**, a Louisiana limited liability company; **MKS Properties, L.L.C.**, a Louisiana limited liability company, as successor in title from Stream Family Limited Partnership; **Allan C. House**, a Louisiana resident; **Kerry A. House**, a Louisiana resident; **Craig E. Vincent**, a Louisiana resident; **Charlene Vincent Ebersole**, a Louisiana resident; **Shanna Vincent Gilbert**, a Louisiana resident; **Trust for Carolyn Rush-Bunch Children; Trust for Elizabeth Rush’s Children & Grandchildren; Carolyn Rush Bunch-Spendthrift Trust; Dorothy Swanson Brooke**, a New York resident; **Marion Brooke Worth**, a New York Resident; **Arleen Evelyn Goode**, a Louisiana resident; **Lillian Louise Goode Kent**, a Texas resident; **Janet J. Jeanes**, a Texas resident; **Linda L. West**, a Louisiana resident; **Marion Lane West**, an Arkansas resident; **Gloria Ann Little**, a Louisiana resident; **William W. Rucks, III**, a Louisiana resident; **George W Stokes**, a Louisiana resident; **Lynette Stokes Clark**, a Louisiana resident; **Cliff E. Laborde, II**, a Louisiana resident, and **Margaret Rucks Laborde**, a Louisiana resident, whose respective principal addresses are set forth on the signature pages (each severally, not jointly or collectively, being referred to as an “Owner”), and **SCT&E LNG, LLC**, a Delaware limited liability company, subsidiary of Southern California Telephone Company, a Delaware Corporation dba Southern California Telephone & Energy whose address is 27515 Enterprise Circle West, Temecula, CA 92590 (“SCT&E LNG”).

WITNESSETH:

1. Option. Subject to the terms and conditions set forth in this Agreement, and in consideration of the payment by SCT&E LNG to Owner of **[REDACTED]**, the receipt and sufficiency of which is acknowledged by Owner, (“Option Consideration”), paid to Owner upon execution of this Agreement by both Owner and SCT&E LNG, Owner grants to SCT&E LNG the sole, exclusive and irrevocable option (“Option”), to lease lands situated in Cameron Parish, Louisiana and more particularly described on Exhibit “A” attached to and made a part of this Agreement (“Property”). SCT&E LNG reserves the right to revise the legal description attached as Exhibit “A” upon receipt of the Survey as provided for in this Agreement.

2. Term. The term of this Agreement shall commence on March 31, 2014, and shall continue until September 30, 2014 (“Option Termination Date”). SCT&E LNG may extend the Option Termination Date to March 31, 2015 by giving Owner written notice to Owner (“Option Notice”) and making payment to Owner on or before September 30, 2014 in the amount of **[REDACTED]**. Provided, however, that SCT&E LNG may extend the Option Termination Date beyond March 31, 2015 for up to four (4) successive periods of twelve (12) months each (collectively, “Extension Period”) by delivering to Owner written notice, given at least ten (10) days prior to each applicable Option Termination Date, that

LNG wishes to extend the then-applicable Option Termination Date prior to its expiration or each Extension Period, or any such installment of any, as the case may be. At any time that SCT&E LNG exercises its right to so extend the Option Termination Date in effect, it shall also deliver to Owner, along with the notice of extension, additional consideration in the amount of [REDACTED] for the first and second extension periods and [REDACTED] for each successive term thereafter. Option Periods, duration and Option Consideration are as described herein are summarized in the chart below.

Option	Months	Option Consideration
1	Six	[REDACTED]
2	Six	[REDACTED]
3	Twelve	[REDACTED]
4	Twelve	[REDACTED]
5	Twelve	[REDACTED]
6	Twelve	[REDACTED]

3. Ground Lease. As used in this Agreement, “Exercise Date” shall mean the date upon which SCT&E LNG delivers the Notice to Owner to exercise the Option into a long-term Ground Lease Agreement; provided, however, that in no event shall the Exercise Date be after the expiration of the Option Termination Date, as same may be extended by the Extension Period. Within thirty (30) days of the Exercise Date, Owner agrees to execute and deliver to SCT&E LNG a lease in the form of Exhibit “C” attached to and made a part of this Agreement by reference for all purposes (“Lease”), it being understood and agreed by Owner and SCT&E LNG that, notwithstanding any term, condition or provision of this Agreement or the Ground Lease to the contrary, the Ground Lease submitted to Owner for its execution and delivery to SCT&E LNG shall be subject to such reasonable changes (as approved by Owner) as may be requested by the project finance lender which has agreed to lend funds to SCT&E LNG for, or in connection with, the liquefied natural gas facility, terminal, docking facilities, and other facilities, equipment and machinery, which SCT&E LNG proposes to have constructed and operated on the Property (“Project”) that (I) permit such lender(s) to obtain possession of and foreclose upon, free and clear of any liens and security interests of Owner, the Ground Lease, and all of SCT&E LNG’s property located at the Property; (II) allows such lender(s) to remain on the Property (in exchange for such lender(s) agreeing to pay rent under the Ground Lease) for a sufficient period of time to permit such lender(s) to foreclose upon the Ground Lease and SCT&E LNG’s property at the Property, and (III) provides that the Owner will not hinder, and will cooperate with, such lender(s) efforts to foreclose upon the Ground Lease, and SCT&E LNG’s property at the Property. The commencement date of the term of the Ground Lease shall be within the sole discretion of SCT&E LNG, but in no event shall be later than the date, which is sixty (60) days from the Exercise Date.

4. Survey. During the term of this Agreement, SCT&E LNG, at its expense, shall have the right to cause to be prepared a current plat or survey of the Property (the "Survey") by a duly licensed Louisiana land surveyor and registered professional engineer satisfactory to SCT&E LNG.

5. Property Access. During the option period(s), SCT&E LNG shall, at its cost, have reasonable access to the Property for the purpose of determining suitability of the Property for development, construction, and operation the Project, including, without limitation, (i) developing preliminary engineering, design, and construction information relative to facilities required to comprise and support the Project, (ii) performing site assessments of the Property by contractors, (iii) performing engineering, design, geotechnical, geophysical, seismic, archaeological, and land surveys and assessments of and around the Property, (iv) performing tests and inspections of improvements, structures, wells, septic tanks, underground storage tanks, soils, geologic hazards, utility lines, and systems located on or under the Property, (v) conducting soil borings upon the Property for purposes of analyzing such soils, (vi) interviewing persons familiar with the Property, (vii) coordinating design activities with the Owner; and (viii) any other actions or activities necessary for SCT&E LNG to assess and establish suitability of the Property for the Project (collectively "Project Site Activities").

6. Environmental Assessment. Prior to the Option Termination Date, SCT&E LNG shall have the right to conduct an environmental assessment of the Property, which assessment shall be conducted by an environmental consultant of SCT&E LNG's choice. Owner agrees to grant SCT&E LNG and its consultants and other agents' access to the Property to conduct such assessments, tests, examinations, investigations, and studies as may be necessary or appropriate, in SCT&E LNG's reasonable judgment, to evaluate the environmental condition of the Property ("Environmental Assessment"). The Environmental Assessment shall be prepared for the sole and exclusive use of SCT&E LNG. SCT&E LNG shall provide Owner a copy of such Environmental Assessment. SCT&E LNG shall not release such Environmental Assessment, or any information contained therein, to any third party (including, without any limitation, any governmental agency), except if required by law, or upon the prior written consent of Owner, which consent may be withheld only in Owner's sole reasonable discretion ("Confidentiality Requirement"). The foregoing notwithstanding, SCT&E LNG may share the results of such Environmental Assessment with lenders, licensing and permitting agencies for ("Governmental Approvals"), title companies, consultants, subleases and assignees and prospective lenders, subleases and assignees and their respective agents (collectively, "Assessment Viewers") without the prior written consent of Owner. With the exception of licensing and permitting agencies for Governmental Approvals, the Assessment Viewers shall be obligated to the Confidentiality Requirement. The Assessment Viewers shall execute such documents as may reasonably be required to evidence their prior consent to be bound by the Confidentiality Agreement. SCT&E LNG shall indemnify, and hold Owner harmless from and against all costs, damages, claims, liabilities, expenses, losses,

court costs, and attorney's fees suffered or claimed by or against Owner due to a breach of the Confidentiality Requirement by SCT&E LNG, its Test Viewers or its Assessment Viewers.

Owner acknowledges and agrees that SCT&E LNG shall not incur any liability for hazardous materials and/or substances, including NORM, asbestos, and PCBs, existing on the Property as of the Ground Lease commencement date.

All work, labor, service, and materials furnished prior to exercising the option provided for in this Agreement shall be discharged by SCT&E LNG prior to exercising the option, so that no mechanics', material men's or other lien may be filed against the Property. SCT&E LNG shall indemnify, defend and hold Owner harmless from and against any liens affecting the Property resulting from its activities.

7. Title. Prior to the Option Termination Date, SCT&E LNG shall have the right, at SCT&E LNG's expense, to conduct a title search of the Property to determine, among other matters, the state of title of the Property and all liens, encumbrances, mortgages, and other matters of record, including easements, restrictions, rights-of-way, covenants, and reservations, if any, affecting the Property ("Title Exceptions").

8. Data Furnished To Owner. Any reports, plats, maps, surveys, soil studies, soil reports, or such other similar information pertaining to the Property developed by SCT&E LNG or its agents or contractors pursuant to this Agreement or pursuant to the Project Site Activities ("Data") shall be provided to Owner at no cost as such are available.

9. Indemnity. SCT&E LNG shall defend, indemnify, and hold Owner and their respective officers, representatives, employees, agents, successors and assigns, (individually and collectively, "Owner Indemnities") harmless from and against all claims, liabilities, obligations, damages, penalties, litigation, costs, charges, and expenses (including, without limitation, reasonable attorney's fees, engineers' fees, architects' fees, and the costs and expenses of appellate action, if any), imposed on, incurred by or asserted against Owner Indemnities, or any of them, arising out of the use or occupancy of the Property by SCT&E LNG, its officers, representatives, agents, employees and contractors. This indemnity shall include within its scope, but not be limited, to any and all claims or actions for wrongful death or injury.

10. Condemnation. In the event Owner or SCT&E LNG becomes aware or is notified that the Property or any part of it is, or will become, the subject of a condemnation or expropriation proceeding, whether for public or quasi-public use, such party immediately shall give notice to the other of such proceeding. Upon the giving or receipt of such notice, SCT&E LNG shall have the option, by giving notice to Owner within the immediately following thirty (30) days: (a) to execute the Lease in accordance with the terms and conditions of this Agreement and be entitled to exercise its rights and share in any condemnation award as provided for in the Lease; (b) to withdraw from the

transactions made the subject of this Agreement; or (c) exercise the Option at any time on or before the Option Termination Date and be entitled to exercise its rights and share in any condemnation award as provided for in the Lease.

11. Withdrawal. If at any time after the date on which Owner and SCT&E LNG have executed this Agreement, SCT&E LNG decides to not exercise the Option(s) for any reason, SCT&E LNG may withdraw from this transaction by providing Owner written notice of such withdrawal. Thereupon, SCT&E LNG shall be released of all liability under this Agreement and SCT&E LNG shall not have any further obligation or liability to Owner under this Agreement or otherwise with respect to the Property; provided, however, all Option Consideration paid by SCT&E LNG prior to the date of such withdrawal shall be non-refundable to SCT&E LNG, except as is otherwise provided for in this Agreement. During the Term, Owner shall allow SCT&E LNG to enter the Property to conduct test, studies and perform other activities deemed necessary by SCT&E LNG for the purpose of determining if it will exercise the Option or Options in this Agreement. In conjunction with such tests, studies, and/or other activities, SCT&E LNG shall indemnify Owner.

12. Representations and Warranties of Owner to SCT&E LNG.

Owner makes the following representations and warranties to SCT&E LNG, as of the date of Owner's execution of this Agreement and as of the date the Ground Lease is executed by Owner (except as otherwise set forth), all of which shall survive the execution of the Ground Lease:

(i) There are no parties in possession of all or any portion of the Property, as the case may be, as lessees, tenants at sufferance, or trespassers, except those identified on Exhibit "D" hereto.

(ii) There are no existing facts or conditions which would result in the termination of access to and from the Property.

(iii) Owner has not received any notice of any pending or threatened condemnation or similar proceeding by any governmental authority which would affect the Property or any part thereof.

(iv) To the best of Owner's knowledge, Owner has complied with all applicable laws, ordinances, regulations, statutes, rules and restrictions relating to the Property or any part thereof.

(v) There is no pending or threatened litigation that could affect, encumber or burden the Property.

(vi) To the best of Owner's knowledge, no Hazardous Materials (as hereinafter defined), toxic wastes, pollutants, or contaminants have been

produced, stored, disposed of or discharged on the Property.

(vii) To the best of Owner's knowledge, existing conditions do not violate any Environmental Law (as hereinafter defined), and there have been no notices or complaints with respect to a violation of an Environmental Law at the Property.

(viii) Owner has full power, authority and legal right to make and perform this Agreement and is not currently a party to any agreement or any other restriction or obligation that would limit or preclude its right to enter into and perform this Agreement, and each Owner who is an individual is a person of age of majority who is dealing with their separate property. Owner further represents and warrants that it has taken all necessary action and has obtained all requisite approvals to enter into and perform this Agreement. The persons executing this Agreement on behalf of each Owner that is not an individual were authorized to do so and upon the request of SCT&E LNG, such person shall deliver to SCT&E LNG satisfactory evidence of his or her authority to execute this Agreement on behalf of Owner.

(ix) None of Owner's representations and warranties shall be waived, released or modified by reason of any examinations, tests, due diligence or other independent review or investigation by SCT&E LNG or its agents or independent contractors.

(x) At the expense of SCT&E LNG, Owner shall assist and support SCT&E LNG in its efforts to complete and obtain (i) all regulatory permits and approvals (including issuance of any FERC Certificate(s)), zoning matters, and any other approvals or ordinances deemed necessary by SCT&E LNG to develop, construct, and operate the Project on the Property ("Governmental Approvals"), and (ii) satisfactory results from the Project Site Activities. If requested by SCT&E LNG, execute all instruments reasonably requested by SCT&E LNG to assist in pursuing all such applications therefore, and will appear at administrative proceedings in support of same.

13. Remedies. In the event that SCT&E LNG gives notice of its exercise of this Agreement and then the Ground Lease is not executed because of non-performance, default or breach (collectively herein called a "Default") on the part of either party to this Agreement the other party (if not itself then in Default) may elect at its sole option, as its exclusive remedy, to take either of the following courses of action:

- (I) enforce specific performance of this Agreement according to the terms of this Agreement by all means available at law or in equity; or

- (ii) terminate this Agreement upon (30) days' prior written notice to the other party; the party not in Default may also seek damages against the party in Default to compensate such party for all damages suffered as a result of the Default by the other party.

Upon the occurrence of (i) a default under this Option, or (ii) any event alleged to allow a termination of this Option, or (iii) a matter on which Owner may predicate or claim a default or event of default, or predicate or claim any right of termination of this Option, Owner shall provide SCT&E LNG written notice of same and shall allow SCT&E LNG the right to commence a cure of the alleged default within ninety (90) days of SCT&E LNG's receipt of such notice; except for an alleged default based upon nonpayment of sums due to Owner. SCT&E LNG shall have the right to cure the alleged default of nonpayment of sums due to Owner within fifteen (15) days of SCT&E LNG's receipt of such notice. In the event SCT&E LNG so commences such a cure, the notice given by Owner shall be automatically withdrawn and shall become null and void without further action by Owner or SCT&E LNG.

14. Notices. Notices pursuant to this Agreement shall be given only in writing and delivered by certified mail, air courier or by facsimile electronic transmission, and shall be deemed delivered, (unless otherwise set forth in this Agreement) when the notice is deposited in the mail, with the air courier or facsimile electronic transmission service, postage or charges prepaid with confirmation of delivery requested, and directed to the party for whom intended at such party's address as provided in this Agreement.

