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How LNG is Transforming the Global Energy Market – Critical Liquefaction Project Development Issues

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Financing of LNG Projects

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Equity Funding Sources

- Energy majors/independents
- LNG buyers (global gas companies/utilities)
- Related trading companies
- Private equity

Project Finance Debt Funding Sources

- Commercial banks (incl. sponsor relationships)—will accept construction risk
- Institutional lenders
  - Term Loan B (*e.g.*, insurance companies, CLOs)
  - Private placement (insurance companies)
- Capital markets (144A) (insurance companies etc.)
- Institutional/capital markets more reluctant to accept substantial construction risk inherent in LNG facilities
- Official lenders (e.g., export credit agencies)

Debt Funding Sources—Considerations

- Maturity
- Interest rate
- Covenants
- Waivers
- Restructuring

Project Financing Features

- Nonrecourse to project sponsors
- First-priority security interest in plant and equipment
- Assignment of project contracts with creditworthy counterparties
- Fixed-price, date-certain, turnkey construction contract
- Gas tolling agreements
- Counterparties may also be equity investors
- Permits

Cheniere Energy Sabine Pass Liquefaction Financing

- $2 billion equity led by Blackstone
- $3.6 billion syndicated bank project financing (21 banks)
- Based on credit of tolling agreement counterparties (BG, Gas Natural, KOGAS and GAIL)
- Strong demand obviated need to get Term B institutional market comfortable with substantial construction risk
- 7-year mini-perm

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Regulatory Issues in the Project Financing of LNG Projects

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General Regulatory Issues

- What authorizations are required?
- Who should bear the risk of delay or cancellation?
- What limits do regulators place on the enforcement of contractual rights?
- Who should bear the risk of changes in regulatory requirements?
- Who should bear the risk of regulatory revocation?
- What limits do regulation impose on remedies?

Regulatory Issues Affecting Project Contracts

- What contracts are subject to regulatory oversight?
- Who bears the responsibility for:
  - Delay in obtaining regulatory approvals?
  - Regulatory changes that affect service or rates?
  - Subsequent changes in regulatory approvals?
  - Revocations of regulatory approvals?
- What limits do regulatory approvals place on the exercise of remedies?

Regulatory Issues Affecting LNG Project Contracts

- Major risk of delay is the DOE export license approval
- FERC process is relatively well understood
  - Siting only for LNG terminals
  - Full authority over upstream pipelines
- Risk of regulatory changes/revocation
  - Limited risk of revocation from FERC
    - Except for failure to meet in-service deadlines
  - Limited risk of revocation from DOE
    - DOE export license conditions raised fears, however

Regulatory Issues Affecting LNG Project Contracts
(continued)

- Regulatory limits on remedies
  - Very limited risks for the LNG facilities contracts
  - Obligation to follow FERC rules for upstream pipeline contracts
    - Ultimately, FERC will allow termination of service contracts, with ability to seek damages in court

Regulatory Risks Affecting LNG Financing Contracts

- See the above for issues affecting project contracts that affect project financings
- Issues concerning enforcement of security interests
  - Who has authority to provide services?
  - What authorization is required before foreclosure, etc.?
  - What are the regulatory risks of exercising step-in rights?
  - Are regulatory authorizations transferable?

Regulatory Risks Affecting LNG Financing Contracts
(continued)

- In the US
  - Some change of control issues with DOE permits
  - At FERC, no prior approval for stock/interests acquisition
    - FERC approval required for asset acquisitions
  - Transfers of authorizations require regulatory approvals
  - Affiliates of a regulated entity are subject to new degrees of regulation
  - Nonetheless, easier process than, for example, the transfer of interests of an electric generating holdco

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Contracting for LNG: Issues and Examples

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Types of Agreements

- Purchase and Sale Agreement
- Service ("Tolling") Agreement

Purchase and Sale Agreements

- Essentially a commodity agreement. The facility operator is responsible for procuring natural gas feedstock and converting it to LNG, which it then sells to its customers.
  - Risks: availability of cost-effective feedstock and pipeline transportation as needed
- Generally contains a "take or pay" clause obliging the buyer to take specified quantities of LNG at a contracted-for price, or pay for any shortfall.
  - Benefits the seller because the buyer has to pay whether it takes LNG or not; this allows the seller to more accurately project its cash flow. The buyer benefits because it has the option to not to take LNG or not, based upon its needs, without breaching the agreement.

Service ("Tolling") Agreements

- The liquefaction facility doesn't acquire or sell anything. It provides the service of liquefying the feedstock supplied by its customers and delivering LNG to the customer's vessel either on demand or according to a pre-determined schedule.
- The LNG off-taker pays a fixed payment in exchange for a certain amount of liquefaction project capacity to convert its feedstock to LNG and to deliver the LNG to its vessel either on demand or as scheduled in the agreement.

Service ("Tolling") Agreements - Risks

- Operations
  - Can be managed by ensuring proper construction and maintenance of the facility.
  - Customers entering into agreements early in a project's life can negotiate for contractual protections such as construction milestones or damages for failure to meet construction standards.
- Inadequate Feed Gas Supply
  - If the facility operator is responsible for supplying feed gas, an inadequate supply can be mitigated through damages for failure to make LNG available.
  - If the customer is responsible for supplying feed gas, operators can impose penalties for a customer's failure to lift on schedule. Customers can pass these penalties on to their gas suppliers.

Service ("Tolling") Agreements – Services

- Because the buyer is purchasing a service (as opposed to purchasing LNG), services to be provided should be carefully specified in the agreement
  - Can include: treatment and liquefaction, storage (temporary or long-term) of customer's feed gas and/or LNG; receipt of gas and delivery of LNG.

Financing

- Whether PSAs or tolling agreements, the contract will need to be financeable.
- Long-term PSAs or tolling agreements are generally required before a lender will commit funds.
  - Largest impact is to termination rights, including Force Majeure.

Duration of agreements

- Typically long-term in order to support investment risk through long-term, reliable revenues.
  - Lenders need security and guaranteed revenue streams for the life of the contract
- Short-term agreements can be used for production that exceeds what is needed to fill requirements under long-term arrangements.

Quantities – Tolling Agreements

- Tolling agreements require customers to lift a scheduled amount, subject to make-up rights, carry forward rights or other adjustments. Failure to lift generally does not give customers the right to cease paying their capacity fee.
- A customer failing to lift can lead to storage problems for an operator.
  - Mitigate through requiring customer to remove its feedstock, or allowing operator to sell customer's unlifted LNG or feedstock to a third party. In the event of a sale to a third party, the tolling agreement should specify how the proceeds from the sale are allocated between the operator and the customer.

Quantities – Tolling Agreement

- Tolling Agreements should be structured to tie the amount of feedstock delivered to the amount of LNG lifted, while taking into account the processing delay between delivery and lifting.

Quantities – Purchase and Sale Agreements

- Purchase and sale agreements with a take or pay clause require buyers to take specified amounts of gas or pay for amounts not taken, subject to make-up rights, carry forward rights or other adjustments.
- The amount owed in case of a failure to take can be fixed to the sale price at the time of the failure or can be structured as a more traditional cover damage mechanism compensating the seller for expenses incurred in storing or reselling the amount not taken.

Pricing

- The buyer wants the LNG price to be competitive with alternative fuels available to it or with LNG available to its competitors. The seller wants the price to keep pace with LNG price inflation and to be at a level that keeps the project financeable.
- A tolling customer wants the service fee to be competitive with alternative liquefaction sources. A tolling operator wants the price to keep pace with inflation and may have similar concerns regarding financing.

Price Re-opener

- Price re-opener clauses provide a mechanism for the buyer/operator and the seller/customer to review and readjust price formula when circumstances have changed. The purpose is to protect the viability of the contract and to maintain market-based pricing.

Structure of Price Re-opener

- The clause needs (1) trigger events to invoke a price review process; (2) a methodology setting out the process, time limits and dispute resolution procedures to be applied; and (3) benchmarks and constraints on possible outcomes.
  - Trigger event: specified frequency; objective or subjective changes in circumstances.
  - Methodology: timeframe for negotiations before referral to a third party; procedures for negotiations; date from which revision takes effect (date of divergence, date of notification of re-pricing, date of determination).
  - Benchmarks: what elements of price can be readjusted; reference points for new formula.