All payments, notices, demands or requests from Lessee to Lessor shall be given to Lessor, Attention:

Jack Gray
Gray Law Firm
One Lakeshore Drive, Suite 1700
Lake Charles, LA 70629

or at such other address as Lessor shall request in writing.

All payments, notices, demands or requests from Lessor to Lessee shall be given to Lessee, Attention:

SCT&E LNG
Attention: Legal Counsel
27515 Enterprise Circle West
Temecula, California 92590

or at such other address as Lessee shall request in writing.

Any notice required or permitted under this Lease must be in writing. Any and all written notices required or permitted to be given under this Lease shall be deemed to have been properly given when sent to the other party by facsimile (when such facsimile has been acknowledged by answer back code of recipient) or when received by the other party if sent by certified mail, postage prepaid, or courier at the addresses set out above.

15. No Brokers. Owner represents that they have dealt with no brokers in connection with the negotiation, execution and/or delivery of this Agreement.

If any person shall assert a claim to a finder's fee, brokerage commission or other compensation on account of alleged employment as finder or broker in connection with this transaction, the party against whom the purported finder or broker is claiming shall indemnify, defend and hold the other party harmless from and against any such claim and any and all costs, expenses and liabilities incurred in connection with such claim or any action or proceeding brought thereon, including, but not limited to, reasonable attorney's fees and court costs in defending such claim.

16. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns. However, this Agreement may be assigned or transferred by SCT&E LNG to any other person or entity with the consent of Owner which shall not be unreasonably withheld.

17. Memorandum. Owner and SCT&E LNG shall within (5) days of the execution of this Agreement, execute and acknowledge a memorandum of this Agreement in a form satisfactory to SCT&E LNG ("Memorandum") which may, at SCT&E LNG's sole option, be recorded in the real property records of Cameron Parish, Louisiana. Nothing in such Memorandum shall modify or amend any provision of this Agreement. Upon the termination of this Agreement and at the request of either party, Owner and SCT&E LNG shall enter into and record a memorandum evidencing such termination in a form reasonably satisfactory to each of the parties.

18. Miscellaneous.

- (a) This Agreement embodies the entire agreement between the parties and cannot be varied or amended except by the written agreement of the parties.
- (b) Time is of the essence of this Agreement.
- (c) Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.
- (d) The captions used in connection with Paragraphs of this Agreement are for convenience only and shall not be deemed to enlarge, limit or otherwise

modify the meaning of the language of this Agreement.

- (e) This Agreement and all of the terms and conditions hereof shall survive the closing and the execution of the Ground Lease, and shall not be extinguished or modified thereby, or be merged into the Ground Lease as a result of the execution thereof.
- (f) This Agreement, and the rights and obligations of the parties hereunder, and any dispute arising in connection herewith, shall be governed by the laws of the State of Louisiana, not considering the applicable conflicts of laws principles thereof.
- (g) All of the terms and conditions of this Agreement, including but not limited to the terms and conditions of the hereinafter defined Memorandum, shall constitute real rights, charges and obligations, and covenants running with the land described on Exhibit "A" and the Property, and shall apply to, bind and inure to the benefit of Owner, SCT&E LNG and their respective successors, transferees and assigns.
- (h) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original binding on the party or parties so signing, regardless of whether all grantors, lessors or vendors, as the case may be, join in this Agreement. All counterparts, construed together, shall constitute one Agreement.

Last page of text - Signatures follow

IN TESTIMONY WHEREOF, this Agreement is executed in duplicate originals, either of which shall be deemed to be an original, on the date first above mentioned.

WITNESSES:

WESTLANDS CORPORATION

Barbara B. Ford

Barbara B. Ford

[Print Witness Name]

Rhonda B. Broussard

RHONDA B. BROUSSARD

[Print Witness Name]

By: William W. Rucks, III

Name: William W. Rucks, III

Title: President

STATE OF LOUISIANA

PARISH OF Lafayette

BEFORE ME, the undersigned Notary Public in and for Lafayette Parish, State of Louisiana, on the 19 day of March, 2014, personally appeared William W. Rucks, III who declared and acknowledged that he/she is the identical person who executed the foregoing instrument in writing in his/her capacity as President of WESTLANDS CORPORATION; and that his/her signature thereto is his/her genuine signature; and that he/she executed the instrument as the free act and deed of said corporation.



NOTARY PUBLIC

My commission is for life.

F. Gregory Voornhies B.R. 13123

[Print Notary Name and Identification Number]

WITNESSES:

Nikki Alston

Nikki Alston
[Print Witness Name]

Judy Yelverton

Judy Yelverton
[Print Witness Name]

J. LAWTON COMPANY, L.L.C.

By: Jack E Lawton, Jr

Name: Jack E Lawton, Jr
Title: President

STATE OF LOUISIANA
PARISH OF CALCASIEU

BEFORE ME, the undersigned Notary Public in and for Calcasieu Parish, State of Louisiana, on the 27th day of March, 2014, personally appeared Jack E Lawton, Jr who declared and acknowledged that he/she is the identical person who executed the foregoing instrument in writing in his/her capacity as President of J. LAWTON COMPANY, L.L.C.; and that his/her signature thereto is his/her genuine signature; and that he/she executed the instrument as the free act and deed of said corporation.

Theresa Boudreaux

NOTARY PUBLIC
My commission is for life.
Theresa Boudreaux
Notary ID # 54203
Commission Expires at Death

[Print Notary Name and Identification Number]

WITNESSES:

Vickie Cape

Vickie Cape
[Print Witness Name]

Debra A. Robinson

Debra A. Robinson
[Print Witness Name]

TOWER LAND COMPANY, L.L.C.

By: WTD

Name: WILL T. DROST

Title: MANAGER / PRESIDENT

STATE OF LOUISIANA
PARISH OF CALCASIEU

BEFORE ME, the undersigned Notary Public in and for Calcasieu Parish, State of Louisiana, on the 26th day of March, 2014, personally appeared William T. Drost who declared and acknowledged that he/she is the identical person who executed the foregoing instrument in writing in his/her capacity as President of TOWER LAND COMPANY, L.L.C.; and that his/her signature thereto is his/her genuine signature; and that he/she executed the instrument as the free act and deed of said corporation.

Theresa Boudreaux

NOTARY PUBLIC
My commission is for life.

Theresa Boudreaux
Notary ID # 54203
Commission Expires at Death

[Print Notary Name and Identification Number]

WITNESSES:

Sandra K. Guillory
Sandra K. Guillory

[Print Witness Name]

Gail Brown
Gail Brown

[Print Witness Name]

MKS PROPERTIES, L.L.C.

By: Harold H. Stream III

Name: HAROLD H. STREAM III

Title: MANAGER

STATE OF LOUISIANA
PARISH OF Calcasieu

BEFORE ME, the undersigned Notary Public in and for Calcasieu Parish, State of Louisiana, on the 28 day of March, 2014, personally appeared Harold H. Stream III who declared and acknowledged that he/she is the identical person who executed the foregoing instrument in writing in his/her capacity as manager of MKS PROPERTIES, L.L.C.; and that his/her signature thereto is his/her genuine signature; and that he/she executed the instrument as the free act and deed of said corporation.

Kaye M. Dering
NOTARY PUBLIC
My commission is for life.

[Print Notary Name and Identification Number]

Kaye M. Dering
Notary Public
ID #29594
Parish of Calcasieu
Commission expires at death

WITNESSES:

Mary M. Flavin

Mary M. Flavin

[Print Witness Name]

Patricia Flavin Elwood

Patricia Flavin Elwood

[Print Witness Name]

ALLAN C. HOUSE
By Karen Jean Berry House

By: ALLAN C. HOUSE

STATE OF LOUISIANA
PARISH OF Calcasieu

BEFORE ME, the undersigned Notary Public in and for Calcasieu Parish, State of Louisiana, on the 30th day of March, 2014, personally appeared ALLAN C. HOUSE who declared and acknowledged that he is the identical person who executed the foregoing instrument in writing and that his signature thereto is his genuine signature; and that he executed the instrument as his free act and deed.

William J. Flavin
NOTARY PUBLIC

My commission is for life.

William J. Flavin #2074

[Print Notary Name and Identification Number]



WITNESSES:

America [Signature]
America [Signature]
[Print Witness Name]

[Signature]
KERRY A. HOUSE

Tammy Tommasi
Tammy Tommasi
[Print Witness Name]

STATE OF LOUISIANA
PARISH OF CALCASIEU

BEFORE ME, the undersigned Notary Public in and for Calcasieu Parish, State of Louisiana, on the 17th day of April, 2014, personally appeared KERRY A. HOUSE who declared and acknowledged that he is the identical person who executed the foregoing instrument in writing and that his signature thereto is his genuine signature; and that he executed the instrument as his free act and deed.

[Signature]
NOTARY PUBLIC
My commission is for life.

[Print Notary Name and Identification Number]

**BARBARA L. DAILEY
LOUISIANA NOTARY ID# 2166
MY COMMISSION IS FOR LIFE**

WITNESSES:

Gail Jewel
GAIL JEWELL
[Print Witness Name]

Tina W Ledoux
Tina W Ledoux
[Print Witness Name]

Craig E Vincent
CRAIG E. VINCENT

STATE OF LOUISIANA
PARISH OF Calcasieu

BEFORE ME, the undersigned Notary Public in and for Jefferson Davis Parish, State of Louisiana, on the 22nd day of March, 2014, personally appeared CRAIG E. VINCENT who declared and acknowledged that he is the identical person who executed the foregoing instrument in writing and that his signature thereto is his genuine signature; and that he executed the instrument as his free act and deed.



Kristi Lynne Fontenot
NOTARY PUBLIC
My commission is for life.
Kristi Lynne Fontenot 077 899
[Print Notary Name and Identification Number]

WITNESSES:

Shonna Anderson

SHONNA ANDERSON

[Print Witness Name]

Allison Savoy

ALLISON SAVOY

[Print Witness Name]

Charlene Vincent Ebersole

CHARLENE VINCENT EBERSOLE

STATE OF LOUISIANA

PARISH OF *LA - Calcasieu*

BEFORE ME, the undersigned Notary Public in and for *Calcasieu* Parish, State of Louisiana, on the 23 day of April, 2014, personally appeared CHARLENE VINCENT EBERSOLE who declared and acknowledged that she is the identical person who executed the foregoing instrument in writing and that her signature thereto is her genuine signature; and that she executed the instrument as her free act and deed.

Tara Pedersen

NOTARY PUBLIC

My commission is for life.

Tara Pedersen 85417

[Print Notary Name and Identification Number]

Tara Pedersen
Notary Public ID#85417
State of Louisiana
Commissioned for Life

WITNESSES:

Shanna Anderson
Shanna Anderson
[Print Witness Name]

Shanna Vincent Gilbert
SHANNA VINCENT GILBERT

Allison Savoy
ALLISON SAVOY
[Print Witness Name]

STATE OF LOUISIANA
PARISH OF Calcasieu

BEFORE ME, the undersigned Notary Public in and for Calcasieu Parish, State of Louisiana, on the 24 day of March, 2014, personally appeared SHANNA VINCENT GILBERT who declared and acknowledged that she is the identical person who executed the foregoing instrument in writing and that her signature thereto is her genuine signature; and that she executed the instrument as her free act and deed.

Christie Consunado
NOTARY PUBLIC
My commission is for life.

Christie Consunado
Notary Public ID #52134
State Of Louisiana
Commissioned for Life

[Print Notary Name and Identification Number]

WITNESSES:

Tracie Edwards

Tracie Edwards

[Print Witness Name]

Tanya Palmer

Tanya Palmer

[Print Witness Name]

TRUST FOR CAROLYN RUSH-BUNCH CHILDREN

By: Carolyn Rush-Bunch

Name: Trustee
duly authorized Trustee

STATE OF Florida
COUNTY OF Okaloosa

BEFORE ME, the undersigned Notary Public in and for Okaloosa County, State of Florida, on the 23rd day of March, 2013, personally appeared Carolyn Bunch who declared and acknowledged that he/she is the identical person who executed the foregoing instrument in writing in his/her capacity as Trustee of the TRUST FOR CAROLYN RUSH-BUNCH CHILDREN; and that his/her signature thereto is his/her genuine signature; and that he/she executed the instrument as the free act and deed of said trust.

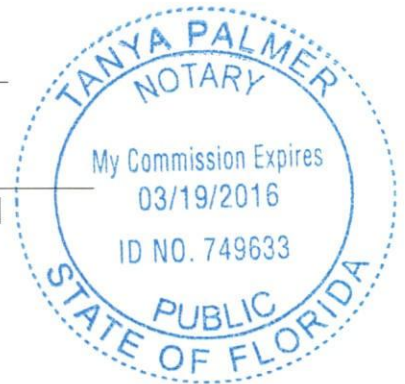
Tanya Palmer

NOTARY PUBLIC

My commission expires: 3/19/2016

Tanya Palmer

[Print Notary Name and Identification Number]



WITNESSES:

Tracie Edwards

Tracie Edwards

[Print Witness Name]

Tanya Pal

Tanya Palmer

[Print Witness Name]

TRUST FOR ELIZABETH RUSH'S
CHILDREN & GRANDCHILDREN

By: Carolyn Ruth Burch

Name: Trustee
duly authorized Trustee

STATE OF Florida
COUNTY OF Okaloosa

BEFORE ME, the undersigned Notary Public in and for Okaloosa
County, State of Florida, on the 23rd day of March, 2014, personally
appeared Carolyn Burch who declared and acknowledged that he/she is the
identical person who executed the foregoing instrument in writing in his/her capacity as
Trustee of the TRUST FOR ELIZABETH RUSH'S CHILDREN & GRANDCHILDREN
and that his/her signature thereto is his/her genuine signature; and that he/she executed the
instrument as the free act and deed of said trust.

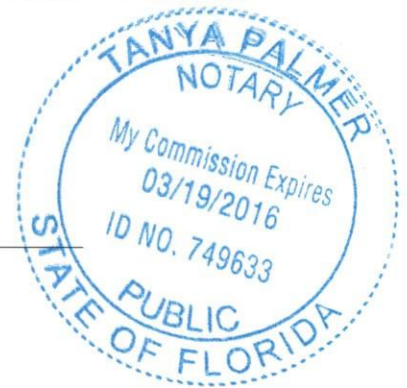
Tanya Pal

NOTARY PUBLIC

My commission expires: 3/19/2016

Tanya Palmer

[Print Notary Name and Identification Number]



WITNESSES:

Tracie Edwards

Tracie Edwards

[Print Witness Name]

Tanya Palmer

Tanya Palmer

[Print Witness Name]

CAROLYN RUSH BUNCH-
SPENDTHRIFT TRUST

By: Carolyn Rush Bunch

Name: Trustee
duly authorized Trustee

STATE OF Florida
COUNTY OF Okaloosa

BEFORE ME, the undersigned Notary Public in and for Okaloosa
County, State of Florida, on the 23rd day of April, 2014, personally
appeared Carolyn Bunch who declared and acknowledged that he/she is the
identical person who executed the foregoing instrument in writing in his/her capacity as
Trustee of the CAROLYN RUSH-BUNCH SPENDTHRIFT TRUST; and that his/her
signature thereto is his/her genuine signature; and that he/she executed the instrument as
the free act and deed of said trust.

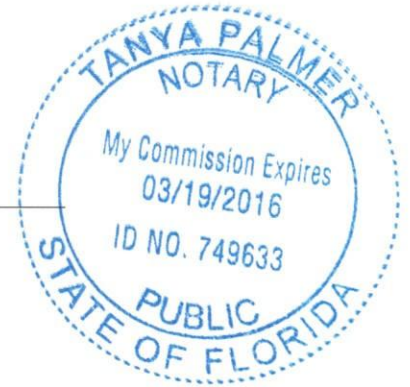
Tanya Palmer

NOTARY PUBLIC

My commission expires: 3/19/2016

Tanya Palmer

[Print Notary Name and Identification Number]



WITNESSES:

Harriet H. Dresler

HARRIET H. DRESHER

[Print Witness Name]

Alan Dresler

ALAN DRESHER

[Print Witness Name]

Dorothy Swanson Brooke
DOROTHY SWANSON BROOKE

STATE OF NEW YORK

COUNTY OF Kings

BEFORE ME, the undersigned Notary Public in and for Kings County, State of New York, on the 10th day of March, 2014, personally appeared DOROTHY SWANSON BROOKE who declared and acknowledged that she is the identical person who executed the foregoing instrument in writing and that her signature thereto is her genuine signature; and that she executed the instrument as her free act and deed.

[Signature]
NOTARY PUBLIC

My commission expires: 3/31/2015

KAMAL P SONI (01SO6089949)
[Print Notary Name and Identification Number]

KAMAL P. SONI
Notary Public, State of New York
No. 01SO6089949
Qualified in Kings County
Commission Expires March 31, 2015

WITNESSES:

J A King
Jennifer A. King
[Print Witness Name]

MAMTA G. FAUX
[Print Witness Name]

MARION BROOKE WORTH
MARION BROOKE WORTH

STATE OF NEW YORK
COUNTY OF New York

BEFORE ME, the undersigned Notary Public in and for New York County, State of New York, on the 05 day of May 2014, personally appeared MARION BROOKE WORTH who declared and acknowledged that she is the identical person who executed the foregoing instrument in writing and that her signature thereto is her genuine signature; and that she executed the instrument as her free act and deed.

[Signature]
NOTARY PUBLIC
My commission expires: 05/13/2017
[Print Notary Name and Identification Number]

FAYCAL LHAMIDI
Notary Public, State of New York
No. 01LH6280914
Qualified in New York County
Commission Expires May 13, 2017

WITNESSES:

Ryan Calloway

RYAN CALLOWAY
[Print Witness Name]

Sharon Thomas

Sharon Thomas
[Print Witness Name]

Arleen Evelyn Goode
ARLEEN EVELYN GOODE

STATE OF LOUISIANA .
PARISH OF Calcasieu

BEFORE ME, the undersigned Notary Public in and for Calcasieu Parish, State of Louisiana, on the 28th day of April, 2014, personally appeared ARLEEN EVELYN GOODE who declared and acknowledged that she is the identical person who executed the foregoing instrument in writing and that her signature thereto is her genuine signature; and that she executed the instrument as her free act and deed.

Theresa B Verret

NOTARY PUBLIC

My commission is for life.

Theresa B Verret #08538

[Print Notary Name and Identification Number]

WITNESSES:

David C Kent

David C Kent
[Print Witness Name]

Jerri Bradford

Jerri Bradford
[Print Witness Name]

Lillian Louise Goode Kent

LILLIAN LOUISE GOODE KENT

Kent

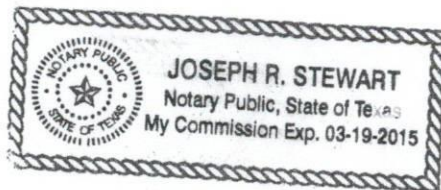
STATE OF TEXAS
COUNTY OF Dallas

BEFORE ME, the undersigned Notary Public in and for _____
County, State of Texas, on the ____ day of March, 2014, personally appeared LILLIAN
LOUISE GOODE KENT who declared and acknowledged that she is the identical person
who executed the foregoing instrument in writing and that her signature thereto is her
genuine signature; and that she executed the instrument as her free act and deed.

Joseph R. Stewart
NOTARY PUBLIC

My commission expires: 3-19-2015

[Print Notary Name and Identification Number]



WITNESSES:

Emily Bultenbarr

Emily Bultenbarr

[Print Witness Name]

[Signature]

TERESA SCHAPER

[Print Witness Name]

Janet J. Jeanes J.J. Cameron
JANET J. JEANES
properties II, LLC.

STATE OF TEXAS

COUNTY OF Washington

BEFORE ME, the undersigned Notary Public in and for Washington County, State of Texas, on the ___ day of March, 2014, personally appeared JANET J. JEANES who declared and acknowledged that she is the identical person who executed the foregoing instrument in writing and that her signature thereto is her genuine signature; and that she executed the instrument as her free act and deed.

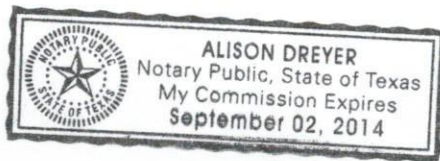
Alison Dreyer

NOTARY PUBLIC

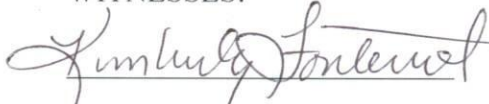
My commission expires: 9/2/14

Alison Dreyer

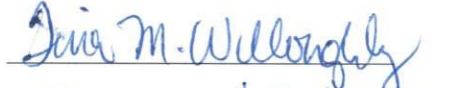
[Print Notary Name and Identification Number]



WITNESSES:


Kimberly Fontenot
[Print Witness Name]


LINDA L. WEST


Tina M. Willoughby
[Print Witness Name]

STATE OF LOUISIANA
PARISH OF Cadillac

BEFORE ME, the undersigned Notary Public in and for Cadillac Parish, State of Louisiana, on the 8 day of ~~March~~^{April}, 2014, personally appeared LINDA L. WEST who declared and acknowledged that she is the identical person who executed the foregoing instrument in writing and that her signature thereto is her genuine signature; and that she executed the instrument as her free act and deed.


NOTARY PUBLIC

My commission is for life.

GLEN A. JAMES # 7223
[Print Notary Name and Identification Number]

WITNESSES:

[Signature]
Nathaniel Hebert
[Print Witness Name]

[Signature]
MARION LANE WEST

[Signature]
Nick Holmes
[Print Witness Name]

STATE OF ~~ARKANSAS~~ TENNESSEE
COUNTY OF SHELBY

BEFORE ME, the undersigned Notary Public in and for Shelby County, State of ~~Arkansas~~ ^{Tennessee}, on the 22 day of ~~March~~ ^{April}, 2014, personally appeared MARION LANE WEST who declared and acknowledged that she is the identical person who executed the foregoing instrument in writing and that her signature thereto is her genuine signature; and that she executed the instrument as her free act and deed.

[Signature]
NOTARY PUBLIC
My commission expires: 16 July 2017
Cara Austin, ID# N/A
[Print Notary Name and Identification Number]



WITNESSES:

GLORIA ANN LITTLE

[Print Witness Name]

[Print Witness Name]

STATE OF LOUISIANA
PARISH OF _____

BEFORE ME, the undersigned Notary Public in and for _____
Parish, State of Louisiana, on the ____ day of March, 2014, personally appeared GLORIA
ANN LITTLE who declared and acknowledged that she is the identical person who
executed the foregoing instrument in writing and that her signature thereto is her genuine
signature; and that she executed the instrument as her free act and deed.

NOTARY PUBLIC
My commission is for life.

[Print Notary Name and Identification Number]

WITNESSES:

Barbara B Ford

Barbara B. Ford
[Print Witness Name]

Rhonda B. Broussard

RHONDA B. BROUSSARD
[Print Witness Name]

William W. R.
WILLIAM W. RUCKS, III

STATE OF LOUISIANA
PARISH OF Lafayette

BEFORE ME, the undersigned Notary Public in and for Lafayette Parish, State of Louisiana, on the 19 day of March, 2014, personally appeared WILLIAM W. RUCKS, III who declared and acknowledged that he is the identical person who executed the foregoing instrument in writing and that his signature thereto is his genuine signature; and that he executed the instrument as his free act and deed.

E. Gregory Voorhies
NOTARY PUBLIC
My commission is for life.
E. Gregory Voorhies B.R. 13123
[Print Notary Name and Identification Number]

WITNESSES:

Joseph M. Dugas
Joseph M. Dugas
[Print Witness Name]

George W. Stokes
GEORGE W. STOKES

Kathryn M. Guillot
Kathryn M. Guillot
[Print Witness Name]

STATE OF LOUISIANA
PARISH OF Lafayette

BEFORE ME, the undersigned Notary Public in and for Lafayette Parish, State of Louisiana, on the 11 day of ~~March~~ April, 2014, personally appeared GEORGE W. STOKES who declared and acknowledged that he is the identical person who executed the foregoing instrument in writing and that his signature thereto is his genuine signature; and that he executed the instrument as his free act and deed.

Jacqueline D. Broussard
NOTARY PUBLIC
My commission is for life.
Jacqueline D. Broussard #146
[Print Notary Name and Identification Number]

WITNESSES:

Justina M. LaBorde
Justina M. LaBorde
[Print Witness Name]

Lynette Stokes Clarke
LYNETTE STOKES CLARK

[Signature]
Matthew Newton
[Print Witness Name]

STATE OF LOUISIANA
PARISH OF Assyria

BEFORE ME, the undersigned Notary Public in and for Assyria Parish, State of Louisiana, on the 31 day of March, 2014, personally appeared LYNETTE STOKES CLARK who declared and acknowledged that she is the identical person who executed the foregoing instrument in writing and that her signature thereto is her genuine signature; and that she executed the instrument as her free act and deed.

[Signature]
NOTARY PUBLIC
My commission is for life.
Christophe LaBorde 42924
[Print Notary Name and Identification Number]

WITNESSES:

Rachel Z. Johnson

Rachel Z. Johnson

[Print Witness Name]

Victoria A. Truxillo

Victoria A. Truxillo

[Print Witness Name]

Cliff E. Laborde, II

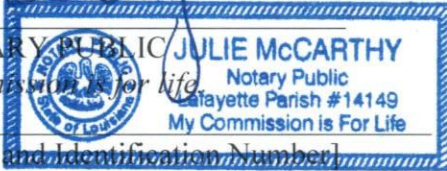
CLIFF E. LABORDE, II

STATE OF LOUISIANA
PARISH OF Lafayette

BEFORE ME, the undersigned Notary Public in and for Lafayette Parish, State of Louisiana, on the 9th day of March, 2014, personally appeared CLIFF E. LABORDE, II who declared and acknowledged that he is the identical person who executed the foregoing instrument in writing and that his signature thereto is his genuine signature; and that he executed the instrument as his free act and deed.

Julie McCarthy

NOTARY PUBLIC
My commission is for life



[Print Notary Name and Identification Number]

WITNESSES:

Suzanne Boute

Suzanne Boute
[Print Witness Name]

Nikki D Reed

Nikki D Reed
[Print Witness Name]

Margaret Rucks Laborde
MARGARET RUCKS LABORDE

STATE OF LOUISIANA
PARISH OF LAFAYETTE

BEFORE ME, the undersigned Notary Public in and for LAFAYETTE Parish, State of Louisiana, on the 14th day of APRIL, 2014, personally appeared MARGARET RUCKS LABORDE who declared and acknowledged that she is the identical person who executed the foregoing instrument in writing and that her signature thereto is her genuine signature; and that she executed the instrument as her free act and deed.

[Signature]

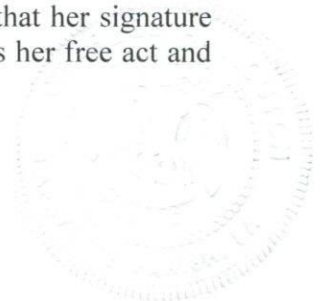
NOTARY PUBLIC

My commission is for life.

Charles A. Mouton

[Print Notary Name and Identification Number]

BAR # 17721



WITNESSES:

Anthony R Tyler

ANTHONY R TYLER

[Print Witness Name]

Michael Louviere

MICHAEL LOUVIERE

[Print Witness Name]

Karlynn Meyers
KARLYN MEYERS

STATE OF LOUISIANA

PARISH OF Iberia

BEFORE ME, the undersigned Notary Public in and for Iberia Parish, State of Louisiana, on the 24th day of April, 2014, personally appeared KARLYN MEYERS who declared and acknowledged that she is the identical person who executed the foregoing instrument in writing and that her signature thereto is her genuine signature; and that she executed the instrument as her free act and deed.

Joyce P. Nereaux
NOTARY PUBLIC
My commission is for life.

[Print Notary Name and Identification Number]

Joyce P. Nereaux
Notary #35847
My commission is issued for life

WITNESSES:

[Signature]

JOHN M. ALLEN

[Print Witness Name]

Vanna McHale

Jan McHale

[Print Witness Name]

[Signature]

JOHN LITTLE



THYRA THOMAS
NOTARY PUBLIC
STATE OF FLORIDA
Comm# FF064442
Expires 10/20/2017

STATE OF FLORIDA
COUNTY OF Orange

BEFORE ME, the undersigned Notary Public in and for Orange County, State of Florida, on the 22 day of April, 2014, personally appeared JOHN LITTLE who declared and acknowledged that he is the identical person who executed the foregoing instrument in writing and that his signature thereto is his genuine signature; and that he executed the instrument as his free act and deed.

Thyra Thomas

NOTARY PUBLIC

My commission is for life. TLT

Thyra Thomas FF064442

[Print Notary Name and Identification Number]

WITNESSES:

Brittney Jennings

Brittney Jennings

[Print Witness Name]

Amanda Woodworth

Amanda Woodworth

[Print Witness Name]

Kelly Norris

KELLY NORRIS

STATE OF ARKANSAS

COUNTY OF Boone

BEFORE ME, the undersigned Notary Public in and for Boone County, State of Arkansas, on the 23 day of April, 2014, personally appeared KELLY NORRIS who declared and acknowledged that she is the identical person who executed the foregoing instrument in writing and that her signature thereto is her genuine signature; and that she executed the instrument as her free act and deed.



Melissa Sims

WITNESSES:

SCT&E LNG, LLC

By: Greg Michaels

[Print Witness Name]

Name: GREG MICHAELS

Title: CEO

[Print Witness Name]

STATE OF CALIFORNIA
COUNTY OF _____

BEFORE ME, the undersigned Notary Public in and for _____
County, State of California, on the ____ day of March, 2014, personally appeared
_____ who declared and acknowledged that he/she is the identical
person who executed the foregoing instrument in writing in his/her capacity as
_____ of SCT&E LNG, LLC; and that his/her signature
thereto is his/her genuine signature; and that he/she executed the instrument as the free act
and deed of said corporation.

SEE ATTACHED CERTIFICATE
DATE 3-15-14 NOTARY INITIALS AE

NOTARY PUBLIC

My commission expires: _____

[Print Notary Name and Identification Number]

Exhibit C

LEASE AGREEMENT

Between

Westlands Corporation, a Louisiana corporation; **J. Lawton Company, L.L.C.**, a Louisiana Limited Liability Company; **Tower Land Company, L.L.C.**, a Louisiana Limited Liability Company; **MKS Properties, L.L.C.**, a Louisiana Limited Liability Company, as successor in title from Stream Family Limited Partnership; **Allan C. House**, a Louisiana resident; **Kerry A. House**, a Louisiana resident; **Craig E. Vincent**, a Louisiana resident; **Charlene Vincent Ebersole**, a Louisiana resident; **Shanna Vincent Gilbert**, a Louisiana resident; **Trust for Carolyn Rush-Bunch Children; Trust for Elizabeth Rush's Children & Grandchildren; Carolyn Rush Bunch-Spendthrift Trust; Dorothy Swanson Brooke**, a New York resident; **Marion Brooke Worth**, a New York Resident; **Arleen Evelyn Goode**, a Louisiana resident; **Lillian Louise Goode Kent**, a Texas resident; **Janet J. Jeanes**, a Texas resident; **Linda L. West**, a Louisiana resident; **Marion Lane West**, an Arkansas resident; **Gloria Ann Little**, a Louisiana resident; **William W. Rucks, III**, a Louisiana resident; **George W Stokes**, a Louisiana resident; **Lynette Stokes Clark**, a Louisiana resident; **Cliff E. Laborde, II**, a Louisiana resident, and **Margaret Rucks Laborde**, a Louisiana resident, whose respective principal addresses are set forth on the signature pages (each severally, not jointly or collectively, being referred to as an "Lessor")

And

SCT&E LNG, LLC, a Delaware limited liability company, subsidiary of Southern California Telephone Company, a Delaware Corporation dba Southern California Telephone & Energy whose address is 27515 Enterprise Circle West, Temecula, CA 92590 ("SCT&E LNG") ("Lessee")

March _____, 2014

TABLE OF CONTENTS

LEASE AGREEMENT

Article I LEASE OF PREMISES

1.1 Description of Premises and Term

Article II RENT

2.1 Annual Rent
2.2 Place of Payment.....
2.3 Utilities and Taxes
2.4 Right to Contest

Article III REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Lessor.....
3.2 Definition
3.3 Representations and Warranties of Lessee
3.4 Survival and Indemnification.....
3.5 Definitions.....