Conditions Precedent

- Conditions precedent are important for buyers/customers because liquefaction agreements are typically long-term, large investments with a good deal of lead time and uncertainty early in the negotiations.
- Sellers/operators will want to limit a buyer's/customer's conditions precedent because lenders will be uncomfortable with too many opportunities for a contract to terminate.

Commercial Operability

- The definition of commercial operability is important because various aspects of the agreement are typically tied to the date of commercial operability.
  - Pricing formulas.
  - Conditions precedent.
  - Liability caps.
  - Some agreements will include a drop-dead date allowing a buyer/customer to terminate the agreement if commercial operability is not achieved by a certain date. Lenders may resist this.

Scheduling

- Buyer/customer may have limited flexibility in terms of when their feed gas will arrive, when their cargos will be available and when their vessels will take delivery of LNG.
- Supply schedules are generally dictated by seller/operator after consultation with buyer/customer.
  - The buyer/customer has some contractual assurance of a ratable delivery schedule, but doesn't have final say and can't determine its schedule unilaterally.
- Approaches
  - Owner Discretion
  - Customer Collaborative

Flexibility

- Agreements typically have a defined operational tolerance (usually ranging from 1-2%) within which failure to lift or failure to purchase will not require payment or otherwise be considered a breach of the agreement.
- Other provisions can:
  - Allow buyers/customers to cancel or suspend a monthly delivery upon appropriate notice, with the shortfall being made up in a subsequent month.
  - Allow sellers/suppliers to cancel or suspend a monthly delivery upon buyer's/customer's consent, with the shortfall being made up in a subsequent month.
  - Allow parties to undergo scheduled maintenance or inspections of facilities or vessels.

Storage Rights

- Strategic reserve against supply interruptions.
- Used to protect parties from any difference between contracted-for volumes and actual delivery quantities.
- Two main systems
  - Storage-based terminal
  - Throughput model

Cover Damages

- Cover damages are generally found in purchase and sale agreements. Because the buyer is purchasing LNG, it is reasonable to assume that a buyer unable to purchase its contracted-for LNG will be required to buy it on the open market.
- Tolling agreement suppliers may be unwilling to provide cover damages because they are not selling LNG. The service fees they charge are not indexed to the market price of LNG; therefore, they could be opening themselves to larger than anticipated liabilities.
    - The customer may still have end-use needs requiring it to buy LNG on the open market. There will be financial consequences for this that need to be allocated in the agreement.

Damages Other than Cover

- If charges/fees are pre-paid and LNG is not made available, typically the charges/fees are refunded, either in whole or in part.

Force Majeure

- Like conditions precedent, events of Force Majeure can provide a way to terminate the agreement early.
- Therefore, lenders will be reluctant to include anything beyond “typical” events of Force Majeure.
- Parties will need to negotiate what events constitute Force Majeure and how long an individual event (or several events in the aggregate) should continue before a party can terminate the agreement.

Force Majeure – Downstream Contingencies

- Downstream contingencies
  - Facilities of buyer's customers
  - Vessels

Force Majeure – Export Authorizations

- Failure of a customer to comply with the terms of an export authorization can lead to the facility losing its authorization.
  - Customers will therefore want to be able to suspend its obligations if another customer causes the facility to lose its authorization.
  - The seller/supplier will want to ensure that the responsible party shoulders the financial burden.

Termination Rights

- Buyers/Customers should avoid being tied to agreements from which they can only derive limited economic value due to changed circumstances.
- Sellers/Suppliers should be mindful of financing obligations.
    - Lenders will be reluctant to risk losing a source of funding during the term of the agreement.

Term Extension

- Sellers/suppliers will be most comfortable with term extensions when they are confident that the price during the extension will remain economic in the market at the time.
  - Easiest when the price is fixed to an index such as the consumer price index that will rise over time, typically in the case of a purchase and sale agreement.
  - Most difficult when the price is fixed, typically in the case of a tolling agreement.
- Parties should consider and carefully specify what portions of the agreement, if any, will be subject to renegotiation.

Rights of Existing Customers

- Many existing projects are transitioning from regasification facilities into liquefaction facilities, or are building alongside to allow for concurrent operations. Liquefaction buyers/customers should be sure that the rights of preexisting regasification customers don't put them at a disadvantage.
- Should be clear in contract how the buyer/supplier will allocate resources and space among parties.
    - For example, how will berthing be scheduled among both sets of customers?