Article IV USE OF LEASED PREMISES

Article V IMPROVEMENTS OR ALTERATIONS AND MAINTENANCE

5.1 Permanent Improvements
5.2 Maintenance and Return of Leased Premises
5.3 Laborers and Materials
5.4 Building Code
5.5 Permits
5.6 Ownership or Removal of Alterations, Modifications or Improvements by
Lessee
5.7 Assistance by Lessor
5.8 Easements
5.9 Easements by Lessor.....

Article VI QUIET ENJOYMENT

Article VII ASSIGNMENT AND TRANSFER

7.1..... Sublease or Transfer
7.2..... Conditions

Article VIII TERMINATION AND SECURITY

- 8.1..... Termination by Lessor
- 8.2..... Effect of Termination

Article IX ENCUMBRANCES BY LESSEE

- 9.1..... Right to Encumber
- 9.2..... Leasehold Mortgage Authorized
- 9.3..... Notice to Lessor
- 9.4..... Consent of Leasehold Mortgagee Required
- 9.5..... Default Notice
- 9.6..... Notice to Leasehold Mortgagee
- 9.7..... Procedure on Default
- 9.8..... New Lease
- 9.9..... New Lease Priorities
- 9.10 Takings
- 9.11..... Casualty Loss
- 9.12 Legal Proceedings
- 9.13 Notices
- 9.14 Definitions

Article X ENVIRONMENTAL INDEMNITY AND INSURANCE

- 10.1..... Insurance
- 10.2..... Environnemental Claims

Article XI CONDEMNATION

- 11.1 Total Taking
- 11.2 Partial Taking
- 11.3 Award on Partial Taking
- 11.4..... Temporary Taking
- 11.5 Separate Awards
- 11.6..... Receipt of Award
- 11.7 Notice of Taking
- 11.8 Participation by Lessee
- 11.9 Mortgagee Condemnation Award Requirement

Article XII ARBITRATION

Article XIII GENERAL PROVISIONS

- 13.1 Inspection
- 13.2 No Partnership

13.3 Payments and Notices
13.4 Estoppel Certificate

Article XIV MISCELLANEOUS

14.1 Parties Bound
14.2 Applicable Law
14.3 Severability
14.4 Rights and Remedies Cumulative
14.5 Attorney's Fees Attorney's Fees
14.6 Number and Gender, Captions, References
14.7 Brokers
14.8 Recordable Memorandum
14.9 Interpretation
14.10 Force Majeure
14.11 Third Parties
14.12 Entire Agreement
14.13 Further Assurances
14.14 Cooperation with Zoning and other Matters
14.15 No Waiver
14.16 Performance of Other Party's Obligations
14.17 Joint and Several
14.18 Counterparts

- Exhibit A - Description of Leased Premises
- Exhibit B - Plat
- Exhibit C - Title Matters

LEASE AGREEMENT

This LEASE AGREEMENT (this "Lease") is made this ___ day of March, 2014, by and between [_____], whose principal address [_____], (hereinafter collectively called "Lessor"), and SCT&E LNG, LLC a Delaware limited liability company whose address is 27515 Enterprise Circle West, Temecula, CA 92590 ("Lessee").

ARTICLE I LEASE OF PREMISES

1.1 Description of Premises and Term. Lessor, in consideration of the rents to be paid, and subject to the terms, covenants, and conditions set forth in this Lease, leases to Lessee, and Lessee leases from Lessor, for the entire Term defined below, the following lands, together with the exclusive use of all easements, servitudes, rights and appurtenances thereto of every nature and kind and all buildings and other improvements as same may be situated on the Leased Premises, (collectively, "Property"). The Leased Premises are all situated in Cameron Parish, Louisiana and are described as follows:

A tract of property comprising approximately 232 acres of land, more or less, which tract is particularly described on "Exhibit A" attached to this Lease and incorporated by reference, and more particularly outlined in red on the plat labeled Exhibit "B" attached to and made a part of this Lease by reference ("Leased Premises").

TO HAVE AND TO HOLD the Leased Premises for a term of thirty (30) years, beginning on the ___ day of March, 2014, and (subject to earlier termination as provided) ending at midnight, Central Time, the ___ day of ____, 20__ (the "Primary Term"). In addition, Lessor grants to Lessee the option to renew the Primary Term for six (6) additional periods of ten (10) years each and for one (1) additional period of nine (9) years, beginning on the first day after the expiration of the Primary Term and the first and each succeeding renewal term hereof, as the case may be, and ending on the expiration of ten (10) years thereafter, as appropriate (each a "Renewal Term"). The right to renew shall be exercised by Lessee giving to Lessor notice in writing of such exercise at least twelve (12) months prior to the expiration of the Primary Term and each succeeding Renewal Term, as the case may be. (The Primary Term and any Renewal Term are collectively referred to as the "Term"). Notice to extend this Lease for a Renewal Term as contemplated above must be sent by certified mail to Lessor at the address provided in Section 13.3 (or such other address as may be specified from time to time by Lessor) and must be postmarked no later than the latest date provided in this Section for each such extension. In the event Lessee has not given Lessor notice of its intent to renew at the expiration of either the Primary Term or any Renewal Term, this Lease and the Term of the Lease shall not terminate or expire unless and until Lessor shall have given Lessee and each Leasehold Mortgagee (as defined in Section 9.14) notice of such failure to renew and shall have extended to such parties the right to renew for a period of thirty (30) days beyond the date of receipt of such notice from Lessor by

Lessee and each Leasehold Mortgagee.

ARTICLE II RENT

2.1 Annual Rent. (a) Upon commencement of the Primary Term, and during the Term, Lessee agrees to pay to Lessor annual rent for the Leased Premises equal to [REDACTED] per acre for each acre of the Lease Premises (the "Base Rent"), payable in quarterly installments of [_____] Thousand Dollars and no/00 (\$ _____ .00). The first quarterly installment of Base Rent is due and payable on or before the ____ day of _____, 20__ . Base Rent for any portion of a year at the beginning or end of the Term shall be prorated on a per-day basis. Each quarterly installment of rent is due and payable on or before the first day of each month in which a quarterly installment is due.

(b) Adjustment of Base Rent. The Base Rent for each five year period during the Term shall be adjusted as of the first day of each such five (5) year period by a factor equal to the percentage increase in the Consumer Price Index as determined by the latest published figures next preceding the date of each such five (5) year period of this Lease ("Adjusted Index") compared to the Consumer Price Index last reported immediately preceding the beginning date of the Lease, or the beginning of the most immediately preceding five (5) year period, whichever is applicable ("Beginning Index"). If the Adjusted Index has increased over the Beginning Index, the annual rent payable during each succeeding five (5) year period shall be set by multiplying the Base Rent, or the adjusted Base Rent during the preceding five (5) year period, whichever is applicable, by a fraction, the numerator of which is the Adjusted Index and the denominator of which is the Beginning Index. If the Adjusted Index does not exceed the Base Rent or the adjusted Base Rent paid during the preceding five (5) year period, then no adjustment to the Base Rent or adjusted Base Rent paid during the preceding five (5) year period shall be made, and the Base Rent for the succeeding five (5) years shall be the same as for the preceding five (5) years. As soon as the adjusted Base Rent for each succeeding five (5) year period during the Term is determined by Lessee, Lessee shall give Lessor notice of the amount of the adjusted Base Rent for such period, and the method by which same was calculated. Lessor shall have the right to approve the calculation of the adjusted Base Rent.

(c) Consumer Price Index. As used in this Lease, the term "Consumer Price Index" means the Consumer Price Index for all urban consumers (CPI-U), Southern Region (Houston Area), published by the Bureau of Labor Statistics, United States Department of Labor (1982-1984 equals 100). If the publication of the Consumer Price Index is discontinued prior to the expiration or termination of this Lease, or if the present method of ascertaining the index figure is materially or substantially changed, Lessor and Lessee will negotiate in good faith to arrive at a substitute standard which should produce substantially the same results as the Consumer Price Index was designed to give on the date of the execution of this Lease. In the event a new base for the Consumer Price Index is established, and thereafter, for the purposes of making computations as herein

provided, the controlling indices stipulated in this Lease shall be adjusted to conform to the new base so that the calculations herein provided shall have the same results as if made on the Consumer Price Index "1982-1984 equals 100".

(d) Interest. All Rent or other sums due to Lessor by Lessee shall bear interest at the rate of ten percent (10%) per annum from the due date until paid, together with all reasonable attorney's fees if placed in the hands of an attorney for collection.

2.2 Place of Payment. Rent shall be paid to Lessor at its address for notice provided in this Lease or to such other person or at such other address as Lessor may from time to time designate in writing. Rent shall be paid in legal tender of the United States of America without notice, demand, abatement, deduction or offset.

2.3 Utilities and Taxes. The rent provided in this Lease shall be a net payment to Lessor. Lessor shall not be required to pay any costs or provide any services in connection with the Leased Premises. Lessee shall pay all utility bills, including, but not limited to electricity, gas, sewer charges and water, in connection with the use of the Leased Premises and subject to Lessee's right to contest as set forth in Section 2.4 of this Lease. Lessee, as additional rent shall pay all taxes and assessments on the land buildings, improvements, machinery, and equipment now or later placed on the land, and all general or special ad valorem taxes, assessments, and charges, and all other charges and payment of every kind and nature whatsoever, extraordinary as well as ordinary, and whether or not within the contemplation of the parties, imposed by any governmental authority with respect to the Leased Premises or any part of the Leased Premises, or on any streets or roads in front of or adjoining the Leased Premises, any and all taxes, assessments, and other charges levied, assessed, or imposed upon the Leased Premises or any part thereof, in lieu of or in addition to the foregoing, under or by reason of any present or future law or any governmental authority, for the construction, maintenance, use, or occupancy of the Leased Premises and any improvements placed on the land during the Term of the Lease or any extended Term of this Lease. Lessor shall request the Parish Tax Assessor's office to send the tax notices directly to Lessee. Upon receipt of the annual taxes due the Parish of Cameron and the State of Louisiana, or any other applicable governmental authority, Lessee shall pay the taxes due on or before December 15th of the year in which those taxes are assessed and shall send Lessor proof of payment of same on or before December 31st of each such year. Lessee, at its sole cost and expense, shall also pay and discharge when due, all taxes and assessments that shall or may during the Term of the Lease be charged, levied, assessed, or imposed upon any furniture, fixtures, equipment, or other movable property of every type and description that may be placed in or about the Leased Premises by any person or entity other than Lessor. If Lessee fails to pay any such taxes or assessments within this period, then, in addition to any interest due under this Lease, Lessee will be responsible for and will pay to Lessor, upon demand, all fines, penalties, interest, and costs that may be added by or otherwise payable to the taxing authority for the non-payment or late payment. In addition, if Lessee fails to pay any such taxes or assessments on or before the date required, then Lessor has the option, but not the obligation, to pay such taxes to the taxing authority, provided, however, that Lessor will have no obligation to pay such taxes

to the taxing authority and will not be liable to Lessee or any other person or entity for any failure to do so. Neither Lessor's payment of such taxes to the taxing authority nor its failure to do so will relieve Lessee of its obligation to pay the amount of such taxes (together with interest payable hereunder and fines, penalties, interest, and costs paid to the taxing authority) or shall constitute a waiver of Lessor's right to exercise any of its rights or remedies for Lessee's default in failing to pay such taxes when due if that failure continues beyond the period for notice and cure as set forth, Lessor reserving its right to exercise all of its rights and remedies for default arising as a result of such failure.

2.4 Right to Contest. Lessee may, at its expense, contest any Taxes and any other tax, assessment, fee, or payment for which it is responsible under this Article (collectively the "Charges"). Lessee shall pay any such Taxes or Charges under protest and shall follow the procedure set forth in La. R. S. 47:2110, et seq in pursuing its contest of all such taxes. Any Taxes that are payable by Lessee for the tax year in which the Term of this Lease commences, as well as during the year in which the Term of this Lease terminates, shall be apportioned so that Lessee shall pay its proportionate share of the Taxes for such periods of time. Lessee may pay such Taxes or Charges in installments as and when such installments become due.

ARTICLE III REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Lessor. Lessor represents and warrants that:

- (a) There are no parties in possession of all or any portion of the Leased Premises, as the case may be, as lessees, tenants at sufferance or trespassers, except as set forth on Exhibit "C";
- (b) There are no existing facts or conditions which would result in the termination of access to and from the Leased Premises;
- (c) Lessor has not received any notice of any pending or threatened condemnation or similar proceeding by any governmental authority which would affect the Leased Premises or any part of the Leased Premises;
- (d) To the best of Lessor's knowledge, Lessor has complied with all applicable laws, ordinances, regulations, statutes, rules and restrictions relating to the Leased Premises or any part of the Leased Premises;
- (e) There is no pending or threatened litigation that could affect, encumber or burden the Leased Premises; and
- (f) To the best of Lessor's knowledge, no Hazardous Materials (as

defined in this Lease), toxic wastes, pollutants, or contaminants have been produced, stored, disposed of or discharged on the Leased Premises or any portion of the Leased Premises, into any water body on the Leased Premises, or into any underground water supplies/ground supplies under the Leased Premises.

- (g) To the best of Lessor's knowledge, existing conditions do not violate any Environmental Law (as defined in this Lease), and there have been no notices or complaints with respect to a violation of an Environmental Law at the Leased Premises.
- (h) With respect to the Leased Premises, Lessor has not entered into, nor does Lessor contemplate entering into, any consent decree or order and is not subject to any judgment, decree or judicial or administrative order relating to compliance with, or the cleanup of Hazardous Materials under, any applicable Environmental Law.
- (i) To the best of Lessor's knowledge, there are no facts or circumstances that could form the basis for the assertion of any claim against Lessor under any Environmental Laws with respect to the Leased Premises.
- (j) With respect to the Leased Premises, Lessor has provided Lessee with correct and complete copies of all files with respect to environmental matters, if any, including, without limitation, any reports of prior environmental assessments of the Leased Premises and any correspondence to or from any governmental authority with respect to environmental matters.
- (k) To the best of Lessor's knowledge, the Leased Premises does not contain, nor, to Lessor's knowledge, has ever contained, any friable asbestos, regulated PCBs or underground storage tanks.
- (l) Currently, Lessor has no permits for or related to the intended use of Lessee, and Lessee shall be solely responsible for obtaining any said permits.
- (m) Lessor has full power, authority and legal right to make and perform this Lease and that it is not currently a party to any agreement or any other restriction or obligation that would limit or preclude its right to enter into and perform this Lease. Lessor further represents and warrants that it has taken all necessary action and has obtained all requisite approvals to enter into and perform this Lease. The person executing this Lease on behalf of Lessor was authorized to do so and upon the request of Lessee, such person shall deliver to Lessee satisfactory evidence of his or

her authority to execute this Lease on behalf of Lessor.

- (n) To the best of Lessor's knowledge, Lessor owns good and clear title, subject to an existing mortgage, to the Leased Premises, and the Leased Premises is not subject to any title exceptions or any other restrictions, easements, covenants or other encumbrances, including, but not limited to, leases applicable to oil, gas and other mineral interests in the Leased Premises except as set forth in "Exhibit C".
- (o) Except as set forth in Exhibit "C", Lessor has not, and during the Term of this Lease, and any extended Term of this Lease, shall not enter into any agreement or lease for an interest in oil, gas or other minerals which grants, licenses or creates an interest in such oil, gas or other minerals to any person or entity, which allows access to or the right to enter the Leased Premises, under law or pursuant to an agreement, to explore, develop or otherwise exploit such oil, gas or mineral interest, except for agreements to explore, develop or otherwise exploit such oil and gas by directional drilling from other lands and by unitization. Lessor contracts and agrees not to enter, or take any action that would allow any other person or entity to enter the Leased Premises during the Term or any extended Term hereof to conduct such exploration and exploitation activities except by directional drilling from adjacent lands, or by unitization.
- (p) Lessor will not enter into any other agreement or document whatsoever concerning any uses of the surface of the Leased Premises without Lessee's prior written consent, which may be withheld by Lessee for any reason in its sole discretion, including but not limited to the fact that any of same will interfere with Lessee's intended use of the Leased Premises or the Project.

3.2 Definition.

As used in this Lease, "knowledge" shall mean the knowledge of each separate party to this Lease, after due inquiry has been made of him.

3.3 Representations and Warranties of Lessee. Lessee hereby represents and warrants to Lessor that:

- (a) Lessee's construction, occupancy, operation, or use of the Leased Premises shall not violate any applicable law, statute, ordinance, rule, regulation, order, or determination of any governmental authority or any board of fire underwriters (or other body

exercising similar functions), or any restrictive covenant or deed restriction (recorded or otherwise) affecting the Leased Premises, including but not limited to all applicable zoning ordinances and building codes, flood disaster laws and health and environmental laws and regulations (hereinafter sometimes collectively called "Applicable Laws").

- (b) Without limitation of (a) above, in its use of the Leased Premises, Lessee shall not violate any Environmental Laws.
- (c) The use, which Lessee intends to make of the Leased Premises, shall not result in the disposal or other release of any Hazardous Materials on or to the Leased Premises but may result in the storage and use of Hazardous Materials on the Leased Premises.
- (d) Lessee has full power, authority and legal right to make and perform this Lease, and it is not a party to any agreement or any other restriction or obligation that would limit or preclude its right to enter into and perform this Lease.
- (e) Lessee has taken all necessary corporate action and has obtained all requisite corporate approvals to enter into and perform this Lease and that it is a duly organized and existing legal entity in the state of Delaware. The person executing this Lease on behalf of Lessee was authorized to do so and upon the request of Lessor, such person shall deliver to Lessor satisfactory evidence of his or her authority to execute this Lease on behalf of Lessee.

3.4 Survival and Indemnification.

- (a) The representations, warranties and agreements of the parties contained in this Lease are continuing representations, warranties, and agreements, and shall survive for a period of the later to occur of five (5) years from the date of this Lease, or any expiration or termination of this Lease.
- (b) To the fullest extent permitted under applicable law, each separate party Lessor agrees to indemnify Lessee, its officers, directors, affiliates, successors, assigns, lenders, and agents (collectively, the "Lessee Indemnified Parties") against, and agrees to hold the Lessee Indemnified Parties harmless from and against, any and all losses, demands, claims, fines, damages, suits, penalties, judgments, causes of action, costs, and expenses (including but not limited to attorneys' and experts' fees) incurred or suffered by any Lessee Indemnified Party, caused by that separate party Lessor's negligence (collectively, the "Damages"), or arising out of any of

- (i) any breach of or any inaccuracy in any representation or warranty made by that separate party Lessor in this Lease or any document delivered by that separate party Lessor to Lessee; and/or
 - (ii) any breach or failure by that separate party Lessor to perform any covenant or obligation of Lessor set out in this Lease or any document delivered by Lessor to Lessee except to the extent that such liability may have been caused by the breach of a legal or contractual duty by Lessee.

- (c) Except as to violations of any Environmental Law in effect during the Term of this Lease, which are governed by the provisions of Article X of this Lease, Lessee shall indemnify, defend and hold harmless Lessor of and from any and all damage and liability for anything whatsoever arising from, or out of, or in connection with, the occupation of the Leased Premises by Lessee, its agents, representatives, or servants, except to the extent if such damage and liability is caused by Lessor as set forth in Section 3.4(b) above. Accordingly, to such extent, Lessee assumes all responsibility for the Leased Premises and occurrences on the Leased Premises and for its acts, negligence, and fault, and the acts, negligence, and fault of its servants, agents, employees, contractors, customers, invitees, and licensees and, subject to the provisions of this Lease, sublessees or assigns, in or about the Leased Premises, and agrees to reimburse Lessor and its members, agents, employees, and representatives for, and to indemnify, defend, and hold harmless Lessor, and its officers, members, agents, employees, and representatives, from and against any and all loss or damage sustained by, liability or charges imposed on, and claims or causes of action asserted against, Lessor and its officers, members, agents, employees and representatives or any of them arising, in whole or in part, out of or by reason of (i) the Leased Premises, or any part thereof or appurtenance thereto, or any future condition, defect, matter, or thing, whether hidden or apparent in or about the Leased Premises; (ii) any business or operations conducted in the Leased Premises or accident or other occurrence on the Leased Premises; (iii) without limiting the generality of the foregoing, any damage to or loss of any property placed or used in the Leased Premises or any injury to or death of any person occurring in the Leased Premises; (iv) any damages to or loss of any property of Lessee or any of its servants, agents, employees, contractors, customers, invitees, or licensees, or, subject to the provisions hereof, sublessees or assigns, occurring in or about the Leased Premises or any adjacent sidewalks, parking areas, landscaped areas, or streets, or any injury to or death of Lessee or any of its servants, agents, employees, contractors, customers, invitees, or licensees, or, subject to the provisions

hereof, sublessees or assigns, occurring in or about the Leased Premises or any adjacent sidewalks, parking areas, landscaped areas, or streets; (v) any act, negligence, or fault of Lessee or any of its servants, agents, employees, contractors, customers, invitees or licensees or, subject to the provisions hereof, sublessees or assigns while in or about the Leased Premises or any adjacent sidewalks, parking areas, landscaped areas, or streets; or (vi) Lessee's material violation of or material failure to comply fully with any of the provisions of this Lease, unless such loss or damage sustained is caused by the sole fault of Lessor. Notwithstanding anything in this Lease to the contrary, it is the intention of Lessor and Lessee that that each party to this Lease shall indemnify the other party for the indemnifying party's proportionate fault, including but not limited to negligence, which causes Damages to the indemnified party.

- (d) Except as otherwise expressly limited in this Article III, it is the intent of Lessor and Lessee that all indemnity obligations and liabilities contracted for in this Lease shall be without monetary limit and without regard to the cause or causes thereof (including pre-existing conditions on the Leased Premises or as the result of an indemnification agreement with a third party). The indemnity contained in this Article III shall not apply to any violation of any Environmental Law in effect during the Term of this Lease, including any extensions, and any and all matters arising out of any act, omission, event or circumstance existing or occurring during the Term of this Lease, including any extensions (including without limitation the presence on the Leased Premises or release from the Leased Premises of Hazardous Materials). Such claims shall be governed by Section 10.2 below. Lessor and Lessee shall notify the other party promptly of any claim, demand, or action that may be presented to or served upon it for which indemnification will be sought pursuant to the terms of this Lease, and shall afford such other party full opportunity to assume the defense or participate in the defense of such claim, demand, or action and to protect itself under the obligations of its agreement to indemnify. Neither Lessor nor Lessee shall make any form of admission of liability in respect of any claim for which the other party is or might be liable for pursuant to an indemnity in this Lease, or take any action to settle or compromise any such claim, without the prior written approval, not to be unreasonably withheld, of the party from whom indemnification will be sought.

3.5 Definitions.

"*Environmental Laws*" shall mean local, state, and federal laws and regulations

relating to protection of human health and the environment, pollution control, product registration, Hazardous Materials, and occupational health and safety.

"*Hazardous Materials*" shall have the meaning as set forth in Section 10.2 of this Lease.

ARTICLE IV USE OF LEASED PREMISES

The Leased Premises may be used for all legal purposes, including the receipt, processing, delivery and/or storage of hydrocarbons and their constituent products or byproducts, including but not limited to liquefied natural gas and natural gas, and for all other legal uses determined at any time during the Term by Lessee.

ARTICLE V IMPROVEMENTS OR ALTERATIONS AND MAINTENANCE

5.1 Permanent Improvements. Lessee has the right to make all improvements, construct and erect all structures and engage in such other activities, as it deems necessary or advisable to utilize the Leased Premises during the Term. Lessee shall be entitled to dredge, expand the ship channel, remove and redeposit soil (including dredge spoil) on Leased Premises as necessary and as indicated on the attached plat. Lessee reserves the right to construct additional slip(s) as necessary, with the consent of the Lessor, which shall not be unreasonable withheld. In the event Lessee constructs or dredges a ship entry slip(s) and/or turning basin on the Leased Premises or portions thereof, such slip(s) and/or turning basin shall be lined with an appropriate permanent bulkhead constructed of steel, concrete or other such permanent material other than wood. Such bulkheads shall be maintained during the Term of this Lease. The failure to construct and/or maintain such bulkheads shall be a material breach of this Lease. Provided such bulkheads have been constructed and maintained, notwithstanding any term, condition or stipulation of this Lease to the contrary, Lessee shall never have any obligation to fill in any areas of the ship entry slip and turning basin, and Lessee shall be entitled to leave the ship entry slip and turning basin "as is / where is" upon any termination or cancellation of this Lease. Lessor agrees to negotiate in good faith for such amendments of this Lease as are reasonably required by Lessee to erect lights, power, water and gas lines and similar infrastructure requirements over adjacent lands controlled by Lessor. All improvements made, placed, or constructed on the Leased Premises by Lessee after the date of this Lease will be at the sole cost and expense of Lessee. Lessee must construct and install Lessee's improvements in a good and workmanlike manner. Improvements by Lessee may not be located on Lessor's property adjacent to the Leased Premises not leased by Lessee unless otherwise provided or unless Lessor consents to same in writing. Prior to the commencement of construction, Lessee shall present plans to Lessor that confirm compliance with such requirements.

5.2 Maintenance and Return of Leased Premises. Lessee shall, throughout

the Term and, at its own expense and risk, maintain the Leased Premises and all improvements on them in good order and condition, including but not limited to making all repairs and replacements necessary to keep the premises and improvements in that condition. All maintenance, repairs, and replacements required by this Section must be performed promptly when required and so as not to cause depreciation in the value of the Leased Premises. At the expiration of the Term or any renewals or extensions thereof, Lessee shall surrender the premises in good order and repair, normal wear and tear and casualty excepted.

5.3 Laborers and Materials. Lessee shall pay for all labor and services performed for, materials used by, or furnished to, any contractor employed by Lessee with respect to the Leased Premises, and Lessee shall defend, indemnify and hold Lessor and the Leased Premises harmless and free from, and cause immediate removal of, (or, in Lessee's sole discretion cause any of same to be bonded out) any liens, claims, encumbrances or judgments created or suffered by Lessee in connection therewith.

5.4 Building Code. All improvements placed on the Leased Premises by Lessee shall comply with applicable building and electric codes covering the location and type of structure to be placed by Lessee on the Leased Premises.

5.5 Permits. Lessee must obtain and maintain in effect at all times during the Term of this Lease all permits, licenses and consents required or necessary for the construction, installation, maintenance, use and operation of Lessee's improvements and Lessee's use and occupancy of, and operations at, the Leased Premises.

5.6 Ownership or Removal of Alterations, Modifications or Improvements by Lessee. Lessee shall have the right at any time and from time to time during the Term of this Lease to construct improvements on the Leased Premises, to make all additions, alterations or changes in any such improvements, and to demolish in whole or in part or remove any such improvements. All such improvements shall conform with all Applicable Laws, regulations and codes relating to the construction thereof. All matters as to design, manner or type of construction shall be within the sole discretion and responsibility of Lessee. All such alterations, modifications or improvements upon the Leased Premises made by Lessee, including all buildings, paneling, decorations, partitions, heating, ventilating and air-conditioning machinery and equipment, lighting fixtures, plumbing equipment, sprinkler system, and the like, shall remain the property of Lessee during the Term of this Lease or any extension thereof. Subject to the notice and right to cure provisions of Article IX of this Lease, at the termination of this Lease for any cause, Lessee shall have the option to remove all such improvements and, at the option of the Lessor, any remaining improvement shall become the property of Lessor, or Lessor shall have the right within ninety (90) days after termination of said Lease to demand Lessee remove such improvements from the Leased Premises (solely at Lessee's expense) which Lessee within 180 days following said notice shall remove. Upon the failure of the Lessee to comply with such request, Lessor may have such improvements removed at the cost of Lessee, and Lessee shall reimburse Lessor upon demand for all costs and expenditures of Lessor in having Lessee's improvements removed from the

Leased Premises.

5.7 Assistance by Lessor. To the extent necessary during the Term of this Lease and without risk or expense to Lessor, Lessor agrees to provide reasonable support to Lessee in Lessee's efforts to secure permits, certifications and/or inspections from governmental agencies and other permitting bodies in the United States required or desired in connection with the construction and operation of an LNG facility on the Leased Premises (the "Project"), all as set forth more fully in Section 14.14 of this Lease. In addition, Lessor shall provide such reasonable assistance and take such reasonable action as may be required to enable Lessee to gain and maintain access to all riparian rights, ingress and egress, via bridge or otherwise, utilities and related services required by Lessee for its intended use of the Leased Premises so long as such assistance does not cause Lessor to incur unreimbursed expenses

5.8 Easements. During the Term of this Lease, in the event Lessee requires the use of easements, access routes and related infrastructure on adjacent property owned or controlled by Lessor including without limitation, easements for Lessee's installation, operation and maintenance of the access, power, water and gas lines necessary for the Lessee to occupy the Leased Premises for the permitted use, Lessor shall negotiate in good faith to facilitate agreement by and between the parties of reasonable terms and conditions, including payment where appropriate, to be applicable to the grant of such easements by Lessor and the use of such access routes and related infrastructure by Lessee, all at rates no more than the then-current rate for similar agreements paid to Lessor in Cameron Parish, Louisiana. Lessor may reasonably use and extend, any roads constructed by Lessee, so as to not interfere with Lessee's operations, use or unduly burden the capacity, weight limit and size of said road(s). In addition, Lessor represents and warrants that it has delivered all information, maps and plans showing all actual and proposed infrastructure uses available to Lessee for its use of the Leased Premises.

5.9 Subject to Section 5.8, Lessor may grant servitudes or rights of way to others across the Leased Premises at locations approved by Lessee, provided that the subsequent grants must be subject to the rights of Lessee herein, and operations must be carried out so as not to create a hazard or impediment to Lessee's use of the Leased Premises.

ARTICLE VI QUIET ENJOYMENT

Subject to Lessor's right to notice and cure as set forth in Article IX of this Lease, Lessee, if not in material default of any of its material obligations under the Lease, on paying the rent and all other sums called for herein, and as set forth in this Lease, shall and may peaceably and quietly have, hold, occupy, use and enjoy the Leased Premises during the Term of this Lease. Lessor agrees to warrant and forever defend Lessee's right to possession and occupancy of the Leased Premises against the claims of any and all persons whomsoever claiming the same or any part thereof, by, through or under Lessor.