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Appendix

Examples from Sabine/BG and Sabine/Kogas Purchase and Sale Agreements

Examples of Purchase and Sale Agreements

- LNG Sale and Purchase Agreement (FOB) dated January 30, 2012 between Sabine Pass Liquefaction, LLC ("Sabine") and Korea Gas Corporation ("Kogas")
- Amended and Restated LNG Sale and Purchase Agreement (FOB) dated January 25, 2012 between Sabine and BG Gulf Coast LNG, LLC ("BG")

Quantities – Examples – Sabine/BG and Sabine/Kogas

- BG/Kogas is required to take an agreed-upon quantity of LNG, less (1) quantities not taken for reasons attributable to Force Majeure; (2) quantities for which BG/Kogas exercised its contractual right to cancel delivery; (3) quantities not made available by Sabine for reasons attributable to Sabine, including Force Majeure; and (4) LNG not meeting contractual specifications.
- Sabine is required to make available an agreed-upon quantity, less (1) quantities not taken by BG for reasons attributable to BG/Kogas [and not otherwise excused], including quantities not taken due to Force Majeure; (2) quantities for which BG has exercised its contractual right to cancel delivery; and (3) quantities not made available by Sabine due to Force Majeure.

Quantities – Examples – Sabine/BG and Sabine/Kogas

- Sabine has the option, subject to BG's/Kogas's consent, to provide LNG from an alternate facility, provided that (1) the LNG complies with contractual specification; (2) Sabine reimburses BG/Kogas for BG's/Kogas's reasonable estimate of its increased costs; (3) using an alternate source is required by operational conditions reducing the production or loading capabilities of the facilities; (4) use of an alternate source will not affect the ability of BG's/Kogas's vessels to perform receipts and deliveries in a timely fashion; (5) the alternate facilities are compatible with BG's/Kogas's vessels; (6) there are no added risks or dangers to BG's/Kogas's vessels or personnel; and (7) Sabine complies with any other reasonable conditions imposed by BG/Kogas.

Conditions Precedent – Examples – Sabine/BG and Sabine/Kogas

- Receipt of all approvals required to construct and operate the facility.
- Securing all necessary financing arrangements.
- Positive first investment decision and issuance of unconditional full notice to proceed to construction company.
- Cooperation Agreement and LNG Terminal Use Agreement between Sabine and terminal owner in full force and effect. [BG only]
- Sabine has all required Export Authorizations and any other approvals required to export LNG from the US.

Conditions Precedent – Examples – Sabine/BG

- If the conditions precedent are not satisfied or waived (by both parties) by December 31, 2012, then either party may terminate the Agreement beginning on January 31, 2013.
- If Sabine terminates the agreement and the conditions precedent are subsequently met within nine months of Sabine's notice of termination, BG can provide notice to Sabine within 30 days of receiving the conditions precedent being met that it is rescinding Sabine's notice of termination.

Conditions Precedent – Examples – Sabine/Kogas

- If the conditions precedent are not satisfied or waived by June 30, 2013, then either party may terminate the agreement.

Commercial Operability – Examples – Sabine/BG

- A liquefaction train is commercially operable when (1) it has been commissioned; (2) it is capable of delivering LNG in quantities sufficient and quality necessary to permit Sabine to perform its obligations in respect of such train; (3) it is constructed in compliance with the agreement; (4) all approvals required to operate such train are in full force and effect; and (5) the Export Authorizations are in full force and effect.
- Note that commercial operability in this case does not require an actual sale of LNG to BG.

Commercial Operability – Examples – Sabine/Kogas

- A liquefaction train is commercially operable when (1) it has been commissioned; (2) it is capable of delivering LNG in quantities sufficient and quality necessary to permit Sabine to perform its obligations under the agreement; and (3) it is constructed in accordance with agreement.
- Note that unlike the BG clause, commercial operability here does not include export authorizations.
- Also does not require an actual sale of LNG.