**ARTICLE VII
ASSIGNMENT AND TRANSFER**

7.1 Sublease or Transfer. Lessee may freely assign this Lease and/or the Project, in whole or in part, with the prior written consent of Lessor, which consent may not be unreasonably withheld, provided each such party has a net worth of Twenty Million and No/100 Dollars (\$20,000,000.00) or more. Lessee may freely sublease the Leased Premises, in whole or in part, to any party or entity. Unless expressly released by Lessor, Lessee shall remain fully liable and responsible to Lessor regardless of any assignment and/or sublease.

7.2 Conditions. The following conditions automatically apply to each assignment or transfer by Lessee without the necessity of same being stated in or referred to in Lessor's written consent:

(a) Lessee must execute, have acknowledged and deliver to Lessor and cause the sublessee, assignee or other transferee ("Transferee") of any portion of Lessee's interest in this Lease, the leasehold estate created hereby or the Leased Premises to execute, have acknowledged and deliver to Lessor, an instrument in form and substance reasonably acceptable to Lessor in which:

(i) The Transferee adopts this Lease and assumes and agrees to perform all of the obligations of Lessee hereunder, as to the interest transferred to it.

(ii) The Transferee agrees to use and occupy the transferred space for the purposes permitted under Article IV and otherwise in accordance with this Lease; and

(b) Lessee must deliver to Lessor a counterpart of all instruments relative to the assignment or other transfer executed by all parties to such transaction (except Lessor).

**ARTICLE VIII
TERMINATION AND SECURITY**

8.1 Termination by Lessor. Subject always to the provisions of Article IX, if at any time during the Term of this Lease Lessee shall default in payment of rent due hereunder, Lessor may serve notice of its intent to terminate this Lease on a date specified in such notice, which shall be no earlier than sixty (60) days after the date such notice is received by Lessee. Lessor's right to terminate this Lease with respect to a default in payment of rent shall terminate in the event payment in full, plus interest and other late charges as hereinabove provided, is made before the termination date specified in the notice to Lessee from Lessor, subject to the provisions of Article IX of this Lease.

8.2 Effect of Termination. Neither Lessor nor Lessee shall by the termination of this Lease be relieved of its respective obligations and liabilities arising from or incident to performance of this Lease.

ARTICLE IX ENCUMBRANCES BY LESSEE

9.1 Right to Encumber. At any time and from time to time during the Term of this Lease, Lessee may assign or encumber Lessee's interest in the Leasehold (as hereinafter defined) by one or more Leasehold Mortgages (as hereinafter defined) containing such terms and provisions as Lessee may, in its sole discretion, deem fit and proper, and without the consent or approval of Lessor. If Lessee encumbers the Leasehold by a Leasehold Mortgage and should Lessor be advised in writing of the name and address of the Leasehold Mortgagee (as hereinafter defined), then Lessor shall not terminate this Lease until Lessor shall comply with the provisions of this Article IX.

9.2 Leasehold Mortgage Authorized. On one or more occasions, without Lessor's prior consent, Lessee may take back a purchase money Leasehold Mortgage upon a sale and assignment of the Leasehold made in compliance with the terms of this Lease or may Mortgage or otherwise encumber the Leasehold under one or more Leasehold Mortgages and assign this Lease as security for such Leasehold Mortgage or Mortgages.

9.3 Notice to Lessor. If Lessee shall, on one or more occasions, take back a purchase money Leasehold Mortgage upon a sale and assignment of the Leasehold or shall otherwise Mortgage the Leasehold, Lessee and the Leasehold Mortgagee shall, within ten (10) days of the execution of such Mortgage, provide Lessor with notice of such Leasehold Mortgage together with a true copy of such Leasehold Mortgage and the name and address of the Mortgagee. Lessor and Lessee agree that, following receipt of such notice by Lessor, the provisions of this Article IX shall apply in respect to each such Leasehold Mortgage. In the event of any assignment of a Leasehold Mortgage or in the event of a change of address of a Leasehold Mortgagee or of an assignee of such Leasehold Mortgage, notice of the new name and address shall be provided to Lessor. Lessor shall promptly upon receipt of a communication purporting to constitute a notice provided for above acknowledge, by an instrument in recordable form, receipt of such communication as constituting the notice provided for above or, in the alternative, notify Lessee and the Leasehold Mortgagee of the rejection of such communication as not conforming with the provisions of this Section and specify the specific basis of such rejection. After Lessor has received notice of a Leasehold Mortgage, Lessee shall with reasonable promptness provide Lessor with complete and accurate copies of the note or other obligation secured by such Leasehold Mortgage and of any other documents pertinent to the Leasehold Mortgage. Lessee shall thereafter also provide Lessor from time to time with a copy of each amendment or other modification or supplement to such instruments within ten (10) days of the execution of any such document. All recorded documents shall be accompanied by the appropriate certification of the clerk of court as to their authenticity as true and correct copies of official records and all non-recorded

documents shall be accompanied by a certification by Lessee that such documents are true and correct copies of the originals. From time to time upon being requested to do so by Lessor, Lessee shall also notify Lessor of the date and place of recording and other pertinent recording data with respect to such instruments as have been recorded. Lessee authorizes any and all Leasehold Mortgagees to provide the information required under this subsection to Lessor upon Lessor's request.

9.4 Consent of Leasehold Mortgagee Required. No cancellation, surrender or modification of this Lease, other than a remedy pursued by Lessor in accordance with the terms of this Lease, shall be effective as to any Leasehold Mortgagee unless consented to in writing by such Leasehold Mortgagee.

9.5 Default Notice. Upon the occurrence of (i) a default under this Lease, or (ii) any event alleged to allow a termination of this Lease, or (iii) a matter on which Lessor may predicate or claim a default or event of default, or predicate or claim any right of termination of this Lease, Lessor shall provide Lessee written notice of same and shall allow Lessee the right to commence a cure of the alleged default within ninety (90) days of Lessee's receipt of such notice. In the event Lessee so commences such a cure, the notice given by Lessor shall be automatically withdrawn and shall become null and void without further action by Lessor or Lessee. Lessor, upon providing Lessee such notice, shall also at the same time provide a copy of such notice to every Leasehold Mortgagee (provided Lessor has been furnished the name and address of each such Leasehold Mortgagee), which notice shall only be effective upon confirmation of receipt by each Leasehold Mortgagee, signature by any person on a receipt for a properly addressed certified mail correspondence or express courier delivery, or confirmation of a successfully transmitted facsimile, shall constitute confirmation of receipt. No such notice by Lessor to Lessee shall be deemed to have been duly given unless and until a copy thereof has been so received by every Leasehold Mortgagee. From and after such notice has been given to a Leasehold Mortgagee, such Leasehold Mortgagee shall have the same period, after the giving of such notice upon it, for remedying any default or acts or omissions which are the subject matter of such notice or causing the same to be remedied, as is given Lessee after the giving of such notice to Lessee, plus in each instance, the additional periods of time specified in this Lease to remedy, commence remedying or cause to be remedied the defaults or acts or omissions which are the subject matter of such notice specified in any such notice. Lessor shall accept such performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Lessee. Lessee authorizes each Leasehold Mortgagee to take any such action at such Leasehold Mortgagee's option and does hereby authorize entry upon the Leased Premises by the Leasehold Mortgagee for such purpose.

9.6 Notice to Leasehold Mortgagee. Subject also to the provisions of Section 9.7 below, if any event of default shall occur which entitles Lessor to terminate this Lease or terminate Lessee's right to possession of the Leased Premises, Lessor shall have no right to terminate this Lease or to terminate Lessee's right to possession of the Leased Premises unless, following the expiration of the period of time given Lessee to cure such

event of default or the act or omission which gave rise to such event of default, Lessor shall notify every Leasehold Mortgagee of Lessor's intent to so terminate or to terminate Lessee's right to possession of the Leased Premises at least ninety (90) days in advance of the proposed effective date of such termination or taking possession of the Leased Premises (such notice being referred to herein as a "Termination Notice", and the ninety (90) day period specified in such Termination Notice being referred to herein as the "Termination Notice Period"). Lessor's provision to a Leasehold Mortgagee with a copy of any Termination Notice provided to Lessee indicating Lessor's intent to terminate shall serve as notice to such Leasehold Mortgagee. No termination shall occur if, during the Termination Notice Period, any Leasehold Mortgagee shall: (i) notify Lessor of such Leasehold Mortgagee's desire to nullify such notice, and (ii) pay or cause to be paid all rent and other payments, including taxes, then due and in arrears as specified in the Termination Notice to such Leasehold Mortgagee and which may become due during such Termination Notice Period, and (iii) comply or in good faith, with reasonable diligence commence to comply with all non-monetary requirements of this Lease then in default and reasonably susceptible of being complied with by such Leasehold Mortgagee, provided however, that such Leasehold Mortgagee shall not be required during such Termination Notice Period to cure or commence to cure any default consisting of Lessee's failure to satisfy and discharge any lien, charge or encumbrance against the Lessee's interest in this Lease or the Leased Premises which is junior in priority to the lien of the Mortgage held by such Leasehold Mortgagee.

9.7 Procedure on Default.

- (a) If Lessor shall elect to terminate this Lease or to terminate Lessee's right to possession of the Leased Premises by reason of any event of default of Lessee, and a Leasehold Mortgagee shall have proceeded in the manner provided for herein, the specified date for the termination of this Lease or termination of Lessee's right to possession of the Leased Premises as fixed by Lessor in its Termination Notice shall be extended for a period of six (6) months, provided that such Leasehold Mortgagee shall, during such six (6) month period (i) pay or cause to be paid the rent and other monetary obligations of Lessee under this Lease as the same become due, and continue its good faith efforts to perform all of Lessee's other obligations under this Lease, excepting (A) obligations of Lessee to satisfy or otherwise discharge any lien, charge or encumbrance against Lessee's interest in this Lease or the Leased Premises which is junior in priority to the lien of the Mortgage held by such Leasehold Mortgagee and (B) non-monetary obligations then in default and not reasonably susceptible of being cured by such Leasehold Mortgagee; and (ii) if not enjoined or stayed, take steps to acquire or sell Lessee's interest in this Lease by foreclosure of the Leasehold Mortgage or other appropriate means and prosecute the same to completion with due diligence.
- (b) If at the end of such six (6) month period such Leasehold Mortgagee is complying with the terms hereof, then this Lease shall not then terminate

nor shall Lessor take possession of the Leased Premises, and the time for completion by such Leasehold Mortgagee of its proceedings shall continue so long as such Leasehold Mortgagee is enjoined or stayed from commencing or pursuing the foreclosure or assignment in lieu thereof or delayed by procedural requirements from completing the foreclosure or assignment in lieu thereof (including the pendency of any related litigation) and thereafter for so long as such Leasehold Mortgagee proceeds to complete steps to acquire or sell Lessee's interest in this Lease by foreclosure of the Leasehold Mortgage or by other appropriate means with reasonable diligence and continuity. Nothing in this Section, however, shall be construed to extend this Lease beyond the original Term hereof or to require a Leasehold Mortgagee to continue such foreclosure proceedings after all monetary events of default and all other defaults reasonably susceptible of being cured have been cured. If all monetary events of default and all other defaults reasonably susceptible of being cured shall be cured and the Leasehold Mortgagee shall discontinue such foreclosure proceedings, then this Lease shall continue in full force and effect as if Lessee had not defaulted under this Lease.

- (c) If a Leasehold Mortgagee is complying with this Section, then upon the acquisition of the Leasehold by such Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale or otherwise this Lease shall continue in full force and effect as if Lessee had not defaulted under this Lease, and Lessor shall recognize the Leasehold Mortgagee or its designee or purchaser at a foreclosure sale or otherwise, as applicable, as the Lessee hereunder.
- (d) The making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Lease or of the Leasehold hereby created, nor shall any Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of this Lease or of the Leasehold hereby created so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of the Lessee to be performed hereunder, but the purchaser at any sale of this Lease and of the Leasehold in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignee or transferee of this Lease and of the Leasehold under any instrument of assignment or transfer in lieu of the foreclosure of any Leasehold Mortgage shall be deemed to be an assignee and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of the Lessee to be performed hereunder from and after the date of such purchase and assignment, but only for so long as such purchaser or assignee is the owner of the Leasehold. If the Leasehold Mortgagee or its designee shall become holder of the Leasehold and if the improvements situated on the Leased Premises shall have been or become materially damaged on, before or after the date of such purchase and assignment, the Leasehold Mortgagee or its designee shall be obligated to

repair, replace, reconstruct or demolish such improvements (if and only to the extent expressly required under this Lease) only to the extent of the net insurance proceeds received by the Leasehold Mortgagee or its designee by reason of such damage. However, should such net insurance proceeds be insufficient to repair, replace, reconstruct or demolish such improvements to the extent expressly required by the terms of this Lease and should the Leasehold Mortgagee or its designee choose not to fully reconstruct or demolish the improvements to the extent expressly required by this Lease, such failure shall constitute a default under this Lease.

- (e) Any Leasehold Mortgagee or other acquirer of the Leasehold pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings may, upon acquiring the Leasehold, sell and assign the Leasehold on such terms and to such persons and organizations as are acceptable to such Mortgagee or acquirer (whether or not the same is a permitted assignee), provided that such persons and organizations have a net worth of Twenty Million and No/100 Dollars (\$20,000,000.00) or more, and thereafter be relieved of all obligations under this Lease; provided that such assignee has delivered to Lessor its written agreement to be bound by all of the provisions of this Lease arising from and after the date of such assignment.
- (f) Notwithstanding any other provisions of this Lease, any sale of this Lease and of the Leasehold in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignment or transfer of this Lease and of the Leasehold hereby created in lieu of the foreclosure of any Leasehold Mortgage shall be deemed to be a permitted sale, transfer or assignment of this Lease and of the Leasehold hereby created.
- (g) Any Leasehold Mortgagee or other acquirer of the Leasehold pursuant to foreclosure, assignment in lieu of foreclosure or other proceedings shall, upon acquiring the Leasehold but subject to its rights under hereunder, diligently pursue a cure of all non-monetary requirements of this Lease of a continuing nature then in default and reasonably susceptible of being cured by the then-Lessee. In the event of an assignment as contemplated herein, the assignee Lessee shall diligently pursue a cure of all non-monetary requirements of this Lease of a continuing nature then in default and reasonably susceptible of being cured by the then-Lessee.

9.8 New Lease. The provisions concerning a "New Lease" shall apply only if and to the extent such provisions may be enforced under applicable Louisiana law at the time such enforcement is sought. In the event of the termination of this Lease as a result of Lessee's event of default, Lessor shall, in addition to providing the notices of default (or event of default) and termination as required above, provide each Leasehold Mortgagee with written notice that this Lease has been terminated, together with a statement of all sums which would at that time be due under this Lease but for such

termination, and of all other defaults or events of default, if any, then known to Lessor. Lessor agrees to enter into a new lease ("New Lease") of the Leased Premises with such Leasehold Mortgagee or its designee for the remainder of the Term of this Lease, effective as of the date of termination, at the rent and upon the terms, covenants and conditions (but excluding requirements which are not applicable or which have already been fulfilled) of this Lease, including, without limitation, all then-unexercised Renewal Terms provided under Section 1.1 of this Lease and the Right of First Refusal provided under Section 7.3 of this Lease, provided:

- (a) Such Leasehold Mortgagee shall make written request upon Lessor for such New Lease within sixty (60) days after the date such Leasehold Mortgagee receives Lessor's notice of termination of this Lease given pursuant hereto.
- (b) Such Leasehold Mortgagee or its designee shall pay or cause to be paid to Lessor at the time of the execution and delivery of such New Lease, any and all sums which would at the time of execution and delivery thereof be due pursuant to this Lease but for such determination and, in addition thereto, all reasonable expenses, including reasonable attorney's fees, which Lessor shall have incurred by reason of such termination and the execution and delivery of the New Lease and which have not otherwise been received by Lessor from Lessee or other party in interest under Lessee. Upon the execution of such New Lease, Lessor shall allow to the Lessee named therein as an offset against the sums otherwise due under this subsection or under the New Lease, an amount equal to the net income derived by Lessor from the Leased Premises during the period from the date of termination of this Lease to the date of the beginning of the lease term of such New Lease. In the event of a controversy as to the amount to be paid to Lessor pursuant to this subsection, the payment obligation shall be satisfied if Lessor shall be paid the amount not in controversy, and the Leasehold Mortgagee or its designee shall agree to pay any additional sum ultimately determined to be due plus interest at the rate of ten percent (10%) per annum and such obligation shall be adequately secured.
- (c) Such Leasehold Mortgagee or its designee shall agree to remedy any of Lessee's defaults of which said Leasehold Mortgagee was notified by Lessor's notice of termination and which are reasonably susceptible of being so cured by Leasehold Mortgagee or its designee.
- (d) Any New Lease made pursuant to this subsection shall be prior to any Mortgage or other lien, charge or encumbrance on the fee of the Leased Premises and the Lessee under such New Lease shall have the same right, title and interest in and to the Leased Premises as Lessee had under this Lease.
- (e) The Lessee under any such New Lease shall be liable to perform the

obligations imposed on the Lessee by such New Lease only during the period such person has ownership of such Leasehold.

9.9 New Lease Priorities. If more than one Leasehold Mortgagee shall request a New Lease, the Lessor shall enter into such New Lease with the Leasehold Mortgagee whose Mortgage is prior in lien, or with the designee of such Leasehold Mortgagee. Lessor, without liability to Lessee or any Leasehold Mortgagee with an adverse claim, may rely upon a mortgagee title insurance policy issued by a responsible title insurance company doing business within the state of Louisiana as the basis for determining the appropriate Leasehold Mortgagee who is entitled to such New Lease.

9.10 Takings. Lessee's share, as provided by Article XI of this Lease, of the condemnation award arising from any taking shall, subject to the provisions of such Article XI, be disposed of as provided for by any Leasehold Mortgage.

9.11 Casualty Loss. A standard mortgagee clause naming each Leasehold Mortgagee may be added to any and all insurance policies required to be carried by Lessee hereunder on condition that the insurance proceeds are to be applied in the manner specified in this Lease and the Leasehold Mortgage shall so provide; except that the Leasehold Mortgage may provide a manner for the disposition of such proceeds, if any, otherwise payable directly to Lessee (but not such proceeds, if any, payable to Lessor or payable jointly to Lessor and Lessee) pursuant to the provisions of this Lease.

9.12 Legal Proceedings. Lessor shall give each Leasehold Mortgagee prompt notice of any legal proceedings between Lessor and Lessee involving obligations under this Lease. Each Leasehold Mortgagee shall have the right to intervene in any such proceedings and be made a party to such proceedings, and the parties hereto do hereby consent to such intervention. In the event that any Leasehold Mortgagee shall not elect to intervene or become a party to any such proceedings, Lessor shall give the Leasehold Mortgagee notice of, and a copy of any award or decision made in any such proceedings, which shall be binding on all Leasehold Mortgagees not intervening after receipt of notice of legal proceedings.

9.13 Notices. Notices from Lessor to the Leasehold Mortgagee shall be mailed to the address furnished Lessor pursuant hereto, and those from the Leasehold Mortgagee to Lessor shall be mailed to the address designated pursuant to the provisions hereof. Such notices, demands and requests shall be given in the manner described in Section 13.3 and shall in all respects be governed by the provisions of that Section.

9.14 Definitions. The following terms used in this Article IX shall have the meanings set forth below (as such terms are used in this Article IX and elsewhere in this Lease):

- (a) "Leasehold" means the estate for years, leasehold estate and other right, title and interest in the Leased Premises conveyed to Lessee by this Lease,

including, without limitation, all then unexercised Renewal Terms provided under Section 1.1 hereof.

- (b) "Leasehold Mortgage" means a holder of a Leasehold Mortgage in respect to which the notice has been duly given and received by Lessor in conformance with the provisions of this Article IX and as to which the provisions of this Article IX are applicable.
- (c) "Leasehold Mortgage" means a Mortgage of the Leasehold.
- (d) "Mortgage" means, as a noun, a deed of trust, mortgage, deed to secure debt, security agreement or similar voluntary agreement creating a lien upon or security interest in or conveying title to the Leased Premises or any part thereof or any interest therein (including without limitation the Leasehold) as security for a debt or other obligation. As a verb, "Mortgage" means to grant any such a deed of trust, mortgage, deed to secure debt, security agreement or similar voluntary agreement creating a lien upon or security interest in or conveying title to the Leased Premises or any part thereof or any interest therein (including without limitation the Leasehold) as security for a debt or other obligation. The term shall not include an assignment or sale of this Lease with a lease or sublease back to Lessee.
- (e) "Mortgagee" means the holder of a Mortgage or security interest in the Leased Premises or any moveable property or immoveable property.

ARTICLE X ENVIRONMENTAL INDEMNITY AND INSURANCE

10.1 Insurance. Without limiting the indemnity obligations or liabilities of Lessee, or its insurers, provided herein, Lessee agrees at all times this Lease is in effect to carry and maintain at its sole expense insurance of the types and in the minimum amounts as follows:

- (a) Comprehensive general public liability and property damage insurance providing coverage for products liability, personal liability, and property damage, with a "broad form" endorsement that includes a contractual liability endorsement covering Lessee's agreement to indemnify Lessor as set out in this Lease, with minimum combined single limits for bodily injury and property damage of \$2,000,000.00 per person per occurrence with aggregate primary and excess coverage of no less than \$10,000,000.00, which policy shall name Lessor as an additional insured;
- (b) Workers' Compensation insurance in accordance with the statutory requirements of the State of Louisiana, and Employers' Liability insurance with a limit of \$1,000,000.00;

- (c) All risk property insurance on all buildings, facilities, improvements and other constructions forming part of the Leased Premises or located thereon (including, without limitation, all buildings and other constructions now forming part of the Leased Premises and all improvements) covering all risks covered by an "all risk form" policy of fire and extended coverage insurance, and such other risks as Lessor may reasonable require, with limits equal to the full replacement value thereof, which policy shall name Lessor as loss payee;
- (d) All risk property insurance on all of Lessee's furniture, equipment, and other personal property located in, upon, or about the Leased Premises, or used in the conduct of Lessee's business in, upon, or from the Leased Premises, covering all risks covered by a "all risk form" policy of fire and extended coverage insurance, with limits equal to the full replacement value thereof;

Lessor shall have the right, but not the obligation, to increase the required minimum insurance limits stated above (as well as the required minimum insurance limits set out herein) from time to time as Lessor may reasonably require to assure that the coverage provided at the time of the increase is economically equivalent to the coverage provided by the limits set out above on the execution of this Lease, which increase shall be calculated in the same manner as increases of rent under this Lease.

Each insurance policy required under this Section shall be issued by a company that is rated by Stand & Poor's or Moody's 'A', or higher and is qualified to do business in the State of Louisiana. Lessee will deliver to Lessor the original (or a copy certified by the insurer) of each policy required hereunder before the Term of this Lease begins. Lessee will further deliver to Lessor the original (or a copy certified by the insurer) of each renewal thereof no later than fifteen (15) calendar days before any such insurance policy shall expire. Each such policy or renewal thereof, as the case may be, shall be accompanied by a certificate of the insurer that such policy may not be canceled except upon thirty (30) calendar days' prior written notice to Lessor.

Each policy of insurance maintained hereunder and each renewal or replacement thereof shall contain (i) a clause in a form reasonable acceptable to Lessor providing that each underwriter shall waive all of its rights of recovery, under legal or conventional subrogation or otherwise, against Lessor; (ii) a "breach of warranty" clause stating that the interests of Lessor, if any, including its members, managers, officers, employees, and agents, and the interests of any Mortgagee will not be affected by the failure of Lessee or any insurer to comply with any of the warranties expressed in the printed conditions of the policy; (iii) a clause providing that Lessor shall not liable to the insurance carrier for payment of any premiums for such insurance by reason of its being named an additional insured or loss payee, as the case may be, thereunder; and (iv) a clause providing that coverage is primary and not in excess or contributory with any other insurance or any

self-insurance maintained by Lessee. Lessor and Lessee each waive every claim which arises or may arise in its favor and against the other party hereto during the Term of this Lease or any renewal or extension thereof for any and all loss of, or damage to, any of its property located within or upon, or constituting a part of, the Leased Premises, covered by applicable insurance policies, to the extent that such loss or damage is recoverable under said insurance policies. Said mutual waivers shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of or damage to property of the parties hereto. Each party agrees to immediately give to each insurance company which has issued to it policies of insurance applicable to provisions of this Lease written notice of the terms of the mutual waivers set forth in this Section, and to have said insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverage by reason of said waivers.

10.2 Environmental Claims. As used in this Article, the term "Hazardous Materials" means any hazardous or toxic substances, materials or wastes, including, but not limited to, those substances, materials and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 C.F.R. 172.101) or by the Environmental Protection Agency as hazardous substances (40 C.F.R. Part 302) and amendments thereto, or substances, materials and wastes which are or become regulated under any applicable local, state or federal law, rule, or regulation, including, without limitation, any material, waste or substance which is: (i) petroleum; (ii) asbestos; (iii) polychlorinated biphenyls; (iv) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. 251, et seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. 1317); (v) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., (42 U.S.C. 6903); or (vi) defined as a "Hazardous Substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9601, et seq. (42 U.S.C. 9601).

Lessee covenants and agrees from the date hereof, and as long as the provisions of this Lease shall remain in effect, to remove from the Leased Premises, if and as required by law, any Hazardous Materials placed in or on the Premises by Lessee, its agents, its employees or its independent contractors, and to comply in all respects with all federal, state and local governmental laws and regulations governing such removal; however, Lessee shall not be responsible to Lessor for any Hazardous Materials placed in or on the Premises by individuals not contracted with or under the direction or control of Lessee and Lessee promises to give notice to Lessor of any claim, action, administrative proceeding (including, without limitation, informal proceedings), or other written demand by any governmental agency or other third party involving the existence of Hazardous Materials on the Leased Premises, and copies of any notice of any releases of Hazardous Materials given by Lessee pursuant to any law, rule or regulation, and any report of and response to any such incident.

Lessee agrees to indemnify, pay and protect, defend and save Lessor harmless from and against any and all claims (including, without limitation, third party claims for

personal injury or real or personal property damage), actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities (including sums paid in settlement of claims), interest, or losses, including reasonable attorneys' and paralegals' fees and expenses, consultant fees, and expert fees, together with all other reasonable costs and expenses of any kind or nature (collectively, the "Costs") that arise out of the release by Lessee or its agents, its employees or its independent contractors of any Hazardous Materials in or into the air, soil, ground water, or surface water at, on, about, under, or within the Premises, or any portion thereof, or elsewhere in connection with Lessee's operations on or in connection with the Premises. The indemnification provided in this Lease shall specifically apply to and include claims or actions brought by or on behalf of employees of Lessee. In the event Lessor shall suffer or incur any such costs, Lessee shall pay to Lessor the total of all such reasonable costs suffered or incurred by Lessor upon demand therefore by Lessor. Without limiting the generality of the foregoing, the indemnification provided in this Lease shall specifically cover costs, (including capital, operating and maintenance costs), incurred in connection with (1) any investigation or monitoring of site conditions, (2) any cleanup, containment, remedial, removal, or restoration work require or performed by any federal, state or local government agency or political subdivision or performed by any nongovernmental entity or person because of the presence, suspected presence, release, or suspected release of any Hazardous Material in or into the air, soil, ground water, or surface water at, on, about, under, or within the Premises or any portion thereof, or elsewhere in connection with Lessee's operations on or in connection with the Premises and (3) any claims of third parties for loss or damage due to such Hazardous Materials.

In the event Lessee is required to conduct or perform any investigation or monitoring of site conditions for any cleanup, containment, restoration, removal or other remedial work (collectively the "Remedial Work") under any applicable federal, state or local law or regulation, by any judicial order or by any governmental entity, or in order to comply with any agreements affecting the Premises because of or in connection with any occurrence or event described in this Lease, Lessee shall perform or cause to be performed the Remedial Work in compliance with such law, regulation, order or agreement; provided that Lessee may withhold such compliance pursuant to a good faith dispute regarding the application, interpretation, or validity of the law, regulation, order or agreement, subject to the requirements of the following paragraph. All Remedial Work shall be performed by one or more contractors selected by Lessee after consultation with Lessor, and under the supervision of a consulting engineer selected by Lessee. Lessee shall incorporate Lessor's reasonable comments regarding the selection of professionals. In the event a Remedial Work is required, Lessee shall apply to and conduct such Remedial Work under the Louisiana Voluntary Cleanup Program (the "Program") or equivalent brownfields program in place at the time of such Remedial Work. Lessor shall cooperate with Lessee in obtaining entry into the Program and other consents of owner required under the Program. All costs and expenses of such Remedial Work shall be paid by Lessee, including, without limitation, the charges of such contractors and/or the consulting engineer. If Lessee shall fail to timely commence or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, Lessor may, but shall

not be required to, cause such Remedial Work to be performed, and all reasonable costs and expenses thereof or incurred in connection therewith shall be Costs within the meaning of this Lease. All such Costs shall be due and payable upon demand therefore by Lessor.

Lessee shall be permitted to contest or cause to be contested, subject to compliance with the requirements of this paragraph, by appropriate action any Remedial Work requirement, and Lessor shall not perform such requirement on its behalf, so long as Lessee has given Lessor written notice that Lessee is contesting or shall contest or cause to be contested the application, interpretation, or validity of the governmental law, regulation, order or agreement pertaining to the Remedial Work by appropriate proceedings conducted in good faith with due diligence; provided, that such contests shall not subject Lessor or any assignees of Lessor's interest in the Premises to civil liability and does not jeopardize any such parties' interest in the Premises. Lessee shall give such security or assurances as may be reasonably required by Lessor to insure compliance with the legal requirements pertaining to the Remedial Work (and payment of all Costs in connection therewith) and to prevent any sale, forfeiture, or loss by reason of such nonpayment or noncompliance.

This Section 10.2 shall be binding upon, inure to the benefit of, and be enforceable by Lessor and Lessee, and their respective heirs, legal representatives, successors and assigns, including, without limitation, any assignee or purchaser of all or any portion of the Lessor's interest in the Premises. If any term of this Article or any application thereof shall be invalid, illegal, or unenforceable, the remainder of this Article and any other application of such term shall not be affected thereby. No delay or omission in exercising any right hereunder shall operate as a waiver of such right or any other right. The provisions of this Article shall survive the termination or expiration of this Lease.

ARTICLE XI CONDEMNATION

11.1 Total Taking. Should the entire Leased Premises be taken (which term, as used in this Article XI, shall include any conveyance in avoidance or settlement of eminent domain, condemnation, expropriation or other similar proceedings) by any governmental authority, corporation or other entity under the right of eminent domain, expropriation, condemnation or similar right, this Lease shall terminate and all rents shall abate as of the date of taking possession by the condemning authority and upon the determination of the final award, the award therefore will be distributed first to Lessor for the full extent of Lessor's loss, and then to Lessee for the value of the improvements taken, the Lessee's expenses of relocation of its operations, value of Lessee's fixtures and trade fixtures and any other portion of the condemnation award as it relates to the value of the Leasehold, with the balance, if any, to be distributed equally between Lessor and Lessee. As used herein, the term "award" shall mean any and all awards, damages or settlements which may be paid or made in connection with any taking of possession by any condemning authority of all or any portion of the Leased Premises.