Cover Damages – Examples – Sabine/Kogas

- Compensation from Kogas to Sabine for shortfalls beyond operational tolerance equal to (1) contract sales price multiplied by the amount of the shortfall; *minus* (2) proceeds of any mitigation sale, if any; *minus* (3) reasonable and verifiable savings obtained by Sabine as a result of the mitigation sale; *plus* (4) reasonable, verifiable incremental costs incurred by Sabine as a result of the mitigation sale.

Cover Damages – Examples – Sabine/Kogas

- Compensation from Sabine to Kogas for shortfalls beyond operational tolerance amount in an amount equal to (1) actual, documented price incurred by Kogas to purchase replacement LNG, or, if Kogas is unable to purchase replacement LNG, the market price of LNG at that time at the cargo's originally scheduled destination; *minus* (2) the contract sales price, calculated as of the month in which the applicable delivery window begins; *plus* (3) any actual, reasonable and verifiable costs incurred by Kogas due to Sabine's failure to make LNG available; *plus* (4) any actual, reasonable and verifiable costs incurred by Kogas in respect of idling the vessel scheduled to load the LNG; *minus* (5) any actual, reasonable and verifiable costs savings realized by Kogas due to Sabine's failure to make LNG available.

Cover Damages – Examples – Sabine/BG

- Compensation from BG to Sabine for shortfalls beyond operational tolerance in an amount equal to (1) the contract sales price multiplied by the amount of the shortfall; *minus* (2) the greater of the proceeds received by Sabine for a mitigation sale and the proceeds the market price that otherwise would have been received; *plus* (3) actual, reasonable and verifiable costs incurred by Sabine due to BG's failure to take; *minus* (4) actual, reasonable and verifiable costs savings realized by Sabine due to BG's failure to take agreed stated contract quantities made available.

Cover Damages – Examples – Sabine/BG

- Compensation from Sabine to BG for shortfalls not made available and not otherwise excused equal to (2) the actual price incurred by BG to purchase replacement LNG, or the market price of LNG at that time at the cargo's originally scheduled destination; *minus* (3) the difference between the contract price and the fixed price for the LNG not made available; *plus* (4) any actual, reasonable and verifiable costs incurred by BG due to Sabine's failure to make LNG available; *minus* (5) any actual, reasonable and verifiable cost savings realized by BG due to Sabine's failure to make the agreed contract quantities available.

Force Majeure – Examples – Sabine/BG

- General
  - Acts of God; wars, epidemics, adverse weather; breakdown or failure of equipment; withdrawal or expiration of or failure to obtain any government approval; withdrawal of or failure to obtain export authorizations (except as otherwise provided).
- Sabine-specific
  - Accidental damage to or inaccessibility or inoperability of the facility or any pipeline, or the facilities at an alternate source, if applicable; any event that would constitute an event of Force Majeure under a common facilities agreement that also constitutes an event of Force Majeure under this agreement.

Force Majeure – Examples – Sabine/BG

- BG-specific
  - Loss of, accidental damage to or inoperability of any tanker; events otherwise affecting the ability of any tanker to reach the facility, or the facilities at an alternate source, if applicable; loss of, accidental damage to or inaccessibility or inoperability of any discharge terminal; unavailability of services provided by Sabine Pass Tug Services.

Force Majeure – Examples – Sabine/BG

- Events not considered Force Majeure
  - Inability to finance obligations; withdrawal, denial or expiration of or failure to obtain any governmental approval caused by the effected party's actions; failure to obtain or maintain any export authorization caused by Sabine's action; failure to obtain or maintain any export authorization caused by any third party's violation or breach of the terms of any export authorization; ability of Sabine or BG to obtain better economic terms for LNG from a third party; changes in market factors; failure of facilities caused by normal wear and tear or a failure to properly maintain such facilities; loss of pipeline capabilities.

Force Majeure – Examples – Sabine/BG

- If an event of Force Majeure continues uninterrupted for 24 months, or multiple periods totaling 24 out of 36 months, from that month and for so long as the event continues, the monthly sales charge is reduced prospectively in proportion to the impairment of BG's annual contract quantity.

Force Majeure – Examples – Sabine/Kogas

- General
  - Acts of god; wars, epidemics, adverse weather; failure of equipment; withdrawal, denial or expiration of, or failure to obtain any governmental approval.
- Sabine-specific
  - Loss of, accidental damage to, inaccessibility to or inoperability of the facility, any connecting pipeline or any alternate facility, if applicable; any event that would constitute an event of Force Majeure under a common facilities agreement that also constitutes an event of Force Majeure under this agreement.
- Kogas-specific
  - Events effecting the ability of any LNG tanker to receive and transport LNG.

Force Majeure – Examples – Sabine/Kogas

- Events not considered Force Majeure
  - Inability to finance obligations; unavailability of facilities other than Sabine Pass and alternate facilities, if applicable; ability of a party to obtain better economic terms from an alternative supplier; changes in market factors; breakdown of plant or equipment caused by normal wear and tear or failure to properly maintain; non-availability or lack of economically obtainable gas reserves; changes in law or acts of government of Korea affecting solely or primarily Buyer and not generally applicable to all entities doing business in Korea.

Termination Rights – Examples – Sabine/BG

- Sabine
  - BG declares bankruptcy; BG's guaranty ceases to be in effect and isn't cured for 10 days; BG fails to comply with terms of export authorization; BG fails to resell LNG pursuant to the terms of the agreement.

Termination Rights – Examples – Sabine/BG

- BG
  - Sabine declares bankruptcy; Sabine declares Force Majeure that has continued uninterrupted for 24 months, or is projected by Sabine to continue for 24 months, and Sabine projects it to reduce contract quantities more than 50%; Sabine declares Force Majeure for an aggregate of 24 during any 36 months and it reduces contract quantities more than 50%; BG has declared Force Majeure with respect to withdrawal of governmental approval or tanker's inability to reach facility and such event continues for 24 months and reduces contract quantities more than 50%; withdrawal, revocation or expiration of an export authorization not constituting Force Majeure; Sabine's aggregate liability reaches or exceeds its liability cap.

Termination Rights - Examples – Sabine/BG

- Either party
  - Failure to pay aggregate amounts due in excess of $20,000,000 continuing for a period of 10 days; violation of applicable law, including anti-bribery or corruption laws; failure to meet conditions precedent by the required date.

Termination Rights – Examples – Sabine/Kogas

- Sabine:
  - Kogas fails to provide guarantee and such failure isn't cured within 5 business days; Kogas declares FM for a total of 24 out of 36 months, and it prevents Kogas from taking 50% or more of its contracted-for quantities during such periods; Kogas fails to comply with export authorization; Kogas fails to comply with contractual LNG resale requirements; Kogas fails to take 50% of scheduled cargos in any 12 month period.

Termination Rights – Examples – Sabine/Kogas

- Kogas
  - Sabine declares Force Majeure for a total of 24 out of 36 months and as a result is prevented from making available 50% or more of contract quantities during such periods; failure of first commercial delivery by a specified date; Sabine's failure to make available 50% of the cargos scheduled in any given 12 month period.

Termination Rights – Examples – Sabine/Kogas

- Either party
  - A bankruptcy event with respect to the other party; the other party fails to pay aggregate amounts in excess of $30,000,000 when due for a period of ten days; the other party fails to (1) comply with export authorizations, (2) use LNG as a refined product or chemical feedstock, (3) use LNG to produce power, market LNG to others for resale to customers, (4) resell LNG to other persons, or (5) comply with applicable law, including anti-corruption and bribery laws; failure to meet conditions precedent by the required date.

Termination Rights – Examples – Tolling Agreements

- Termination rights should include, at minimum:
  - Failure to meet conditions precedent by a specified date; a specified length of Force Majeure causing services unavailability; a specified length or amount of services unavailability not due to Force Majeure.
  - Parties should consider termination rights due to loss of an export authorization.

Term Extension – Examples – Sabine/BG

- 20-year term
- On or before the 17th anniversary, BG may extend the term as to any portion of the then-applicable annual contract quantities by a period of up to 10 years, provided that (1) the sum of the annual contract quantity used across the facility (by BG and/or others) is equal to or greater than 182,500,000 MMBtus; and (2) Sabine is able to maintain all approvals and export authorizations necessary for continued operation during the extension period.

Term Extension – Examples – Sabine/BG

- If Sabine is unable to maintain all approvals and export authorizations during the entire term, BG has the discretion to extend for just the period Sabine is able to maintain, or withdraw its election to extend.
- Parties will make revisions to the Agreement that they agree are necessary to give effect to the extension.