11.2 Partial Taking. Should a portion of the Leased Premises (including without limitation the improvements) be taken by any governmental authority, corporation or other entity under the right of eminent domain, expropriation, condemnation or similar right, this Lease shall nevertheless continue in effect as to the remainder of the Leased Premises unless so much of the Leased Premises shall be so taken as to make it economically unsound for Lessee to use the remainder for the uses and purposes contemplated hereby, whereupon, in the sole discretion of Lessee, this Lease shall terminate as of the date of taking of possession by the condemning authority in the same manner as if the whole of the Leased Premises had been thus taken, and the award therefore shall be distributed as provided in Section 11.1. In the event of a partial taking where this Lease is not terminated, the rent payable shall not be adjusted or changed.

11.3 Award on Partial Taking. If a portion of the Leased Premises is taken and this Lease is not terminated as a result thereof, then Lessee, to the extent condemnation proceeds are available to Lessee, may restore, repair and refurbish the remainder of the Leased Premises in order to put them in a usable condition; any portion of the award not used for such repair and refurbishment work shall be paid as provided in the next sentence. If a portion of the Leased Premises is taken and no repair or restoration work is required thereof or if repair or restoration work is required and performed and a portion of such award is not used for such repair or restoration, then the award therefore or such portion shall be distributed first, to Lessor for the full extent of Lessor's loss, and second, the balance, if any, shall be distributed to Lessee. Any such restoration, repair or refurbishment shall be performed in accordance with the provisions of this Lease.

11.4 Temporary Taking. If the whole or any portion of the Leased Premises shall be taken for temporary use or occupancy, the Term shall not be reduced or affected, and there shall be no abatement in rent, unless Lessee is prevented from commercially reasonable operations. Except to the extent Lessee is prevented from so doing pursuant to the terms of the order of the condemning authority, Lessee shall continue to perform and observe all of the other covenants, agreements, terms and provisions of this Lease. In the event of a temporary taking and provided Lessee has continued to pay all rent when and as due, Lessee shall be entitled to receive the entire amount of any award therefore unless the period of temporary use or occupancy shall extend beyond the expiration of the final Term, whether the Primary Term or Renewal Term, in which case such award, after payment to Lessor there from for the estimated cost of restoration of the Leased Premises to the extent that any such award is intended to compensate for damage to the Leased Premises, shall be apportioned between Lessee and Lessor as of the day of expiration of such Term in the same ratio that the part of the entire period for which such compensation is made falling before the day of expiration and that part falling after, bear to such entire period.

11.5 Separate Awards. The court in condemnation proceedings shall, if not prohibited by law, be requested to make separate awards to Lessor and Lessee and Lessor and Lessee shall request such action by such court. The terms of this Article XI shall

apply and shall be taken into account by the court in rendering separate awards.

11.6 Receipt of Award. If separate condemnation awards are not made, all sums, including damages and interest, constituting the condemnation award shall be deposited promptly with a mutually agreeable escrow agent, and shall be distributed and disbursed pursuant to the terms of this Lease.

11.7 Notice of Taking. Lessee shall immediately notify Lessor of the commencement of any eminent domain, condemnation or other similar proceedings with regard to the Leased Premises. Lessor shall similarly notify Lessee and all Leasehold Mortgagees of the commencement of any such proceedings.

11.8 Participation by Lessee. Lessee and any Leasehold Mortgagee shall have the right to appear, participate in any condemnation proceedings (including any and all negotiations, hearings, trials and appeals therein) and to prove and recover out of the award any amounts that Lessee would be legally entitled to.

11.9 Mortgagee Condemnation Award Requirement. Notwithstanding the provisions contained in this Article XI, if any, Leasehold Mortgagee elects in accordance with the terms of the Mortgage, to require all of that portion of a condemnation award that is attributable to the improvements and structures on the Leased Premises, or that would otherwise be payable to Lessee hereunder, to be paid to the Leasehold Mortgagee on account of the indebtedness secured by such Mortgage, then subject to rights of any other Leasehold Mortgagee with respect thereto, such payment shall be made to such Leasehold Mortgagee, and Lessee shall be relieved of all obligations, monetary or otherwise, established under this Article XI to the extent of such payment.

ARTICLE XII

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ARTICLE XIII GENERAL PROVISIONS

13.1 Inspection. With prior written approval from Lessee, Lessee shall permit Lessor and Lessor's agents, representatives or employees, at their sole risk, to enter on the Leased Premises for the purpose of inspection to determine whether Lessee is in compliance with the terms of this Lease, for purposes of maintaining, repairing or altering the premises, or for the purposes of showing the Leased Premises to prospective lessees, purchasers, mortgagees or beneficiaries under deeds of trust. Lessor will abide by Lessee's environmental health and safety rules when entering the Leased Premises.

13.2 No Partnership. The relationship between Lessor and Lessee at all times shall remain solely that of Lessor and Lessee and not be deemed a partnership or joint venture.

13.3 Payments and Notices. All payments, notices, demands or requests from Lessee to Lessor shall be given to Lessor, Attention:

or at such other address as Lessor shall request in writing. All payments, notices, demands or requests from Lessor to Lessee shall be given to Lessee, Attention:

SCT&E LNG
Attention: Legal Counsel
27515 Enterprise Circle West
Temecula, California 92590

or at such other address as Lessee shall request in writing. Any notice required or permitted under this Lease must be in writing. Any and all written notices required or permitted to be given under this Lease shall be deemed to have been properly given when sent to the other party by facsimile (when such facsimile has been acknowledged by answer back code of recipient) or when received by the other party if sent by certified mail, postage prepaid, or courier at the addresses set out above.

13.4 Estoppel Certificate. At any time and from time to time, but no more often than three (3) times yearly, in connection with a financing or a renewal of financing, Lessor shall, promptly and in no event later than twenty (20) days after a request from Lessee or any Leasehold Mortgagee, execute, acknowledge and deliver to Lessee or any present or proposed mortgagee of the leasehold estate, a certificate in the form supplied by Lessee, certifying: (i) that this Lease is in full force and effect and has not been modified (or if modified, setting forth all modifications), or if this Lease is not in full force and effect, the certificate shall so specify the reasons therefore; (ii) the commencement and expiration dates of this Lease; (iii) the date to which the rentals have been paid under this Lease and the amount thereof then payable, (iv) whether there are then, to the best of Lessor's knowledge, any existing defaults by Lessee in the performance of its obligations under this Lease, and, if there are any such defaults, specifying the nature and extent thereof; (v) that no notice has been received by Lessor of any default under this Lease which has not been cured, except as to defaults specified in the certificate; (vi) the capacity of the person executing such certificate, and that such person is duly authorized to execute the same on behalf of Lessor; (vii) an agreement to provide notice of default to any Leasehold Mortgagee and an opportunity for such Leasehold Mortgagee to cure any such default, consistent with the terms of this Lease; (viii) the number of options remaining in this Lease, and (ix) any other information reasonably requested by Lessee or its present or proposed purchaser or mortgagee.

ARTICLE XIV MISCELLANEOUS

14.1 Parties Bound. This Lease, and the rights and obligations of Lessor and Lessee, shall bind and inure to the benefit of Lessor and Lessee, and their respective legal

representatives, heirs, distributes, successors and assigns where assignment is permitted by this Lease.

14.2 Applicable Law. This Lease shall be construed in accordance with and be governed by the laws of the State of Louisiana, without reference to the conflict of laws principles thereof.

14.3 Severability. If any part of this Lease is for any reason found to be unenforceable, all other portions nevertheless remain enforceable and the parties agree to enter into good faith negotiations to agree upon new terms which reflect as closely as possible the original intent of the parties as set forth in such unenforceable provisions.

14.4 Rights and Remedies Cumulative. The rights and remedies provided by this Lease are cumulative, and the use of any one right or remedy by either party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise. All the rights and remedies may be exercised and enforced concurrently or whenever occasion for the exercise arises.

14.5 Attorney's Fees. In the event Lessor or Lessee breach or default upon any of the terms of this Lease and the party not in default employs attorneys to protect or enforce its rights hereunder and prevails, then the defaulting party agrees to pay the reasonable attorneys' fees incurred by the prevailing party.

14.6 Number and Gender, Captions, References. Pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporation and associations of every kind and character, and the singular shall include a plural wherever and as often as may be appropriate. Article and Section heading of this Lease are for convenience of reference and shall not affect the construction of interpretation of this Lease. Whenever the terms "hereof," "hereby," "herein" or words of similar import are used in this Lease they shall be construed as referring to this Lease in its entirety rather than to a particular Section or provision, unless the context specifically indicates to the contrary. Any reference to a particular "Article" or "Section" shall be construed as referring to the indicated Article or Section of this Lease.

14.7 Brokers. Lessee hereby warrants and represents unto Lessor that it has not incurred or authorized any brokerage commission, finder's fees or similar payments in connection with this Lease, and agrees to defend, indemnify and hold harmless Lessor from and against any claim for brokerage commission, finder's fees or similar payment arising by virtue of authorization by, through or under Lessee in connection with this Lease.

14.8 Recordable Memorandum. At any time and from time to time and upon the execution of this Lease, at the request of Lessee, Lessor will execute a memorandum setting forth the material terms of this Lease all in a recordable form reasonably

acceptable to Lessee. Such instrument shall not in any way amend or modify any terms of this Lease. This Lease and any modifications, amendments or supplements hereto or a memorandum hereof may be filed for recordation in the official land records of Cameron Parish, Louisiana, and in such other location as may from time to time be provided by law as the proper place for recording this Lease.

14.9 Interpretation. This Lease shall be construed without regard to the identity of the person who drafted the various provisions hereof. Each provision of this Lease shall be construed as though both parties participated equally in its drafting. Consequently, the parties acknowledge and agree that any rule of construction that a document is to be construed against the drafting party shall not be applicable to this Lease.

14.10 Force Majeure. In the event either party to this Lease shall be delayed or hindered in or prevented from the performance required hereunder by reason of an event of force majeure, which includes, but is not limited to, strikes, lockouts, labor troubles (which strikes, lockouts or labor troubles the party suffering same shall not be obligated to settle except for reasons within its sole discretion), failure of power, riots, insurrection, war, acts of God, inability to obtain power, fuel, supplies, feedstock, machinery or equipment, any Federal or State law, or any order, rule, or regulation of any governmental authority, or any other reason of similar or dissimilar nature not the fault of the party delayed in performing work or doing acts (herein, "force majeure"), such party shall be excused for the period of time equivalent to the delay caused by such force majeure.

14.11 Third Parties. Except as herein specifically and expressly otherwise provided with regard to notices, opportunities to cure defaults and certain other enumerated rights, including but not limited to the rights of Leasehold Mortgagees, the terms and provisions of this Lease are for the sole benefit of Lessor and Lessee.

14.12 Entire Agreement. This Lease, including any exhibits, constitutes the parties' final and mutual agreement. There are no written or oral representations or understandings that are not fully expressed in this Lease. No change, waiver or discharge is valid unless in writing that is signed by the party against whom it is sought to be enforced.

14.13 Further Assurances. Lessor shall execute any documents, reasonably requested by or on behalf of Lessee, including but not limited to any right, permit, license or authorization with respect to the Leased Premises or the Project, and to further evidence the obligations of Lessor, or the rights or obligations of Lessee under this Lease. Lessor shall cooperate in good faith with Lessee in Lessee's efforts to obtain permitting and financing for the Project.

14.14 Cooperation with Zoning and other Matters. In addition to the assistance to be provided by Lessor under Section 5.7 of this Lease, Lessor shall assist and cooperate with Lessee in connection with obtaining and/or preserving any zoning or

rezoning of the Leased Premises, or any variances with respect thereto, as well as with obtaining and/or preserving any site plan approvals, grading permits, construction permits, development permits, building permits, sign permits or any other permits, approvals or licenses required of or from any governmental entities or officials in connection with the development, construction and operation of the improvements, and the Project, and will further cooperate with Lessee in connection with all other matters affecting the Leased Premises and the Project and/or Lessee's operations and therein, including all matters involving Taxes. Lessor hereby agrees to execute any applications for any such rezoning, variances, approvals, permits or licenses and such other matters and hereby irrevocably appoints and authorizes Lessee, as Lessor's agent and attorney-in-fact, to seek, apply for and pursue such rezoning, variances, approvals, permits or licenses in the name, place and stead of Lessor, but at the sole cost and expense of Lessee. Lessor will immediately confirm Lessor's appointment of Lessee as Lessor's agent upon request of Lessee.

14.15 No Waiver. Failure on the part of either party to complain of any action or non-action on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver by the non-complaining party of any of its rights hereunder. Further, it is covenanted and agreed that no waiver at any time of any of the provisions shall be construed as a waiver of any of the other provisions hereof and that a waiver at any time of any of the provisions hereof may not be construed as a waiver at any subsequent time of the same provisions. The consent or approval by one party to or of any action by the other requiring the approving party's consent or approval shall not be deemed to waive or render unnecessary such party's consent or approval to or of any subsequent similar act.

14.17 Performance of Other Party's Obligations. If either party hereto fails to perform or observe any of its covenants, agreements or obligations hereunder, in a timely manner after having received notice from the other party, then the other party shall have the right, but not the obligation, at its sole election (but not as its exclusive remedy) to perform or observe the covenants, agreements or obligations which are asserted to have not been performed or observed at the expense of the failing party and to recover all costs or expenses incurred in connection therewith.

14.18 Joint and Several. If either Lessor or Lessee at any time is composed of more than one person or entity, the obligation of all such persons or entities shall be joint and several.

14.19 Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed an original binding on the party or parties so signing, regardless of whether all grantors, lessors or vendors, as the case may be, join in this Lease. All counterparts, construed together, shall constitute one Lease.

IN TESTIMONY WHEREOF, this Lease is executed in duplicate originals, either of which shall be deemed to be an original, on the date first above mentioned.

LESSOR:

LESSEE:

Attachment "D"
LEGAL DESCRIPTION OF PROJECT LOCATION

SOUTHERN CALIFORNIA TELEPHONE & ENERGY
SCT&E LNG, LLC
+/- 246.044 ACRES

246.044 acres of land, more or less, being located in Section 36, Township 14 South – Range 10 West and Section 35, Township 15 South – Range 10 West, all in Cameron Parish, Louisiana and further described as follows:

BEGINNING at the intersection of the South Line of Section 35, Township 15 South – Range 10 West and the East right-of-way of the Calcasieu Ship Channel, said intersection having coordinates of X = 1,362,171 and Y = 413,259; thence along the South Line of said Section 35 South 88 degrees 59 minutes 04 seconds East, a distance of 2157.12 feet to its intersection with the Eastern right-of-way of Louisiana State Highway 1411 (abandoned); thence along said right-of-way the following courses: North 31 degrees 30 minutes 15 seconds East, a distance of 285.70 feet; thence North 36 degrees 39 minutes 02 seconds East, a distance of 1256.25 feet; thence North 37 degrees 48 minutes 42 seconds East, a distance of 1273.16 feet to a point on the East Line of Section 36, Township 14 South – Range 10 West; thence along said Section Line North 00 degrees 54 minutes 33 seconds East, a distance of 573.25 feet to a point on the South Bank of the Calcasieu Pass; thence along said South Bank of the Calcasieu Pass the following courses: North 76 degrees 28 minutes 42 seconds West, a distance of 999.04 feet; thence North 83 degrees 00 minutes 48 seconds West, a distance of 1027.63 feet; thence North 77 degrees 32 minutes 18 seconds West, a distance of 926.84 feet; thence North 64 degrees 04 minutes 09 seconds West, a distance of 606.01 feet; thence North 54 degrees 23 minutes 33 seconds West, a distance of 428.77; thence South 68 degrees 26 minutes 10 seconds West, a distance of 198.82 feet to a point on the East right-of-way of the Calcasieu Ship Channel; thence along said right-of-way South 01 degrees 57 minutes 07 seconds East, a distance of 3794.61 feet to the POINT OF BEGINNING.

All bearing, distances and coordinates are based on the Louisiana Lambert Plane Coordinate System, 1927 Datum (South Zone). The above-described depicted on a plat prepared by C. H. Fenstermaker & Associates, LLC dated May 22, 2014.