Term Extension – Examples – Sabine/Kogas

- 20-year term.
- On or before the agreement's 17th anniversary, Kogas may extend the term as to any portion of then-applicable annual contract quantities by a term of up to 10 years, provided that (1) the sum of the sum of the annual contract quantity used across the facility (by Kogas and/or others) is equal to or greater than 182,500,000 MMBtus; and (2) Sabine is able to maintain all approvals and export authorizations necessary for continued operation during the extension period.

Term Extension – Examples – Sabine/Kogas

- If Sabine is unable to maintain all approvals and export authorizations during the entire term, Kogas has the option to extend for just the period Sabine is able to maintain, or withdraw its election to extend.
- Parties will make revisions to the Agreement that they agree are necessary to give effect to the extension.

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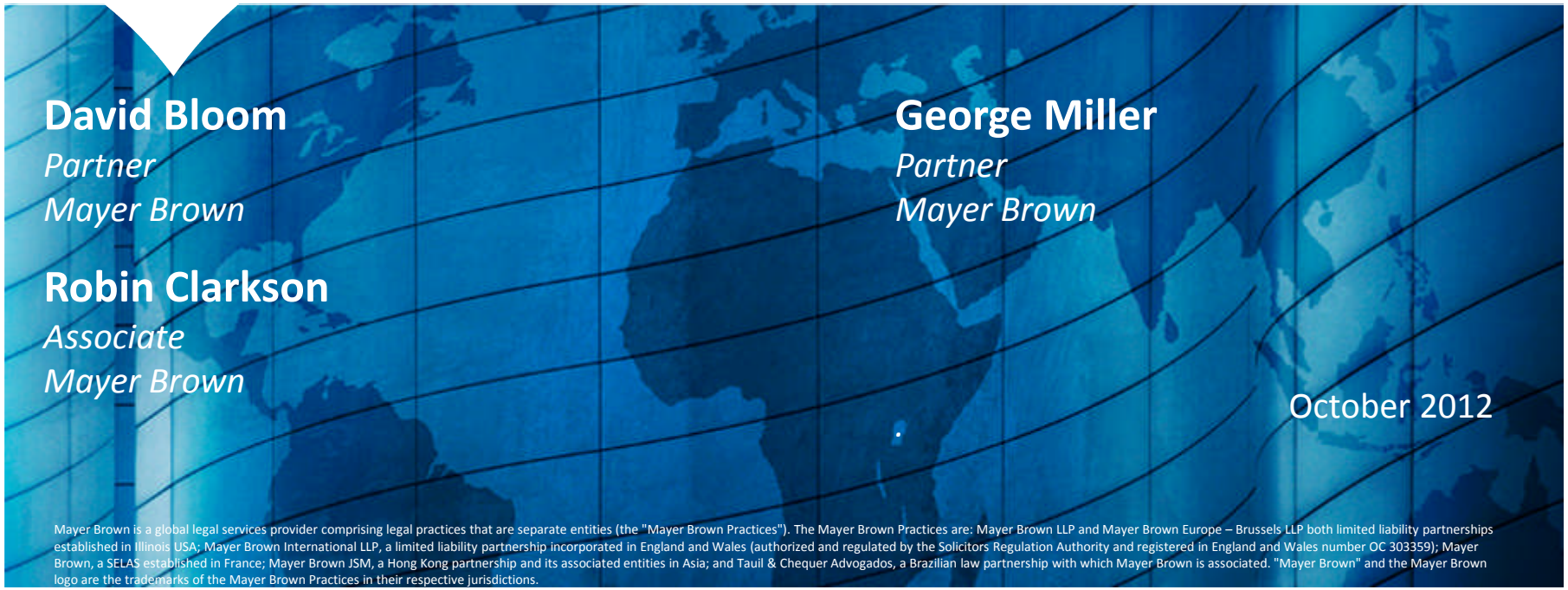
Presenter Profiles



Presenter Profiles

David I. Bloom
Partner – Washington DC

David I. Bloom

Since joining Mayer Brown in 1978, David Bloom has earned widespread recognition as a skilled and knowledgeable regulatory attorney who concentrates his practice on transactions in the energy sector. His counsel is sought by some of the nation's leading sector-focused investors, lenders, energy producers, and large-scale energy consumers.

David advises clients across a broad spectrum of industry issues, providing informed counsel on matters of investment and funding, acquisitions, complex purchase and service agreements, and federal and state regulatory concerns. Particular areas of activity include investments in the energy sector, natural gas and power marketing, natural gas storage, and transportation and electric generation.

In the course of his practice, David represents:

- Financial institutions (commercial banks, investment banks, and hedge funds) relative to equity investments in the energy sector and investment-related federal and state regulations. Representation includes pre-acquisition review of regulatory issues, negotiation of purchase agreements, preparation of regulatory filings, and development of post-acquisition compliance plans
- Natural gas shippers in the negotiation of long-term transportation agreements with pipeline projects
- Lenders engaged in financing oil and natural gas pipeline projects, natural gas storage projects, and electric generating facilities
- Commercial companies in the negotiation of energy purchase contracts, including electricity and natural gas
- Utility and corporate entities in proceedings before the Federal Energy Regulatory Commission, the US Department of Energy, and other government agencies
- Clients aiming to develop energy-related legislation and legislative strategies

Admitted

District of Columbia

Presenter Profiles

George K. Miller
Partner – New York

George K. Miller

George K. Miller, a partner in the New York office, is a member of Mayer Brown's Global Projects, Infrastructure and Asset Finance Groups. He concentrates his practice in international and domestic finance and leasing, in particular in the infrastructure, transportation and energy sectors. He has worked on numerous "Deals of the Year" and other high-profile transactions in the projects and infrastructure space. In 2011 he headed our lenders' counsel engagements for Puerto Rico's first toll road concession. His other project and infrastructure finance work has involved airports in Chile, the Dominican Republic and Jamaica; toll roads and railroads in Brazil, Chile, China and Mexico; power, transmission, pipeline and telecommunications projects in Argentina, Chile, China, Guatemala, India, Indonesia, Mexico and the United States; and resort developments in Mexico, the Dominican Republic, Dubai, and Indonesia and the United States.

Experience

- Designated financing parties' counsel in the $1.6 billion Denver FasTracks Eagle P3 Project, Denver, Colorado. Named *Project Finance Magazine's* 2010 North American Transport Deal of the Year and a 2010 Regional Deal of the Year by *The Bond Buyer*.
- Representation of the Dominican Republic in connection with the settlement of arbitrations with affiliates of TCW regarding their investment in electric distributor EDE Este.
- Representation of senior lenders to the $1.6 billion I-595 Corridor Roadway Improvements Project, Broward County, Florida. Named *Project Finance Magazine's* 2009 North American Transport Deal of the Year.
- Representation of Industrias Nacionales C. por A. of the Dominican Republic in connection with $65 million export receivables financing led by HSH Nordbank.
- Representation of lenders in the proposed $300 million financing of an automotive supply project in Indiana.
- Representation of Banco Inbursa, S.A. in a $200 million loan to Net Serviços de Comunicação, S.A.
- Representation of Latin American company in a proposed financing of sugar beet ethanol plants in Colombia.

Admissions

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Presenter Profiles

Robin L. Clarkson
Associate – Houston

Robin L. Clarkson

Robin Clarkson is an associate in the Houston office of Mayer Brown's Corporate & Securities practice. Her practice focuses on mergers and acquisitions, energy transactions, capital markets and general corporate governance. Robin represents issuers and underwriters in debt and equity offerings, purchasers and sellers in mergers and acquisitions, and domestic and international companies in capital markets transactions and compliance. She also represents oil and gas companies in a broad range of matters including expansion projects and contractual issues.

Experience

Advised an exploration and production company in a $200 million initial public offering of common stock.

Admissions

Texas

News & Publications

- "Complying with the 2008 Amendments to the Oil & Gas Disclosure Rules: The First Wave of SEC Comment Letters," Practical Law Company, September 2011
- "SEC Staff Comments on Companies' Compliance with New Oil & Gas Reserves Disclosure Rules," 8 August 2011
- "SEC doubts companies' ability to book PUDs beyond 5 years," Oil & Gas Financial Journal, 1 August 2011

Presenter Profiles

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